



July 9, 2018

ATTORNEY GENERAL MADIGAN ANNOUNCES INVESTIGATION OF NO-POACH AGREEMENTS AT NATIONAL FAST FOOD FRANCHISES

Madigan & 10 Other Attorneys General Launch Investigation into 'No Poach' Provisions That Exploit Workers at Fast Food Restaurants

Chicago — Attorney General Lisa Madigan, along with 10 other attorneys general, today sent a letter to eight national fast food franchisors about so-called “no-poach” or “no-hire” agreements in franchise contracts that restrict a franchisee’s ability to recruit or hire employees of another franchisee of the same chain. Prompted by concerns that these agreements hurt low-wage workers and limit their ability to get better jobs, Madigan and the other attorneys general have launched an investigation into the practice.

“No-poach agreements trap workers in low-wage jobs and limit their ability to seek promotion into higher-paying positions within the same chain of restaurants,” Madigan said. “I am investigating this practice because it unfairly stops low-income workers from advancing and depresses their wages.”

Madigan and the other attorneys general said in their letter that no-poach provisions make it difficult for workers to improve their wages 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 no-poach provisions.

According to Madigan’s letter, 58 percent of major franchisors have no-poach provisions in their franchise agreements, and the number is even higher, at 80 percent, for fast food franchisors. Advocates for workers argue that these provisions have led to persistent low-wage growth and are anticompetitive in nature.

The letter was sent today to Arby’s, Burger King, Dunkin’ Donuts, Five Guys Burgers and Fries, Little Caesars, Panera Bread, Popeyes Louisiana Kitchen and Wendy’s, and asks these restaurants to provide documents, including copies of franchise agreements and communications related to no-poach provisions, by August 6, 2018.

Madigan also urged anyone in Illinois who believes they may have been impacted by these practices to contact her Workplace Rights Bureau at 1.844.740.5076.

Joining Madigan in sending today’s letter were the attorneys general of California, District of Columbia, Massachusetts, Maryland, Minnesota, New Jersey, New York, Oregon, Pennsylvania and Rhode Island.

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