STATE OF WASHINGTON KING COUNTY SUPERIOR COURT 18-2-57770-3 SEA

NO.

IN RE: FRANCHISE NO-POACHING PROVISIONS

(JACK IN THE BOX, INC.)

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JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE

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The State of Washington, 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.

T. PARTIES

In January 2018, the Attorney General initiated an investigation into Jack In The 1.1 Box Inc. ("JIB") relating to certain provisions in its franchise agreement.

1.2 JIB is a Delaware corporation with its principal office or place of business in San Diego, California. JIB is a franchisor, and its corporate and franchisee operated locations are in the business of offering hamburger sandwiches, chicken sandwiches, and breakfast sandwiches, among other food products, for sale to customers.

For purposes of this AOD, JIB shall include its directors, officers, managers, 1.3 agents acting within the scope of their agency, and employees as well as its successor and assigns, controlled subsidiaries, and predecessor franchisor entities.

INVESTIGATION II.

There are 151 Jack In The Box stores located in the State of Washington as of the 2.1date hereof. All of these stores are owned and operated by franchisees.

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2.2 For decades, the franchise agreements entered into between JIB and its
 franchisees have provided that franchisees subject to such agreements may not solicit employees
 of JIB or of other Jack In The Box franchisees (the "No-Solicitation Provision") or hire
 employees of JIB or of other Jack In The Box franchisees within six months after termination of
 the employment (the "No-Hire Provision"). Specifically, the provision stated:

Neither JIB nor Franchisee will attempt, directly or indirectly, to entice or induce any employee of the other, or of another franchisee, to leave such employment. To the extent permitted by applicable law, neither party shall employ such employee within six (6) months after his or her termination of employment with such employer, except with the prior written consent of such employer. This provision creates no rights in any third party.

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

2.4 JIB expressly denies the conduct described above 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 expressly deny they have engaged in conduct that constitutes a contract, combination, or conspiracy in restraint of trade, or violates any other law or regulation. JIB enters into this AOD to avoid protracted and expensive litigation. Pursuant to RCW 19.86.100, neither this AOD nor its terms shall be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of JIB or any of its current or former franchisees.

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III. ASSURANCE OF DISCONTINUANCE

Subject to paragraph 2.4 above, JIB agrees:

3.1.1. It will no longer include the No-Solicitation Provision or the No-Hire Provision in any of its future franchise agreements in the United States after the date hereof.

3.1.2. It will no longer enforce No-Solicitation Provision or the No-Hire Provision in any of its existing franchise agreements in the United States, and will not seek to

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JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE ATTORNEY GENERAL OF WASHINGTON Antitrust Division 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 (206) 464-7744 intervene or defend in any action brought by the Attorney General's Office against a current
 franchisee in Washington to defend an existing No-Solicitation Provision or the No-Hire
 Provision, provided such action is brought in accordance with, and consistent with, the
 provisions of this AOD.

3.1.3. It will notify all of its current franchisees in the United States of the entry
of this AOD and make a copy available to them.

3.1.4. If, after the 30 day period set forth in Paragraph 3.2 below, JIB becomes
aware of a franchisee with a store located in the State of Washington attempting to enforce the
No-Solicitation Provision or the No-Hire Provision, and JIB is unable to persuade such
franchisee to desist from enforcing or attempting to enforce such provision, JIB will notify the
Attorney General.

3.2 Within 30 days of entry of this AOD, JIB will send a letter to all of its current 12 franchisees with stores located in the State of Washington, stating that the Attorney General has 13 requested that the existing No-Solicitation Provision and No-Hire Provision be removed from 14 existing franchise agreements. The letter that JIB will send to its current franchisees in the state 15 of Washington will be substantially in the form of the letter attached hereto as Exhibit A. That 16 letter will enclose the proposed amendment that JIB is requesting that each of its franchisees in 17 the state of Washington agree to, which amendment will remove the No-Solicitation Provision 18 and the No-Hire Provision. The proposed amendment that will be included with each letter will 19 20 be substantially in the form of the amendment attached hereto as Exhibit B.

3.3 In addition to sending the letter to its current franchisees in the state of
Washington pursuant to Paragraph 3.2 above, JIB will respond promptly to any inquiries from
such franchisees regarding the request to amend the terms of the franchise agreement and will
encourage its current franchisees in the state of Washington to sign the proposed amendment.
However, for the avoidance of doubt, JIB is under no obligation to offer its franchisees any
consideration-monetary or otherwise-in order to induce them to sign the proposed amendment, or

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of this AOD, JIB will provide copies of all executed amendments it has obtained with its current
 franchisees in the state of Washington to the Attorney General's Office. A decision by a
 franchisee not to amend its franchise agreement, or not to do so within 120 days of this AOD,
 shall not mean that JIB has not complied with its obligations under this AOD.

3.4 If JIB learns that a current franchisee in the state of Washington intends in good
faith to sign the proposed amendment but is unable to do so within the time period specified in
Paragraph 3.3, JIB will notify the Attorney General's Office to seek a mutually agreeable
extension. During any such extension, the Attorney General's Office will not take further
investigative or enforcement action against a franchisee.

3.5 As they come up for renewal during the ordinary course of business, JIB will
remove the No-Solicitation Provision and the No-Hire Provision from all of its existing franchise
agreements in the United States with its franchisees on a nationwide basis, unless expressly
prohibited by law. In addition, JIB will not include the No-Solicitation Provision or the No-Hire
Provision in any franchise agreement it signs in the United States after the date of this AOD.

3.6 Within 30 days of the conclusion of the time periods referenced in Paragraph 3.3,
JIB will submit a declaration to the Attorney General's Office signed under penalty of perjury
stating whether all provisions of this agreement have been satisfied.

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IV. ADDITIONAL PROVISIONS

4.1 This AOD is binding on, and applies to JIB, 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, predecessor franchisor
entities, or other entities through which JIB 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 law,
fact, liability, misconduct, or wrongdoing on the part of JIB or any of its current or former
franchisees. JIB neither agrees nor concedes that the claims, allegations and/or causes of action
which have or could have been asserted by the Attorney General have merit and JIB expressly

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JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE ATTORNEY GENERAL OF WASHINGTON Antitrust Division 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 (206) 464-7744 denies 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.

4.3 JIB will not, nor will it authorize any of its officers, employees, representatives, or agents to state or otherwise contend that the State of Washington or the Attorney General has approved of, or has otherwise sanctioned, the conduct described in Paragraph 2.2 with respect to the No-Solicitation Provision and the No-Hire Provision in JIB's franchise agreement.

4.4 This AOD resolves all issues raised by the State of Washington and the Antitrust 10 Division of the Attorney General's Office under the Consumer Protection Act and any other related 11 statutes pertaining to the acts of JIB and its current and former franchisees as set forth in Paragraph 12 2.1 - 2.3 above that may have occurred before the date of entry of this AOD, or that occur between 13 the date of the entry of this AOD and the conclusion of the 120 day period identified in Paragraph 14 3.3 above, and concludes the investigation thereof. Subject to Paragraph 4.2, the State of 15 Washington and the Antitrust Division of the Attorney General's Office shall not file suit or take 16 any further investigative or enforcement action with respect to the acts set forth above that occurred 17 before the date of entry of this AOD, or that occurs between the date of the entry of this AOD and 18 the conclusion of the 120 day period identified in Paragraph 3.3 above against JIB or any of its 19 current franchisees in the state of Washington that sign the proposed amendment described in 20 Section III, any of its former franchisees in the state of Washington, or any of its current or former 21 franchisees located outside the state of Washington. The Attorney General reserves the right to take 22 further investigative or enforcement action against any current franchisee in the state of Washington 23 identified pursuant to Paragraph 3.1.4 or any current franchisee in the state of Washington that does 24 not sign the proposed amendment described in Section III 25

JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE

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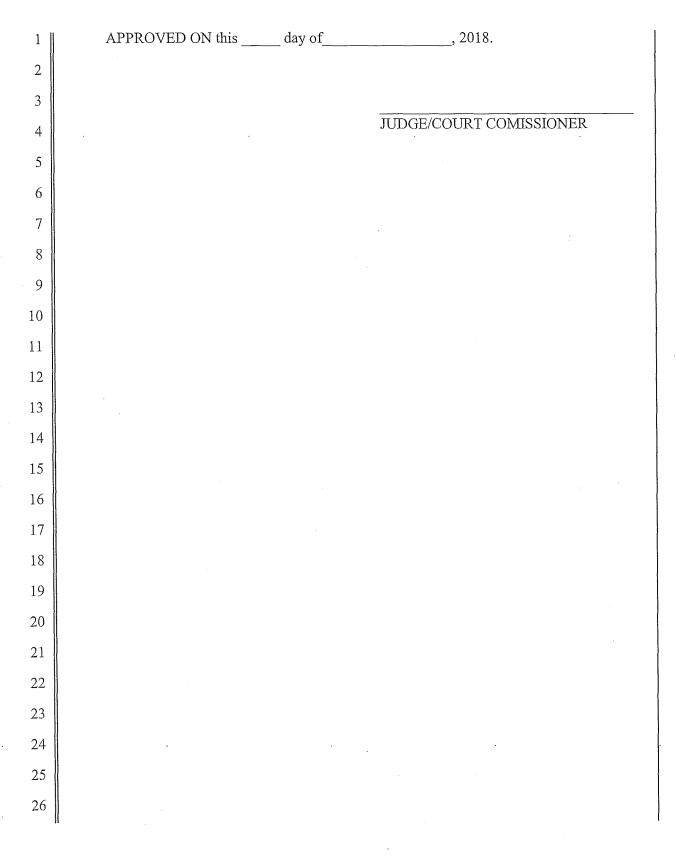
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JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE

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Jack in the Box, Inc. Representative

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JACK IN THE BOX, INC. ASSURANCE OF DISCONTINUANCE

Box, Inc. Representative

EXHIBIT A

Franchisee Name, Address, City, State, Zip Code

Re: Washington AG No-Poaching Provisions Investigation

The Attorney General for the State of Washington (the "Washington AG") has recently undertaken an investigation into certain clauses in franchise agreements that restrict hiring or solicitation of employees, sometimes referred to as a "no-poaching" provisions. Earlier this year, as part of that investigation, the Washington AG sent a Civil Investigative Demand to us and a number of other franchisors who sell franchises in the State of Washington.

As you may know, under Section 5.P of your franchise agreements you agree that you would not "attempt, directly or indirectly, to entice or induce any employee of [JIB] or of another franchisee to leave such employment" and that you would not "employ such employee within six (6) months after his or her termination of employment with such employer." We do not agree that these clauses, or their enforcement, are unlawful in any way. However, to resolve the matter with the Washington AG and avoid costly and protracted litigation, we have agreed to not enforce this provision in existing franchise agreements with any Jack In The Box franchisee on a nationwide basis, and to not include the clause in any new Jack In The Box franchise agreements that are signed after the date of our agreement with the Washington AG.

The Washington AG has also required that we suggest that you enter into the attached amendment to your franchise agreements to formally remove the relevant language from Section 5.P. The Washington AG has agreed that, to the extent you sign the amendment, it will not assert any claims against you for conduct relating to Section 5.P of the franchise agreement that occurred up to and including the date you sign the amendment. Accordingly, we strongly encourage that you sign each of the enclosed copies and return them to us. We will return one fully executed amendment to your attention.

Feel free to call me at if you have any questions or would like to discuss.

Sincerely,

[signatory]

EXHIBIT B

AMENDMENT TO JACK IN THE BOX INC. FRANCHISE AGREEMENTS

The Franchise Agreements for the Jack In The Box Inc. franchised restaurants in the State of Washington between Jack In The Box Inc. ("JIB") and the undersigned franchisee ("Franchisee") shall be amended in accordance with the following terms.

1. <u>Background</u>. JIB and Franchisee are parties to the Franchise Agreements listed on Exhibit A hereto and incorporated herein by reference (as hereby amended, the "Franchise Agreements"), and Franchisee operates a franchised outlet in the State of Washington under each Franchise Agreement. JIB has determined that it is in the best interests of the franchise system to not enforce Section 5.P. The purpose of this Amendment to the Franchise Agreements is to document this change. All initial capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Franchise Agreements.

2. <u>Modification of Terms</u>. As of the Effective Date (defined below) of this Amendment, Franchisee and JIB agree that Section 5.P is hereby deleted from the Franchise Agreements and is of no further force or effect.

3. <u>Miscellaneous</u>. Except as specifically modified by this Amendment, the provisions of the Franchise Agreements shall remain in full force and effect. This document is an amendment to, and forms a part of, the Franchise Agreements. If there is an inconsistency between this Amendment and the Franchise Agreements, the terms of this Amendment shall control. This Amendment constitutes the entire agreement between the parties hereto, and there are no other oral or written representations, understandings or agreements between them, relating to the subject matter of this Amendment. This Amendment inures to the benefit of the parties hereto and their respective successors and assigns and will be binding upon the parties hereto and each of their respective successors and assigns. This Amendment may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as ______, 2018 (the "Effective Date").

JACK IN THE BOX INC.	[FRANCHISEE'S NAME]
Ву:	Ву:
Name:	Name:
Title:	Title: