



New Risks of Anti-poaching Requirements in Franchise Agreements: Washington AG Investigates Franchises

March 2018

Webinar

Live webcast

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Preventing franchisees' employees from being hired by other franchisees.

A Sept. 27, 2017 front-page New York Times headline read: "Why Aren't Paychecks Growing? A Burger-Joint Clause Offers a Clue." The writer interviewed economists and a plaintiff in a class action lawsuit, and concluded that anti-poaching clauses in franchise agreements may be responsible for stagnant wages in the U.S. The economists identified 90 franchisors having 500+ outlets that have anti-poaching language.

Last week, the Washington AG issued Civil Investigative Demands (CIDs) to many franchisors, which requires information about their anti-poaching agreements and practices. The Washington AG has not disclosed the purpose of his investigation or whether he is or will be coordinating his efforts with other state AGs.

Recent proclamations by the U.S. Department of Justice (DOJ), the Federal Trade Commission (FTC), and four class action lawsuits filed during the last few months against prominent franchising organizations are further reasons to re-evaluate anti-poaching language in franchise agreements, and to decide if their use warrants the heightened risk of litigation.

Join Gray Plant Mooty attorneys Quentin Wittrock and Carl Zwisler for a 30-minute webinar, where they will discuss:

1. Will WA, DOJ and FTC pursue civil or criminal remedies against franchisors and franchisees?
2. What should franchisors do if they receive a CID?
3. Should franchisors consult franchisee advisory councils about revising anti-poaching language?

4. Should franchisors abandon all forms of anti-poaching disincentives?