

Potomac Watch

Strassel: Piano Sonata in FTC Minor

Music teachers, beware. The feds are onto you. Better not try to raise the price of your lessons

Teddy Roosevelt busted Standard Oil. The Obama administration? It's making the world safe from rapacious piano teachers.

Every month, it seems, brings a new story of this presidency leveling the intimidating powers of the federal government against some law-abiding citizen. Now comes a terrifying tale of how the Federal Trade Commission, a governmental Goliath, crushes an average David—because it can.

In March of this year, a small nonprofit in Cincinnati—the Music Teachers National Association—received a letter from the FTC. The agency was investigating whether the association was engaged in, uh, anticompetitive practices.

This was bizarre, given that the MTNA has existed since 1876 solely to advance the cause of music study and support music teachers. The 501(c)(3) has about 22,000 members, nearly 90% of them piano teachers, including many women who earn a modest living giving lessons in their homes. The group promotes music study and competitions and helps train teachers. Not exactly U.S. Steel. X -1.54%

The association's sin, according to the feds, rested in its code of ethics. The code lays out ideals for members to follow—a commitment to students, colleagues, society. Tucked into this worthy document was a provision calling on teachers to respect their colleagues' studios, and not actively recruit students from other teachers.

That's a common enough provision among professional organizations (doctors, lawyers), yet the FTC avers that the suggestion that Miss Sally not poach students from Miss Lucy was an attempt to raise prices for piano lessons. Given that the average lesson runs around \$30 an hour, and that some devoted teachers still give lessons for \$5 a pop, this is patently absurd.

MTNA Executive Director Gary Ingle, who has been at the organization 17 years—and who agreed to talk when I reached out about this case—said that he and the group's attorneys immediately flew to Washington to talk to federal investigators. They explained that this provision had been in the group's code for years, and that it was purely aspirational. The association has never enforced its code, and no member has been removed as a result of it.

The FTC didn't care. Nor did it blink when the MTNA pointed out that the agency has no real authority over nonprofits (it is largely limited to going after sham organizations) and that Congress has never acted on the FTA's requests for more control over 501(c)3 groups. Nor was the agency moved by the group's offer to immediately excise the provision. The investigation would continue.

With a dozen employees and a \$2 million budget, the group doesn't have "the resources to fight the federal government," Mr. Ingle says. The board immediately removed the provision from its code, but the MTNA staff still had to devote months compiling thousands of documents demanded by the agency, some going back 20 years: reports, the organization's magazines, everything Mr. Ingle had ever written that touched on the code. Mr. Ingle estimates he has spent "hundreds upon hundreds" of hours since March complying with this federal colonoscopy.

This October, MTNA signed a consent decree—its contents as ludicrous as the investigation. The association did not have to admit or deny guilt. It must, however, read a statement out loud at every future national MTNA event warning members against talking about prices or recruitment. It must send this statement to all 22,000 members and post it on its website. It must contact all of its 500-plus affiliates and get them to sign a compliance statement.

The association must also develop a sweeping antitrust compliance program that will require annual training of its state presidents on the potential crimes of robber-baron piano teachers. It must submit regular reports to the FTC and appoint an antitrust compliance officer. (The FTC wanted the officer to be an attorney, but Mr. Ingle explained that this would "break the bank," so the agency—how gracious—is allowing him to fill the post.) And it must comply with most of this for the next 20 years.

The MTNA is not yet free of fear; the FTC has still to approve the consent decree. An FTC spokesman told me the agency does not confirm or deny the existence of investigations. The organization to this day has no idea how it became a target, nor will it ever because the FTC doesn't have to provide it.

While this abuse of power has received no national attention, it has riled the music community. Brian Majeski, the editor of the journal *Music Trades*, lambasted the FTC in a December editorial, noting that "a consumer watchdog that sees piano teachers as a threat either has too much time on its hands, or badly misplaced priorities."

That might be too kind. Whether it is the IRS targeting conservatives, the Justice Department hounding Gibson Guitar, or the EPA conducting an armed raid on an Alaskan mine—this administration has a tendency toward abuse of power. That's how antitrust laws created to tackle megamonopolies end up being used to hound and hammer a nonprofit devoted to piano teachers.

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