

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: PHTA ANTITRUST POLICY

The Pool & Hot Tub Alliance (PHTA) has and will continue to follow a rigorous program of compliance with the Sherman Act and other antitrust statutes. This policy statement provides a reference for members of PHTA and others who attend association functions. All who attend PHTA meetings should read and understand this statement.

Adherence to the guidelines below will avoid potential violations by individuals, member firms, and PHTA itself. Violations of the antitrust laws are serious criminal violations, punishable by jail terms and substantial monetary fines, as well as treble damage civil penalties.

PHTA is committed to full compliance with antitrust laws. The guidelines set forth below have been established by the Board to prevent any possibility of violation.

1. Subjects which may not be discussed

Any agreement as to price among competitors is a violation of the Sherman Act, regardless of the reasonableness of the price set or whether the agreement is to raise, lower, peg, or stabilize price levels. It follows that any discussion of price or price levels at association meetings is not permitted. This includes any discussion of prices of products, supplies, or services. Similarly, there must be no discussion of any elements of company operations which might influence price, such as:

- (a) company costs of operations, supplies or services;
- (b) allowances or discounts;
- (c) terms of sale;
- (d) margins;
- (e) plans of individual companies concerning production, distribution or marketing of particular products.
- (f) changes in industry production, capacity or inventories, except historical data;

Historical information regarding prices may be gathered by an association under very strict legal guidelines. An example of this type of exception is PHTA's publication in an annual statistical report of average prices of pools in previous years. No region, chapter, committee or council of PHTA shall engage in gathering or disseminating this kind of information without written prior approval and ongoing guidance from PHTA legal counsel.

Any agreement not to compete among business firms also violates the antitrust laws. Accordingly, no discussion of division of territories or customers, or limitation on nature of business may be held at any PHTA function.

Joint refusals to deal (boycotts) are likewise unlawful, and no discussions related to this practice are permitted. Included within this prohibition are any discussions of black lists and any unfavorable reports involving particular suppliers.

2. Meetings

These standards apply to all board, committee, council and other meetings sponsored by PHTA and all meetings attended by PHTA members in that capacity. The agenda should be strictly followed; there must be no deviations, particularly insofar as subjects described in 1, above, might be discussed. During meetings, participants should conduct themselves as though the

meeting were open to the public. Minutes of each meeting should be prepared by a designated secretary or staff member, and circulated to all in attendance following the meeting.

In the case of PHTA-sponsored meetings, PHTA staff or a member of the Board of Directors will be in attendance at all times.

Informal, unofficial meetings between competitors are dangerous from a legal standpoint, and have often led to antitrust investigations and indictments. Therefore, PHTA urges its members not to hold any meetings that are not conducted in strict adherence to these guidelines.

If staff announces that a particular question, statement, or discussion at a meeting borders on an area of antitrust sensitivity, the discussion will end immediately. If anyone in attendance at an PHTA meeting has a question about whether a discussion is proper or not, the question should be raised immediately and counsel will determine whether the discussion should be terminated. If counsel is not present, a meeting participant should request the chairman to end the discussion until legal advice can be obtained; if the discussion is not ended, the meeting participant should leave the meeting.

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While it is impossible to cover every contingency that might arise, it is essential that all PHTA members and staff have at least a basic understanding of the Federal Antitrust Laws. These guidelines are offered as part of PHTA's commitment to maintaining healthy competition necessary to a strong business community. PHTA directs its regions, affiliates and chapters to adopt and follow this policy statement within their respective organizations.