

PRESS RELEASE

Press Release AG Healey Leads Multistate Investigation of Worker No-Poach Agreements at National Fast Food Franchises

Ten States and the District of Columbia Sign on to Letter Requesting Information Related to Provisions that Limit Recruitment and Hiring Practices of Franchisees

FOR IMMEDIATE RELEASE:

7/09/2018

AGBOSTON — Attorney General Maura Healey today led a coalition of 11 state attorneys general in sending a letter to eight national fast food franchisors about “no-poach” agreements in franchise contracts, which 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, the state attorneys general have requested information and documents from these companies.

“No-poach agreements unfairly limit the freedom of fast-food and other low-wage workers to seek promotions and earn a better living,” said AG Healey. “Our goal through this action is to reduce barriers and empower workers to secure better-paying and higher-skill jobs.”

According to the [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. Worker advocates argue these provisions have led to persistent low wage growth and are anticompetitive in nature. The letter asserts 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.

“The use of ‘no poach’ and ‘no hire’ agreements by national fast-food franchises unfairly exploits workers, especially low-wage workers,” said Pennsylvania AG Josh Shapiro. “Many workers only learn these agreements exist when they are denied the chance to advance to a better job, earn more money or obtain family-friendly schedule options. It’s wrong and I’m standing up and fighting for the rights of Pennsylvania workers to not be exploited.”

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 that include copies of franchise agreements and communications related to no-poach provisions by August 6, 2018.

In connection with the investigation, AG Healey’s Fair Labor Division interviewed workers impacted by no-poach agreements, including a McDonald’s worker in Iowa, Maria, who was barred from leaving her part-time job at one McDonald’s location to take a full-time position at a different location.

When Maria tried to report for work at the second McDonald’s store, she was told: “We told you we were going to hire you but cannot because you were working at another McDonald’s and so you cannot work here.”

Workers who believe that their rights have been violated in their workplace are encouraged to file a complaint at www.mass.gov/ago/fairlabor. For information about the

state's wage and hour laws, workers may call the Office's Fair Labor Hotline at (617) 727-3465 or go to the Attorney General's Workplace Rights website www.mass.gov/ago/fairlabor for materials in multiple languages.

Today's coalition included state attorneys general from California, District of Columbia, Illinois, Massachusetts, Maryland, Minnesota, New Jersey, New York, Oregon, Pennsylvania and Rhode Island.

This matter is being handled by Division Chief Cyndi Mark, Assistant Attorney General Meryum Khan, and Investigator Kevin Shanahan, all of AG Healey's Fair Labor Division.

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