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subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures. Famous Dave's does not include independent franchise operators.

II. INVESTIGATION

- 2.1 Famous Dave's currently has six Famous Dave's locations in Washington, and all 6 are independently owned and operated franchised locations.
- 2.2 Prior to April 2019, Famous Dave's included language in Section 7.19 of its franchise agreements that restricted a franchisee's ability to solicit or hire workers from another franchisee or Famous Dave's (the "Section 7.19 provisions"). Specifically, the Section 7.19 provisions stated:

7.19 Recruitment Fees.

Franchisee understands and acknowledges that both Famous Dave's and its franchisees regularly incur significant costs in order to train and maintain training of their employees, agents and independent contractors involved in the development, management and/or operation of Famous Dave's® Restaurants (a "Covered Person"). In recognition of that fact, the Parties agree that if Franchisee or Famous Dave's hires or employs any Covered Person who is or was. during the last 12 months, employed by or under contract with the other, at any restaurant that is owned, managed or operated by the other, or at any other Famous Dave's® Restaurant owned or operated by a franchisee or area developer (the "Affected Party"), then Franchisee or Famous Dave's, as applicable, will pay the Affected Party a "Recruitment Fee" of: (i) \$2,500 if the Covered Person was an "active opening units" Trainer; (ii) \$10,000 if the Covered Person was an Assistant Manager or Manager level corporate associate; (iii) \$20,000 if the Covered Person was a General Manager or Director level corporate associate; or (iv) \$50,000 if the Covered Person was either a Director of Operations, Area Director, or Director of Franchise Operations, unless such Recruitment Fee is waived in writing by the Affected Party.

2.3 The Attorney General asserts that the foregoing contract language constitutes a contract, combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act, RCW 19.86.030.

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constitutes a contract, combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act, RCW 19.86.030, or any other law, and believes that the contract provisions were adopted to encourage franchisees to make the investments necessary to develop well-trained, high quality, and stable workforces in their locations, which in turn strengthened Famous Dave's brand and individual Famous Dave's locations' ability to compete against other branded companies, among other reasons. Famous Dave's enters into this AOD to formalize its practice of not enforcing the Section 7.19 provisions, accelerate removal of the provisions from its Washington franchise agreements and avoid protracted and expensive litigation that could be brought by the State if it does not enter into this AOD. Pursuant to RCW 19.86.100, neither the existence of this AOD nor any of its terms shall be construed as an admission of law or fact, or any liability, misconduct, or wrongdoing on the part of Famous Dave's.

Famous Dave's expressly denies that the contract provisions described above

III. ASSURANCE OF DISCONTINUANCE

- 3.1 Subject to the paragraph above, Famous Dave's agrees:
- 3.1.1. As of the date this AOD is entered, it waives its right to enforce the Section 7.19 provisions in any of its current franchise agreements nationwide and will no longer include the Section 7.19 provisions, or other similar provisions that purport to restrict a franchisee's ability to solicit or hire workers from another franchisee or Famous Dave's, in any of its future franchise agreements nationwide;
- 3.1.2. It will not enforce the Section 7.19 provisions in any of its franchise agreements and will not seek to intervene or defend in any way the legality of the Section 7.19 provisions in any litigation in which a franchisee may claim third-party beneficiary status rights to enforce the Section 7.19 provisions in an existing Famous Dave's franchise agreement;

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- 3.1.3. Within 60 days after the entry of this AOD, it will make all of its franchisees aware of this agreement with the state of Washington and make a copy of it available if requested;
- 3.1.4. It will notify the Attorney General's Office if it learns of any effort by a Washington Famous Dave's franchisee to enforce the Section 7.19 provisions in any existing franchise agreements.
- Within 90 days of entry of this AOD, Famous Dave's will endeavor to amend 3.2 all existing franchise agreements with Washington Famous Dave's franchisees to remove the Section 7.19 provisions in its existing franchise agreements. However, for the avoidance of doubt, Famous Dave's is under no obligation to offer its franchisees any consideration, monetary or otherwise, in order to induce them to sign the proposed amendment, nor will Famous Dave's be required to take, or threaten to take, any adverse action against any such franchisees if they refuse to do so. If any Washington franchise owner declines to amend its franchise agreement within seven days prior to the 90-day deadline, Famous Dave's shall provide the name and address of any such franchise owner to the Office of the Attorney General. A decision by a Famous Dave's franchisee not to amend its franchise agreement, or not to do so within 90 days of this AOD, shall not mean that Famous Dave's has not complied with its obligations under this AOD. This provision shall be deemed satisfied with regard to each Washington Famous Dave's franchisee by either the amendment of such franchisee's franchise agreement(s) to remove the Section 7.19 provisions or by Famous Dave's providing the name and address of such franchisee to the Office of the Attorney General.
- 3.3 Going forward, Famous Dave's will not include the Section 7.19 provisions in its franchise agreements for all franchisees nationwide, including for (a) new franchisees signing franchise agreements for the first time, (b) existing franchisees whose franchise agreements have expired and/or are otherwise subject to renewal, rebuild or relocation, and (c)

franchisees who are acquiring a Famous Dave's business or another franchisee's business (*i.e.*, assignment) assuming they sign a new franchise agreement as part of the transaction.

3.4 Within 30 days of the conclusion of all time periods referenced in this section III, Famous Dave's will submit a declaration to the Attorney General's Office signed under penalty of perjury stating that it has complied with all provisions of this AOD or, if circumstances beyond Famous Dave's control prevent compliance with any paragraph within the specified time frame, Famous Dave's will describe its efforts to satisfy the paragraph's requirements and the relevant extenuating circumstances.

IV. ADDITIONAL PROVISIONS

- 4.1 This AOD is binding on, and applies to Famous Dave's, including each of its respective directors, officers, managers, agents acting within the scope of their agency, and employees, as well as their respective successors and assigns, controlled subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, or other entities through which Famous Dave's may now or hereafter act with respect to the conduct alleged in this AOD.
- 4.2 This is a voluntary agreement and it shall not be construed as an admission of any law, fact, liability, misconduct, or wrongdoing on the part of Famous Dave's. By entering into this AOD, Famous Dave's does not agree or concede that the claims, allegations and/or causes of action which were asserted by and/or could have been asserted by the Attorney General have any merit and Famous Dave's expressly denies the existence of any facts pertaining to Famous Dave's that could support any such claims, allegations, and/or causes of action. However, proof of failure to comply with this AOD shall be *prima facie* evidence of a violation of RCW 19.86.030, thereby placing upon the violator the burden of defending against imposition by the Court of injunctions, restitution, costs and reasonable attorney's fees, and appropriate civil penalties under the Consumer Protection Act.

1	4.3 Famous Dave's will not, nor will it authorize any of its officers, employees,		
2	representatives, or agents to state or otherwise contend that the State of Washington or the		
3	Attorney General has approved of, or has otherwise sanctioned, the language described in		
4	Paragraph 2.2 above with respect to the Section 7.19 provisions in Famous Dave's franchise		
5	agreement.		
6	4.4 Compliance with this AOD resolves all issues raised by the State of Washington		
7	and the Antitrust Division of the Attorney General's Office under the Consumer Protection Act		
8	and any other statutes relating to the acts set forth in paragraph 2.2 – 2.4 above that may have		
9	occurred before the date of entry of this AOD and concludes the investigation thereof. Subject to		
10	paragraph 4.2 above, the State of Washington and the Antitrust Division of the Attorney		
11	General's Office shall not file suit or take any further investigative or enforcement action against		
12	Famous Dave's with respect to the acts set forth above that occurred before the date of entry of		
13	this AOD or against independent Famous Dave's franchisees in Washington who agree to the		
14	amendment described in paragraph 3.2 above within 90 days of the entry of this AOD with		
15	respect to acts that occurred before the date of such amendment.		
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17	APPROVED ON this day of, 2019.		
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20	JUDGE/COURT COMMISSIONER		
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1.	Presented by:	
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10	Attorneys for State of Washington	
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12	Agreed to and approved for entry by: FAMOUS DAYE'S OF AMERICA, INC.	. 4
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15	DANIEL J. OATES, WSBA #39334 Miller Nash Graham & Dunn LLP	Famous Dave's of America, Inc.
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