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FOR IMMEDIATE RELEASE:

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Restitution available for workers whose job mobility was restricted with the Ohio-based job staffing agency

TACOMA — Attorney General Bob Ferguson today announced that Tradesmen International LLC will end its existing non-compete agreements that restrict the job mobility of thousands of workers in Washington. Today's announcement is the result of Ferguson's investigation into Tradesmen's unfair and deceptive use of non-compete agreements that it never disclosed to its affected workers, and that violate Washington law.

Under the terms of a consent decree (https://agportal-s3bucket.s3.amazonaws.com/ConsentDecree_1.pdf), filed in Pierce County Superior Court, Tradesmen must inform workers it has employed since Jan. 1, 2020 — the date Washington's law banning non-compete agreements went into effect — that its non-compete agreements are no longer enforceable and it cannot require them in the future. Former workers who are still subject to non-compete agreements will also receive notification that the non-compete agreements are no longer valid.

Moreover, Tradesmen will pay \$287,100, which the Attorney General's Office will use for restitution. Approximately 1,200 current and former Washington state employees may be eligible for restitution. The Attorney General's Office will determine restitution based on the number of claims it receives and each claimant's work history with Tradesmen.

Anyone employed by Tradesmen in Washington since Jan. 1, 2020 can contact the Attorney General's Office to determine their eligibility for restitution. Please email Tradesmensettlement@atg.wa.gov (mailto:Tradesmensettlement@atg.wa.gov) no later than Oct. 15 and a staff member from the Attorney General's Office will respond.

"My office will keep protecting workers when companies break the law and limit workers' opportunities for better employment," Ferguson said.

Tradesmen is an Ohio-based company that provides staffing services throughout the U.S. It operates seven offices throughout Washington state: Bremerton, Burlington, Fife, Kennewick, Lynnwood, Spokane and Vancouver. Tradesmen recruits and sources workers and places them with employers needing staffing services. Since 2020, Tradesmen has placed approximately 1,200 workers with more than 300 businesses — mostly for construction-related work — around the state.

Tradesmen illegally entered into non-compete agreements with the employers. These illegal agreements prevented workers that Tradesmen provided to worksites from finding permanent positions with those employers. The law prohibits Tradesmen from having any contractual agreement that limits the job mobility of any worker who makes less than \$107,301.04 per year.

The Legislature set this salary threshold to protect low- and middle-income workers from signing non-compete agreements in order to get a job. Under state law (<https://app.leg.wa.gov/RCW/default.aspx?cite=49.62.020>), employers who pay someone more than \$107,301.04 can negotiate non-compete agreements with prospective employees.

Tradesmen signed the consent decree to avoid a lawsuit regarding its non-compete agreements (https://agportal-s3bucket.s3.amazonaws.com/2022.07.14_Complaint.pdf).

A Tacoma-based employer filed a complaint about Tradesmen's non-compete agreements in July 2021. The employer wanted to hire a worker who Tradesmen placed with his company, but Tradesmen responded by threatening legal action to enforce its non-compete agreement with the employer. The complaint led to the Attorney General's Office investigation, which was resolved through today's actions.

During the course of the investigation, an investigator from the Attorney General's Office applied online for a job with Tradesmen to test out its hiring process. The company did not provide any information during the initial application process about any job mobility restrictions. During a first interview, the investigator specifically asked whether there were restrictions on taking a job with a host employer. The Tradesmen employee responded that there were no restrictions on taking future jobs with a host employer. During a second interview, a different interviewer would not answer specific questions about restrictions on taking future jobs with host employers. At no point during the investigation was the tester told about the non-compete agreements Tradesmen has with host employers.

Assistant Attorney General Alfredo González-Benítez, Investigators Alma Poletti and Marty Hill and Legal Assistant Anna Alfonso with the Wing Luke Civil Rights Division handled the case for Washington.

Ferguson created the Wing Luke Civil Rights Division (<https://www.atg.wa.gov/wing-luke-civil-rights-division>) in 2015 to protect the rights of all Washington residents by enforcing state and federal anti-discrimination laws. Ferguson named the division for Wing Luke, who served as an Assistant Attorney General for the State of Washington in the late 1950s and early 1960s. He went on to become the first person of color elected to the Seattle City Council and the first Asian-American elected to public office in the Pacific Northwest.

Ending previous illegal non-compete agreements in Washington state

In October 2019, King County coffee chain Mercury's Coffee voided all of its existing non-compete agreements (<https://www.atg.wa.gov/news/news-releases/attorney-general-bob-ferguson-stops-king-county-coffee-shop-s-practice-requiring>) and cannot require hourly baristas to sign them.

For years before the agreement, Mercury's Coffee required all employees — including low-wage, hourly workers — to sign restrictive non-compete agreements. The agreements prevented employees from working at any coffee shop within 10 miles of a Mercury's Coffee location. The prohibition extended for 18 months after leaving the company. This policy had the practical effect of preventing Mercury's baristas from working at most coffee shops in King County and parts of Snohomish County.

In August 2021, Bellingham Anesthesia Associates ended its use of unlawful non-compete clauses (<https://www.atg.wa.gov/news/news-releases/bellingham-medical-providers-must-end-illegal-non-compete-contracts-pay-110k>) and exclusive contracts with area medical providers. The agreements allowed the company to take approximately 90 percent of the market share for physician-administered anesthesia services in Whatcom and Skagit counties. The legally binding agreement followed an investigation by the Attorney General's Office Antitrust Division, and the company made the agreement to resolve a lawsuit.

Ending no-poach policies in Washington state

In June 2020, Ferguson released a report (<https://www.atg.wa.gov/news/news-releases/ag-report-ferguson-s-initiative-ends-no-poach-practices-nationally-237-corporate>) detailing a two-year investigation into no-poach clauses in franchise agreements nationwide. Ferguson began the initiative in 2018, and in the end millions of workers across the U.S. were protected from such policies after facing lawsuits from the Attorney General's Office.

The clauses prohibited employees from moving among stores in the same corporate chain, a practice that economists believe stagnates wages and limits growth opportunities. For example, the clauses would prohibit an employee at one Burger King location from accepting employment at another Burger King franchise location for higher pay. Importantly, employees had no knowledge of these agreements between franchisors and the corporate brand.

As a result of Ferguson's initiative to eliminate no-poach clauses, 237 corporate franchise chains — ranging from McDonald's to Jiffy Lube — have signed legally binding agreements to end no-poach practices nationwide. This covers more than 4,700 Washington locations and nearly 200,000 locations around the country.

New research has shown workers across the country employed by 185 corporate franchises received an average pay increase of 3.3% as a result of the Attorney General's Office No Poach Initiative. The Initiative is helping low-wage workers in all 50 states. You can read the report here: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4155577 (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4155577)

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Washington's Attorney General serves the people and the state of Washington. As the state's largest law firm, the Attorney General's Office provides legal representation to every state agency, board, and commission in Washington. Additionally, the Office serves the people directly by enforcing consumer protection, civil rights, and environmental protection laws. The Office also prosecutes elder abuse, Medicaid fraud, and handles sexually violent predator cases in 38 of Washington's 39 counties. Visit www.atg.wa.gov (<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.atg.wa.gov%2F&data=04%7C01%7Cbrionna.aho%40atg.wa.gov%7Cca1de901495e4dbe44e808d938325a7e%7C2cc5baaf3b9742c9bcb8392cad34af3f%7C0%7C637279419610422508&us&data=02%7C01%7Cask4isd%40atg.wa.gov%7C0bf096ab891d45ee964608d812417366%7C2cc5baaf3b9742c9bcb8392cad34af3f%7C0%7C637279419610422508&>) to learn more.

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General contacts: Click here (<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.atg.wa.gov%2Fcontact-us&data=02%7C01%7Cask4isd%40atg.wa.gov%7C0bf096ab891d45ee964608d812417366%7C2cc5baaf3b9742c9bcb8392cad34af3f%7C0%7C637279419610422508&>)

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