

# **ANTITRUST COMPLIANCE POLICY OF THE AMERICAN SOCIETY OF VETERINARY MEDICAL ASSOCIATION EXECUTIVES (ASVMAE)**

## **Section I. Antitrust Compliance Policy**

ASVMAE's policy is to comply with all federal, state, and local laws, including antitrust laws. All volunteer leaders and staff involved in ASVMAE activities are expected to be sensitive to the unique legal issues involving professional associations and accordingly, will take all measures necessary to comply with all U.S. antitrust laws and similar foreign competition laws. ASVMAE recognizes the potentially severe consequences of failing to comply with these laws.

ASVMAE brings significant, pro-competitive benefits to veterinary medical executives, and to their associations and their partners. ASVMAE must not, however, be a vehicle for individuals, companies, or other organizations to reach unlawful agreements regarding prices or other aspects of competition, or to boycott or exclude individuals, companies, or other organizations from the market.

When competitors are brought together in one place, there is a danger that they may conspire against the public good by planning or engaging in anticompetitive activity. Where the line lies between legal and illegal behavior and between reasonable (pro-competitive) and unreasonable (anticompetitive) conduct is the focus of this compliance policy. This policy is designed to educate ASVMAE's leaders, members and staff about antitrust concerns in an effort to detect and prevent potentially anticompetitive conduct from occurring.

## **Section II. Antitrust Violations Can Have Severe Consequences**

Violations of the antitrust laws can have very serious consequences for the Association, its volunteer leaders, members, and staff. Antitrust violations can be prosecuted as felonies and are punishable by steep fines and imprisonment. The consequences for an individual who commits an antitrust violation can include: loss of freedom (prison), loss of job and benefits, loss of community status and reputation, loss of future employment opportunities, and exposure to litigation.

In addition, civil actions can be initiated by individuals, companies, and government officials. Even unfounded allegations can be a significant drain on Association and membership financial and human resources, and an unproductive distraction from the Association's mission. For these reasons, ASVMAE strives to avoid even the appearance of impropriety in all of its dealings and activities.

## **Section III. Basic Antitrust Principles and Prohibited Practices**

The antitrust laws of the United States are designed to preserve competition by prohibiting monopolistic practices and agreements that unreasonably restrict competition.

The principal federal antitrust and competition laws are the Sherman Act, the Clayton Act, the Robinson-Patman Act, and the Federal Trade Commission Act.

- The Sherman Act in broad terms prohibits “every contract, combination . . . or conspiracy” in restraint of trade, as well as monopolizing, attempting to monopolize, or conspiring to monopolize any part of trade or commerce.
- The Clayton Act prohibits exclusive dealing and “tying” arrangements, as well as corporate mergers or acquisitions which may tend substantially to lessen competition.
- The Robinson-Patman Act prohibits a seller of goods from discriminating in price between different buyers when the discrimination adversely affects competition. This statute applies only to sales of commodities; it does not cover sales of services or intangibles.
- The Federal Trade Commission Act prohibits “unfair methods of competition” and “unfair or deceptive acts or practices” in or affecting commerce.

#### **Section IV. Guidelines for Meetings, Listserves and Other Association Functions**

Association meetings, listserves, conference calls, and other activities by their very nature may bring competitors together, and although they generally are lawful and pro-competitive, they also might provide opportunities to reach unlawful agreements. It is important to remember that an antitrust violation does not require proof of a formal agreement. A discussion among competitors of a sensitive topic, such as the desirability of a price increase, followed by common action by those involved or present, could, depending on the circumstances, be enough to convince a jury there was an unlawful agreement.

In light of the costs involved in defending antitrust claims, even when they are without merit, it is necessary to conduct Association meetings and communications in a manner that avoids even the appearance of improper conduct. Generally, the best way to accomplish this is by following regular procedures and avoiding competitively sensitive topics.

Because of their sensitive nature, certain topics will not be discussed at any meeting of ASVMAE or on the ASVMAE email listserve. These prohibitions apply equally to all ASVMAE-sponsored social functions or other informal ASVMAE gatherings. Off-limit topics include:

- Current or future prices, pricing methods, or terms or conditions of sale of goods or professional services (great care must be taken in discussing past prices or fees);
- Pricing practices or strategies, including methods, timing, or implementation of price changes;
- Discounts, rebates, service charges, consultant fees, or other terms and conditions of purchase and sale;

- Price advertising;
- What constitutes a fair, appropriate, or “rational” price or profit margin;
- Whether to do business with certain suppliers, customers, or competitors;
- Whether or not the pricing practices of an individual or entity are unethical or constitute an unfair trade practice;
- Allocation of markets;
- Complaints about the business practices of individual firms, including large corporate practices;

Discussions that have as a purpose or result the following may take place:

- Reporting on general industry or professional economic trends;
- Describing advances or problems in relevant technology or research;
- Demonstrating methods by which an individual or entity can become more profitable by acquiring better knowledge of its own costs;
- Educating about effective methods of practice or association management and marketing;
- Considering industry or profession relations with local, state or federal governments;
- Developing ways to respond to policy issues;
- Reporting on experiences and developments in employment relations; and
- Relating efforts toward improvements of products.

These very general lists are far from exhaustive or unequivocal and are illustrative only. For example, an area that is generally appropriate for discussion can be rendered inappropriate by an improper approach.

## **Section V. Executive Responsibilities and Training**

The President and Association Manager of ASVMAE have the responsibility to oversee the implementation of ASVMAE’s antitrust compliance policy. The policy will be referenced at the beginning of each meeting of the membership and board of directors. In addition, all members will receive a copy of ASVMAE’s antitrust compliance policy after its adoption, which shall also be made available to members on an ongoing basis electronically through ASVMAE’s website.

## **Section VI. Conclusion**

This policy contains general guidelines to conduct ASVMAE business and is not an exhaustive analysis of the law. Antitrust is a complex area of law, and no policy, no matter how comprehensive, can answer every question. Any specific questions or applications about ASVMAE’s Antitrust Compliance Policy should be directed to ASVMAE’s Association Manager.