

3. Respondent has over 500 state and local music teachers associations as affiliates (“MTNA Affiliates”), including one affiliate for each state. Members of MTNA Affiliates are also members of Respondent.

II. JURISDICTION

4. Respondent conducts business for the pecuniary benefit of its members and is therefore a “corporation,” as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.
5. The acts and practices of Respondent, including the acts and practices alleged herein, are in or affecting “commerce” as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. NATURE OF THE CASE

6. Respondent maintains a Code of Ethics applicable to the commercial activities of its members, and encourages its members to follow its Code of Ethics. Some MTNA Affiliates have the same Code of Ethics that MTNA has, and some have adopted different codes of ethics.
7. Respondent has acted as a combination of its members, and in agreement with at least some of those members, to restrain competition by restricting through its Code of Ethics the ability of its members to solicit the customers of competing music teachers. Specifically, in 2004 MTNA added the following provision to the section of its Code of Ethics titled “Commitment to Colleagues”:

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

8. In furtherance of the combination alleged in Paragraph 7, Respondent established a process for resolving alleged violations of the Code of Ethics, including by encouraging its members to resolve privately disputes arising out of the Code of Ethics, and also by establishing a mechanism by which Respondent may sanction violations of the Code of Ethics.

IV. VIOLATION CHARGED

9. The purpose, effects, tendency, or capacity of the combination, agreement, acts and practices alleged in Paragraphs 7 and 8 has been and is to restrain competition unreasonably and to injure consumers by discouraging and restricting competition among music teachers, and by depriving consumers and others of the benefits of free and open competition among music teachers.
10. The combination, agreement, acts and practices alleged in Paragraphs 7 and 8 constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such combination, agreement, acts and

practices, or the effects thereof, are continuing and will continue or recur in the absence of the relief requested herein.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this third day of April, 2014, issues its Complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: