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Federal Trade Commission Settlement Statement
In the Matter of California Association of Legal Support Professionals
File No. 131 0205, Docket No. C-4447
April 3, 2014

Dear CALSPro Member,

As you may know, the Federal Trade Commission conducted an investigation concerning the provisions in CALSPro's Code of Ethics that stated:

It is not ethical to cut the rates you normally and customarily charge when soliciting business from a member firm's client, or to speak disparagingly of another member . . . Never discuss the bad points of your competitor.

It is unethical to contact an employee of another member firm to offer him employment with your firm without first advising the member of your intent.

The Federal Trade Commission alleges that these provisions violate the Federal Trade Commission Act because they, without sufficient justification, restrain legal support professionals from competing for clients and employees, thereby depriving clients and employees of the benefits of competition among legal support professionals.

To end the investigation expeditiously and to avoid disruption to its core functions, CALSPro 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, CALSPro will not enforce, and will remove, the above provisions from its Code of Ethics.

More generally, the Federal Trade Commission has prohibited CALSPro from certain activities that restrain members from engaging in price competition, soliciting employees, and advertising. CALSPro may not restrain its members from offering discounts when soliciting business. CALSPro may not restrain its members from soliciting employees, including, but not limited to, restraining its members from contacting employees unless they confirm to any Code of Ethics, rule, or regulation established by CALSPro. Finally, CALSPro may not restrain its members from advertising or publishing the prices, terms or conditions of sale of legal support products and services, including, but not limited to, restraining members from making statements about competitors' products, services, or business or commercial practices. However, CALSPro is not prohibited from adopting and enforcing reasonable principles, rules, guidelines, or policies governing the conduct of its members with respect to representations that CALSPro reasonably believes would be false or deceptive within the meaning of Section 5 of the Federal Trade Commission Act.

The Decision and Order also requires that CALSPro implement an antitrust compliance program.

A copy of the Decision and Order is enclosed. It is also available on the Federal Trade Commission website at www.ftc.gov, and through the CALSPro website at www.calspro.org.

Thank you.

State of California, with its office and principal place of business located at 2520 Venture Oaks Way, Suite 150, Sacramento, California 95833.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the Respondent and the proceeding is in the public interest.

ORDER

I.

IT IS HEREBY ORDERED that, as used in this Order, the following definitions, shall apply:

- A. "Respondent" or "CALSPRO" means California Association of Legal Support Professionals, its directors, boards, officers, employees, agents, representatives, councils, committees, foundations, divisions, successors, and assigns.
- B. "Antitrust Compliance Officer" means a person appointed under Paragraph IV.A. of this Order.
- C. "Antitrust Counsel" means a lawyer admitted to practice law in one or more of the judicial districts of the courts of the United States.
- D. "Antitrust Laws" means the Federal Trade Commission Act, as amended, 15 U.S.C. § 41 *et. seq.*, the Sherman Act, 15 U.S.C. § 1 *et. seq.*, and the Clayton Act, 15 U.S.C. § 12 *et. seq.*
- E. "Code of Ethics" means a statement setting forth the principles, values, standards, or rules of behavior that guide the conduct of an organization and its members.
- F. "FTC Settlement Statement" means the statement attached to this Order as Appendix A.
- G. "Member" means a member of CALSPRO, including company, individual, associate, and vendor members.
- H. "Organization Documents" means any documents relating to the governance, management, or direction of Respondent, including, but not limited to, bylaws, rules, regulations, Codes of Ethics, policy statements, interpretations, commentaries, or guidelines.
- I. "Regulating" means (1) adopting, maintaining, recommending, or encouraging that Members follow any rule, regulation, interpretation, ethical ruling, policy, commentary, or guideline; (2) taking or threatening to take formal or informal disciplinary action; or (3) conducting formal or informal investigations or inquiries.

II.

IT IS FURTHER ORDERED that Respondent, directly or indirectly, or through any corporate or other device, in or in connection with Respondent's activities as a professional association in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44, do forthwith cease and desist from Regulating, restricting, restraining, impeding, declaring unethical or unprofessional, interfering with or advising against:

- A. Price competition by its Members, including, but not limited to, restraining Members from offering discounts when soliciting business;
- B. Solicitation of employees by its Members, including, but not limited to, restraining Members from contacting employees unless they conform to any Code of Ethics, rule, or regulation established by Respondent; and
- C. Advertising or publishing by Members of the prices, terms or conditions of sale of legal support services, including, but not limited to, restraining its Members from making statements about competitors' products, services, or business or commercial practices;

Provided, however, that nothing in this Paragraph II shall prohibit Respondent from adopting and enforcing reasonable principles, Codes of Ethics, rules, regulations, guidelines, or policies governing the conduct of its Members with respect to representations that Respondent reasonably believes would be false or deceptive within the meaning of Section 5 of the Federal Trade Commission Act.

III.

IT IS FURTHER ORDERED that:

- A. No later than thirty (30) days from the date this Order is issued, Respondent shall:
 - 1. Post and maintain for five years on the Code of Ethics page of CALSPro's website, the following items:
 - (a) An announcement that states "CALSPro agreed to change its Code of Ethics and will not adopt, encourage its Members to follow, or enforce any Code of Ethics provision relating to price competition, solicitation of employees, or advertising that does not comply with the FTC Consent Order,"
 - (b) The FTC Settlement Statement; and
 - (c) A link to the Federal Trade Commission's website that contains the press release issued by the Commission in this matter; and

2. Distribute electronically or by other means a copy of the FTC Settlement Statement to its board of directors, officers, employees, and Members.
- B. No later than sixty (60) days from the date this Order is issued, Respondent shall:
1. Remove from CALSPro's Organization Documents and website any statement that is inconsistent with Paragraph II. of this Order; and
 2. Publish on CALSPro's website any revisions of CALSPro's Organization Documents, the press release issued by the Commission in this matter, and the FTC Settlement Statement.
- C. Respondent shall publish, in the font that is customarily used for feature articles:
1. Any revisions of CALSPro's Organization Documents, the press release issued by the Commission in this matter, and the FTC Settlement Statement in the next available edition of the "CALSPro Press" newsletter; and
 2. The FTC Settlement Statement in the edition of the "CALSPro Press" newsletter, or any successor publication, on or as close as possible to the first and second anniversary dates of first publication of the FTC Settlement Statement.
- D. For a period of five (5) years after this Order is issued, distribute electronically or by other means, a copy of the FTC Settlement Statement to each:
1. New Member no later than thirty (30) days after the date of commencement of the membership; and
 2. Member who receives a membership renewal notice at the time the Member receives such notice.
- E. Respondent shall maintain and make available to Commission staff for inspection and copying upon reasonable notice records adequate to describe in detail any:
1. Action against any Member taken in connection with the activities covered by Paragraph II. of this Order, including but not limited to enforcement, advisory opinions, advice or interpretations rendered; and
 2. Complaint received from any person relating to Respondent's compliance with this Order.

IV.

IT IS FURTHER ORDERED that Respondent shall design, maintain, and operate an antitrust compliance program to assure compliance with this Order and the Antitrust Laws:

- A. No later than thirty (30) days from the date this Order is issued, Respondent shall appoint and retain an Antitrust Compliance Officer for the duration of this Order to supervise Respondent's antitrust compliance program.
- B. For a period of three (3) years from the date this Order is issued, the Antitrust Compliance Officer shall be Michael Belote, Esq., after which a new Antitrust Compliance Officer may be appointed who shall be Antitrust Counsel, a member of the Board of Directors, or an employee of Respondent.
- C. For a period of five (5) years from the date this Order is issued, Respondent shall provide in-person annual training to its board of directors, officers, and employees concerning Respondent's obligations under this Order and an overview of the Antitrust Laws as they apply to Respondent's activities, behavior, and conduct.
- D. Respondent shall implement policies and procedures to:
 - 1. Enable persons (including, but not limited to, its board of directors, officers, employees, Members, and agents) to ask questions about, and report violations of, this Order and the Antitrust Laws, confidentially and without fear of retaliation of any kind; and
 - 2. Discipline its board of directors, officers, employees, Members, and agents for failure to comply fully with this Order.
- E. For a period of five (5) years from the date this Order is issued, Respondent shall conduct a presentation at each of its annual conferences that summarizes Respondent's obligations under this Order and provides context-appropriate guidance on compliance with the Antitrust Laws.

V.

IT IS FURTHER ORDERED that Respondent shall file a verified written report with the Commission setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with this Order:

- A. No later than (i) ninety (90) days after the date this Order is issued, (ii) one hundred eighty (180) days after the date this Order is issued; and
- B. No later than one (1) year after the date this Order is issued and annually thereafter for four (4) years on the anniversary of the date on which this Order is issued, and at such other times as the Commission staff may request.

VI.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any proposed:

- A. Dissolution of Respondent;
- B. Acquisition, merger, or consolidation of Respondent; or
- C. Any other change in Respondent, including, but not limited to, assignment and the creation or dissolution of subsidiaries, if such change might affect compliance obligations arising out of this Order.

VII.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request and upon five (5) days' notice to Respondent, Respondent shall without restraint or interference, permit any duly authorized representative of the Commission:

- A. Access, during business office hours of the Respondent and in the presence of counsel, to all facilities, and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and all other records and documents in the possession, or under the control, of the Respondent related to compliance with this Order, which copying services shall be provided by the Respondent at its expense; and
- B. To interview officers, directors, or employees of the Respondent, who may have counsel present, regarding such matters.

VIII.

IT IS FURTHER ORDERED that this Order shall terminate on April 3, 2034.

By the Commission.



Donald S. Clark
Secretary

SEAL:

ISSUED: April 3, 2014