

National Association of Animal Breeders



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Dear Member:

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

Member competitors will not be named in printed material comparing averages between members.

The purchase price of sires, purchased at private treaty, by NAAB members shall not be disclosed by the Buyer, and the Seller shall be requested not to quote the selling price.

Also, prices of bulls purchased at public auction by AI organizations shall not be quoted in their printed statements, advertising, and/or publicity material.

The Federal Trade Commission alleges that these provisions in the Code of Ethics violate the Federal Trade Commission Act because they unnecessarily restrict members of NAAB from competing for customers, thereby depriving customers of the benefits of competition among organizations engaged in the artificial insemination of dairy and beef cattle and other livestock.

To end the investigation expeditiously and to avoid disruption to its core functions, NAAB 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, NAAB is in the process of revising its Code of Ethics, and will implement an antitrust compliance program.

In general, the Federal Trade Commission has prohibited NAAB from maintaining bylaws, code of ethics, operational policies, or membership requirements that restricts members from advertising, publishing, publicizing, disclosing, stating, or disseminating the prices, terms, availability, characteristics, averages, or conditions of sale of animals or artificial insemination services.

Under the Decision and Order, NAAB may not restrict members from making statements comparing their products and services with the products and services of any other member. In particular, NAAB may not restrict members from naming members or other competitors when making statements comparing the products and services of a member with the products and services of any other member or competitor, whether the statements are made in printed material, whether the statements compare the average performance of a member's products and services with the average performance of any other member's products and services, or in any other context. NAAB also may not restrict members from publicizing or disclosing price information relating to the purchase or sale of animals, including restrictions on disclosing the purchase price, whether the animal was purchased or sold at private treaty, public auction, or in any other context.

The Decision and Order does not prohibit NAAB from adopting and enforcing Codes of Ethics or similar documents that govern the conduct of members with respect to representations that NAAB reasonably believes would be false or deceptive within the meaning of Section 5 of the Federal Trade Commission Act.

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 NAAB web site.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gordon A. Doak".

Gordon A. Doak, Ph.D.
President