Press Release

Attorney General's Office wins settlement with four fast-food chains to end no-poach agreements

Under multi-state agreement, Dunkin', Arby's, Five Guys, and Little Caesars will drop franchise provisions that limit recruitment and hiring of workers in fast-food industry

March 13, 2019 (SAINT PAUL) — Minnesota Attorney General Keith Ellison announced today that his office has reached a settlement under which four national fast-food franchisors will stop using "no-poach" agreements that restrict the right of fast-food workers to move from one franchise to another within the same restaurant chain.

The Minnesota Attorney General's Office, as part of a coalition of 14 attorneys general led by Massachusetts Attorney General Maura Healey, reached the agreement with Dunkin', Arby's, Five Guys, and Little Caesars. It settles an investigation 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.

"This is a victory for low-wage workers who, like all Minnesotans, are just trying to afford their lives and live with dignity and respect," Attorney General Ellison said. "Putting an end to this anti-competitive practice means low-wage workers — who are still fighting to afford their lives in an economy that's stacked against them — will have more freedom to choose jobs and working conditions that work best for them and their families."

"Congratulations to the low-wage workers who organized for years to end no-poach. This is your victory," Attorney General Ellison concluded.

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 any franchise agreements already in place. The franchisors 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. Franchisors will be subject to financial penalties of up to $100,000 for breaches of the settlements.

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 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, and that many workers are unaware they are subject to these no-poach provisions.

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.

In addition to Minnesota, the states of California, Iowa, Illinois, Maryland, Massachusetts, North Carolina, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, and Vermont, and the District of Columbia are parties to the settlement.