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ATTORNEY GENERAL RAOUL REACHES AGREEMENT TO END USE OF NO-POACH AGREEMENTS

Raoul, 13 States Finalize Settlement with Burger King, Popeyes, and Tim Hortons to Drop Provisions that Limit Recruitment and Hiring of Fast Food Workers

Chicago — Attorney General Kwame Raoul, as part of a coalition of 14 attorneys general, announced settlement agreements under which three national fast food franchisors will cease using “no-poach” agreements, which restrict the right of fast food workers to move from one franchise to another within the same restaurant chain.

The agreements entered with the chains Burger King, Popeyes Louisiana Kitchen and Tim Hortons, which are owned by Restaurant Brands International, are the result of an investigation into national fast food franchises announced by the states in July 2018 over concerns that no-poach agreements hurt low-wage workers by limiting their ability to secure better paying jobs.

“I will continue to push restaurants to end their use of no-poach agreements, which allow businesses to take advantage of low-wage workers,” Raoul said. “These agreements stop employees from seeking higher-paying opportunities and escaping the cycle of poverty.”

Under the terms of the settlements, the franchisors have agreed to stop including no-poach provisions in any of their franchise agreements and to stop enforcing such provisions in any franchise agreements already in place. The franchisors also have agreed to amend existing franchise agreements to remove no-poach provisions and to ask their franchisees to post notices in all locations to inform employees of the settlement.

Raoul and the coalition began their investigation in July 2018 by sending letters to Arby’s, Burger King, Dunkin’ Brands, Five Guys Burgers and Fries, Little Caesars, Panera Bread, Popeyes Louisiana Kitchen, and Wendy’s requesting documents, including copies of franchise agreements and communications related to no-poach provisions. Raoul and the coalition alleged that no-poach provisions make it difficult for workers to improve their earning potential by moving from one job to another or seeking a higher-paying job at another franchise location. Additionally, Raoul and the coalition argued that many workers are unaware they are subject to these no-poach provisions.

In March 2019, the attorneys general announced they had reached settlements with Dunkin’, Arby’s, Five Guys, Little Caesars and Panera under which the restaurants agreed to cease using no-poach provisions in their franchise agreements. These franchisors have reported that all franchisees in the settling states amended their franchise agreements to remove the no-poach provisions. Wendy’s provided confirmation that it never used no-poach provisions in their contracts with franchisees.

The settlement builds on Attorney General Raoul’s efforts to fight unlawful employment practices. After becoming Attorney General, Raoul initiated legislation that codified a Worker Protection Unit within the Attorney General’s office. The unit has the authority to enforce existing laws that protect workers’ rights and lawful businesses in Illinois. The new law also established a Worker Protection Unit Task Force, which Attorney General Raoul convened for the first time in January. The task force will facilitate information sharing and collaboration between the Attorney General’s office, prosecutors, the Illinois Department of Labor, the Illinois Department of Human Rights, the Illinois Department of Employment Security and the Workers’ Compensation Commission.

In February, Raoul joined a coalition of attorneys general to file a lawsuit to defend key labor protections of employees in workplaces where two or more entities employ a worker. Last year, Attorney General Raoul led a coalition of attorneys general in opposing a Department of Labor proposal to expand the fluctuating work week rule, the only rule under which employees' hourly and overtime rates of pay actually decrease as the hours they work per week increase. Also in 2019, Raoul testified before the Congressional House Appropriations Labor, Health and Human Services, and Education Subcommittee about the wage theft crisis and the importance of the federal government partnering with states to combat wage theft.

Joining Raoul in reaching the settlement are the attorneys general of California, the District of Columbia, Iowa, Maryland, Massachusetts, Minnesota, North Carolina, New Jersey, New York, Oregon, Pennsylvania, Rhode Island and Vermont.