

STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT

18-2-55215-0 SEA

IN RE: FRANCHISE NO POACHING  
PROVISIONS

NO. 18-2-55215-0 SEA

Frontier Adjusters, Inc.

FRONTIER ADJUSTERS, INC.  
ASSURANCE OF  
DISCONTINUANCE

The State of Washington (State), by and through its attorneys, Robert W. Ferguson, Attorney General, and Rahul Rao, Assistant Attorney General, files this Assurance of Discontinuance (AOD) pursuant RCW 19.86.100.

I. PARTIES

1.1 In January 2018, the Attorney General initiated an investigation into Frontier Adjusters, Inc. relating to a franchise agreement provision that prohibited franchisees from hiring Frontier Adjusters, Inc.'s employees.

1.2 Frontier Adjusters, Inc. is a Colorado corporation with its principal office or place of business in Phoenix, Arizona. Frontier Adjusters, Inc. is in the business of franchising.

1.3 Frontier Adjusters, Inc. includes its directors, officers, managers, agents acting within the scope of their agency, and employees as well as its successor and assigns, controlled subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures.

## II. INVESTIGATION

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2           2.1     Frontier Adjusters, Inc. has sixteen (16) advertised locations in Washington.  
3 All sixteen (16) of these stores are owned and operated by franchisees and none of these are  
4 owned and operated by Frontier Adjusters, Inc.

5           2.2     For years, Frontier Adjusters, Inc. has included language in its franchise  
6 agreements that restricted a franchisee's ability to solicit or hire workers from Frontier  
7 Adjusters, Inc. ("no-poaching provision"). Specifically, the standard Frontier Adjusters, Inc.  
8 franchise agreement stated that "During the term of the Franchise granted under this  
9 Agreement, and for a period of two (2) years after the termination, Franchisee shall not directly  
10 or indirectly, for itself or through, on behalf of or in connection with any other person,  
11 partnership, corporation, limited liability company or entity, hire, solicit for employment or  
12 cause others to solicit for employment, any person who is, or on the date the Franchise expires  
13 or terminates was, employed by Franchisor and is employed by Franchisor at the time of hire  
14 or solicitation. The time period referred to by this Section shall be stayed during any violation  
15 or breach of the terms of this Section." A no-poaching provision restricted franchisees from  
16 hiring employees from Frontier Adjusters, Inc.'s corporate office.

17           2.3     The Attorney General asserts that the foregoing conduct constitutes a contract,  
18 combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act,  
19 RCW 19.86.030.

20           2.4     Frontier Adjusters, Inc. expressly denies the conduct described in above  
21 constitutes a contract, combination, or conspiracy in restraint of trade in violation of the  
22 Consumer Protection Act, RCW 19.86.030, or any other law, and expressly denies it has  
23 engaged in conduct that constitutes a contract, combination, or conspiracy in restraint of trade.  
24 Frontier Adjusters, Inc. enters into this AOD to avoid protracted and expensive litigation.  
25 Pursuant to RCW 19.86.100, neither this AOD nor its terms shall be construed as an admission  
26 of law, fact, liability, misconduct, or wrongdoing on the part of Frontier Adjusters, Inc.





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paragraph 4.2, the State of Washington and the Antitrust Division of the Attorney General's Office shall not file suit or take any further investigative or enforcement action with respect to the acts set forth above that occurred before the date of entry of this AOD.


APPROVED ON this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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JUDGE/COURT COMMISSIONER


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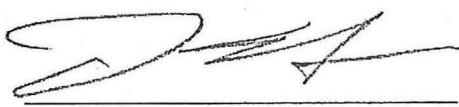
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Agreed to and approved for entry by:  
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