

APPENDIX C

(Letterhead of MTNA)

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 consent to the entry of the Consent Agreement and Decision and Order by the Federal Trade Commission.

- 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