

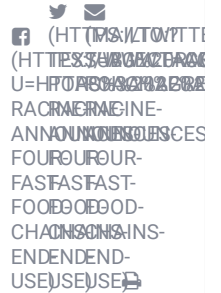


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Media Center

Media Contacts:

- Office of Communications: oagpress@dc.gov (mailto: oagpress@dc.gov) | (202) 442-8919
- Rob Marus: robert.marus@dc.gov (mailto: robert.marus@dc.gov) | (202) 724-5646
- Marrisa Geller: marrisa.geller@dc.gov (mailto: marrisa.geller@dc.gov) | (202) 724-5448



AG Racine Announces Four Fast Food Chains To End Use Of No-Poach Agreements

March 13, 2019

In a Multistate Settlement, Dunkin', Arby's, Five Guys, and Little Caesars Agreed to Drop Contracts that Limit Job Options for Workers

WASHINGTON, D.C. – Attorney General Karl A. Racine today announced that, as a result of a settlement with 14 state attorneys general, Dunkin', Arby's, Five Guys, and Little Caesars will cease using "no-poach" agreements, which prevent fast food workers from moving from one franchise to another within the same restaurant chain. The agreements with the four national fast food chains settle an investigation announced by the states in July 2018 over concerns that no-poach agreements hurt low-wage workers by limiting their job opportunities and earning potential. Under the terms of the settlements, the companies have agreed to stop including no-poach provisions in any of their franchise agreements and to stop enforcing any franchise agreements already in place.

Dunkin, Arby's, Five Guys and Little Caesars are major national fast food chains that operate thousands of locations across the United States and employ tens of thousands of workers. In the District of Columbia alone, Dunkin' has 19 locations and Five Guys has 8 locations. These companies used what are known as no-poach agreements, in which franchisees of the same company agreed not to compete for each other's employees. The agreements can block employees' ability to move between franchises for higher wages or more attractive positions. They can also deny franchisees the opportunity to hire skilled employees of their choice.

The attorneys general began their investigation last July 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. The attorneys general alleged that no-poach provisions harm workers by stifling upward mobility, making 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. They also allege that many workers are unaware they are subject to these no-poach provisions.

As a result of this investigation, Dunkin, Arby's, Five Guys and Little Caesars have agreed to stop using these agreements and will not attempt to enforce any that already exist. They have also 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. Finally, the franchisors will notify the attorneys general if one of their franchisees tries to restrict any employee from moving to another location under an existing no-poach provision. Since the investigation began, Wendy's provided confirmation that it never used no-poach provisions in their contracts with franchisees. Investigations into Burger King, Popeyes, and Panera continue.

The coalition was led by Massachusetts Attorney General Maura Healey and included state attorneys general from California, District of Columbia, Iowa, Illinois, Maryland, Massachusetts, Minnesota, North Carolina, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, and Vermont.

How to Report Wage Theft Violations

Workers who believe that their rights have been violated, or that they have experienced wage theft or other wage and hour violations, can contact OAG's Housing and Community Justice Section by phone at (202) 442-9854. Workers can learn about their rights under District law and how they can get help if their rights are being violated at: <https://oag.dc.gov/workers-rights> (<https://oag.dc.gov/workers-rights>).

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