Table 1

SACRAMENTO
AREA
ALARM
ASSOCIATION

P.O. BOX 340161 SACRAMENTO, CA 95834

Antitrust Policy Statement of the
Sacramento Area Alarm Association

This statement is patterned after the
National Burglar & Fire Alarm Association’s
Antitrust Statement

Approved by the Board of Directors of the SAAA
January 6, 1994

The Sacramento Area Alarm Association is a trade association of member companies in the private security alarm industry. It is organized to promote the common interest of its members when such interests do not conflict with the common good. The SAAA is not intended to become involved, and will not become involved, in the competitive business decisions of its member companies, nor will it take any action which would tend to restrain competition in the burglar and fire alarm equipment and supply industries.

Nevertheless, it is recognized by the board of directors of the SAAA that the association and its varied activities could be regarded by some as a forum or opportunity to promote anti-competitive conduct. For this reason, the Board of Directors has taken this occasion, through this statement of policy, to make clear its unequivocal support for the policy of competition served by antitrust laws as well as its uncompromising intent to comply strictly in all respects with those laws.

In addition to the association’s firm commitment to the principle of competition served by the antitrust laws, the penalties which may be imposed upon both the association and its individual and corporate members involved in any violation of such laws, are now so severe that good business judgment demands that every effort be made to avoid any such violation. Certain violations of the Sherman Act, such as price-fixing, are felony crimes for which individuals may now be imprisoned for up to three (3) years or fined up to $100,000 or both, and corporations can be fined up to $1,000,000 for each offense. In addition, treble damage claims by private parties (including class actions) for antitrust violations are extremely expensive to litigate and can result in judgments of a magnitude which could destroy the association and seriously affect the financial interests of its individual members.

It shall be the responsibility of every member of the SAAA to be guided by the SAAA’s policy of strict compliance with the antitrust laws in all SAAA activities. It shall be the special responsibility of the association officers, committee chairmen, and officers of product groups to ensure that this policy is known and adhered to in the course of activities pursued under their leadership. To assist the SAAA staff and all its officers, directors, committee chairmen and product group officers in recognizing situations which may raise the appearance of an antitrust problem, the board of directors will as a matter of policy furnish to each of such persons copies of the association’s general rules of antitrust compliance. The association will also make available general legal advice when questions arise as to the manner in which the antitrust laws may apply to the activities of the SAAA or to any committee or product group thereof.

Antitrust compliance is the responsibility of every SAAA member. Any violation of the SAAA general rules of antitrust compliance or of this general policy will result in immediate suspension from membership in the association, and immediate removal from any association office held by official representative violating the same.
General Rules of Antitrust Compliance

The following rules are applicable to all SAAA activities and must be observed in all situations and under all circumstances, without exception or qualification other than noted below.

1. Neither the SAAA nor any committee, product group, conference or activity of the SAAA shall be used for the propose of bringing about, or attempting to bring about, any understanding or agreement, weather written or oral, formal, or informal, express or implied, among competitors with regard to prices, terms or conditions of sale, discounts, distribution, volume of production, territories or customers.

2. No SAAA activity or communication shall include discussion or action, for any purpose or in any fashion, or prices or pricing methods, production quotas or other limitations on either the timing or volume of production or of sales, or involve allocation or territories or markets or customers in any way.

3. No SAAA committee or product group shall undertake any activity which involves exchanges or collection and dissemination among competitors, or any information regarding prices, pricing methods, costs or production, or of labor or sales or distribution of individual company statistics of any kind, without first obtaining the advice of legal counsel, provided by the association, as to those proper and lawful methods by which these activities may be pursued.

4. No SAAA activity or communication shall include any discussion or action which might be construed as an attempt to prevent any person or business entity from gaining access to any market or to any customer for goods or services, or to prevent or boycott any business entity from obtaining a supply of goods or otherwise purchasing goods or services freely in the market.

5. No SAAA activity or communication shall include any discussion or action which might be construed as an agreement or understanding to refrain from purchasing any raw materials, equipment, services or other supplies from any supplier.

6. Neither the SAAA nor any committee or product group thereof, shall make any effort to bring about the standardization of any product or method of manufacture or certification of any product or program, for the purpose of preventing the manufacture or sale of any product not conforming to a specified standard or which would tend to have the overall effect of either lessening competition or resulting in a degree of price stabilization.

7. No person or company shall be unreasonably excluded from the SAAA membership or participation in any SAAA activity, such person’s or company’s ability to compete effectively in the private security alarm industry.