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UNITED STATES OF AMERICA BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman

Pamela Jones Harbour William E. Kovacic J. Thomas Rosch

In the Matter of

NATIONAL ASSOCIATION OF MUSIC MERCHANTS, INC.

a corporation.

Docket No. C-4255

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41 *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Comhdi wo

be in the public interest, hereby issues this Complaint stating its charges as follows:

- 1. Respondent National Association of Music Merchant Option Company (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association of Music Merchant Option (1) 1. Respondent National Association (1) 1. Respondent National Associatio
- 2. NAMM is a trade association composed of more than 9000 members that include manufacturers, distributors, and dealers of musical instruments and related products. Most U.S. manufacturers, distributors, and dealers of musical instruments are members of NAMM. NAMM serves the economic interests of its members by, *inter alia*, promoting consumer demand for musical instruments, lobbying the government, offering seminars, and organizing trade shows. In the United States, NAMM sponsors two major trade shows each year, where manufacturers introduce new products and meet with dealers. In addition, NAMM's trade shows provide competitors an opportunity to meet and discuss issues of concern to the industry.

- 3. The acts and practices of NAMM, including the acts and practices alleged herein, are in commerce or affect commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.
- 4. An ongoing subject of concern in the musical instruments industry has been the increased retail price competition for musical instruments. Commencing in 1999, and continuing thereafter, numerous leading musical instrument manufacturers adopted minimum advertised price policies.
- 5. Between 2005 and 2007, NAMM organized various meetings and programs at which competing retailers of musical instruments were permitted and encouraged to discuss strategies for implementing minimum advertised price policies, the restriction of retail price competition, and the need for higher retail prices. Representatives of NAMM determined the scope of discussion by selecting moderators and setting the agenda for these programs. At these NAMM-sponsored events, competitors discussed the adoption, implementation, and enforcement of minimum advertised price policies; the details and workings of such policies; appropriate and optimal retail prices and margins; and other competitively sensitive issues.
- 6. In many instances, the exchange of information and opinion arranged by NAMM, as set forth in Paragraph 5 above, served no legitimate business purpose for NAMM or its members.
- 7. The exchange of information among NAMM members, as alleged herein, had the purpose, tendency, and capacity to facilitate collusion and to restrain competition unreasonably.

Violations Alleged

- 8. As set forth in Paragraph 5 above, NAMM arranged and encouraged the exchange among its members of competitively sensitive information, in violation of Section 5 of the FTC Act, as amended.
- 9. The acts and practices of Respondent, as alleged herein, constitute unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such acts and practices, or the effects thereof, will continue or recur in the absence of appropriate relief.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this eighth day of April, 2009, issues its complaint against Respondent.

By the Commission.

Donald S. Clark Secretary

SEAL