MUSIC TEACHERS NATIONAL ASSOCIATION

FTC SETTLEMENT STATEMENT

Dear Member:

As you may know, the Federal Trade Commission conducted an investigation concerning the provision in MTNA's Code of Ethics that stated:

> The teacher shall respect the integrity of other teachers' studios and shall not actively recruit students from another studio.

The Federal Trade Commission alleges that this provision violates the Federal Trade Commission Act because it unnecessarily restricts members of MTNA from competing for students, thereby depriving students from the benefits of competition among music teachers.

To end the investigation expeditiously and to avoid disruption to its core functions, MTNA voluntarily agreed, without admitting any violation of the law, to the entry of a Consent Agreement and a Decision and Order by the Federal Trade Commission. As a result, MTNA has removed, and will not enforce, the above provision from its Code of Ethics.

In general, the Federal Trade Commission has prohibited MTNA from engaging in certain activities that restrict members from soliciting students or other teaching work, including activities that restrict members from offering services directly to students who may be receiving similar services from other music teachers.

Some state and local music teacher associations that are affiliated with MTNA have codes of ethics or similar documents that contain provisions that restrict its members from: (a) advertising prices or other terms of teaching services, (b) competing on price-related terms, or (c) soliciting students or other teaching work. The Federal Trade Commission has prohibited MTNA from accepting or maintaining as an affiliate any association that has such a code of ethics or similar document that contains these prohibited restrictions.

In order to maintain their affiliation with MTNA, each state and local music teacher association must review its constitution and bylaws, code of ethics, operational policies, and membership requirements to determine if they contain any of these prohibited restrictions on members. Examples of these prohibited restrictions would include the following:

- An association restricting a member from offering opportunities for study to gifted students in the form of free lessons or scholarships as inducements to study with a particular member.

- An association restricting a member from engaging in advertising free scholarships or tuition.
- An association restricting a member from soliciting the pupil of another music teacher by inducements or other acts.
- An association restricting a member from enrolling a pupil of another teacher unless the pupil's financial obligations to the former teacher have been satisfied and relations with that teacher have been severed.
- An association restricting a member from charging fees that are lower than the average in the community.
- An association restricting how members accept tuition payments from pupils.
- An association imposing restrictions or requirements on members regarding make-up lessons or missed lessons.
- An association restricting a member from writing or publishing for public media or from reviewing or criticizing colleagues or colleagues' students for any purpose whatsoever.
- An association restricting a member from seeking a job opportunity unless notice has been given of an impending vacancy.

State and local music teacher associations that are affiliated with MTNA and which have any of these prohibited restrictions in their constitution and bylaws, codes of ethics, operational policies, membership requirements, or elsewhere will have the opportunity to remove them. If they do not certify to MTNA that they do not have any such restrictions prior to the deadline set forth in the Decision and Order, MTNA will have to disaffiliate from them until such time as they comply with the Decision and Order.

The Decision and Order does not prohibit MTNA or its affiliates from adopting and enforcing codes of ethics or similar documents that govern the conduct of its members with respect to representations that MTNA or its affiliates reasonably believe would be false or deceptive within the meaning of the Federal Trade Commission Act, or the conduct of judges during music competitions sponsored or held by MTNA or any affiliate.

The Decision and Order also requires that MTNA implement an antitrust compliance program.

A copy of the Decision and Order is available on the Federal Trade Commission website at www.FTC.gov, and through the MTNA web site at http://www.mtna.org/media/74728/Decision_Order.pdf.

All questions should be directed to the MTNA National Office at 513-421-1420 or mtnanet@mtna.org.