

## APPENDIX A

(Letterhead of CALSPro)

Dear Member:

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

It is not ethical to cut the rates you normally and customarily charge when soliciting business from a member firm's client, or to speak disparagingly of another member. . . . Never discuss the bad points of your competitor.

It is unethical to contact an employee of another member firm to offer him employment with your firm without first advising the member of your intent.

The Federal Trade Commission alleges that these provisions violate the Federal Trade Commission Act because they, without sufficient justification, restrain legal support professionals from competing for clients and employees, thereby depriving clients and employees of the benefits of competition among legal support professionals.

To end the investigation expeditiously and to avoid disruption to its core functions, CALSPro 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, CALSPro will not enforce, and will remove, the above provisions from its Code of Ethics.

More generally, the Federal Trade Commission has prohibited CALSPro from certain activities that restrain members from engaging in price competition, soliciting employees, and advertising. CALSPro may not restrain its members from offering discounts when soliciting business. CALSPro may not restrain its members from soliciting employees, including, but not limited to, restraining its members from contacting employees unless they conform to any Code of Ethics, rule, or regulation established by CALSPro. Finally, CALSPro may not restrain its members from advertising or publishing the prices, terms or conditions of sale of legal support products and services, including, but not limited to, restraining members from making statements about competitors' products, services, or business or commercial practices. However, CALSPro is not prohibited from adopting and enforcing reasonable principles, rules, guidelines, or policies governing the conduct of its members with respect to representations that CALSPro reasonably believes would be false or deceptive within the meaning of Section 5 of the Federal Trade Commission Act.

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

A copy of the Decision and Order is enclosed. It is also available on the Federal Trade Commission website at [www.FTC.gov](http://www.FTC.gov), and through the CALSPro web site.