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6 STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

7 IN RE: FRANCHISE NO-POACHING
8 PROVISIONS

9 (JACK IN THE BOX, INC.)

NO. 18-2-57770-3 SEA

JACK IN THE BOX, INC.
ASSURANCE OF
DISCONTINUANCE

10
11 The State of Washington, by and through its attorneys, Robert W. Ferguson, Attorney
12 General, and Rahul Rao, Assistant Attorney General, files this Assurance of Discontinuance
13 (“AOD”) pursuant RCW 19.86.100.

14 I. PARTIES

15 1.1 In January 2018, the Attorney General initiated an investigation into Jack In The
16 Box Inc. (“JIB”) relating to certain provisions in its franchise agreement.

17 1.2 JIB is a Delaware corporation with its principal office or place of business in San
18 Diego, California. JIB is a franchisor, and its corporate and franchisee operated locations are in
19 the business of offering hamburger sandwiches, chicken sandwiches, and breakfast sandwiches,
20 among other food products, for sale to customers.

21 1.3 For purposes of this AOD, JIB shall include its directors, officers, managers,
22 agents acting within the scope of their agency, and employees as well as its successor and
23 assigns, controlled subsidiaries, and predecessor franchisor entities.

24 II. INVESTIGATION

25 2.1 There are 151 Jack In The Box stores located in the State of Washington as of the
26 date hereof. All of these stores are owned and operated by franchisees.

1 intervene or defend in any action brought by the Attorney General's Office against a current
2 franchisee in Washington to defend an existing No-Solicitation Provision or the No-Hire
3 Provision, provided such action is brought in accordance with, and consistent with, the
4 provisions of this AOD.

5 3.1.3. It will notify all of its current franchisees in the United States of the entry
6 of this AOD and make a copy available to them.

7 3.1.4. If, after the 30 day period set forth in Paragraph 3.2 below, JIB becomes
8 aware of a franchisee with a store located in the State of Washington attempting to enforce the
9 No-Solicitation Provision or the No-Hire Provision, and JIB is unable to persuade such
10 franchisee to desist from enforcing or attempting to enforce such provision, JIB will notify the
11 Attorney General.

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

21 3.3 In addition to sending the letter to its current franchisees in the state of
22 Washington pursuant to Paragraph 3.2 above, JIB will respond promptly to any inquiries from
23 such franchisees regarding the request to amend the terms of the franchise agreement and will
24 encourage its current franchisees in the state of Washington to sign the proposed amendment.
25 However, for the avoidance of doubt, JIB is under no obligation to offer its franchisees any
26 consideration-monetary or otherwise-in order to induce them to sign the proposed amendment, or
take any adverse action against such franchisees if they refuse to do so. Within 120 days of entry

1 denies any such claims, allegations, and/or causes of action. However, proof of failure to comply
2 with this AOD shall be *prima facie* evidence of a violation of RCW 19.86.030, thereby placing
3 upon the violator the burden of defending against imposition by the Court of injunctions,
4 restitution, costs and reasonable attorney's fees, and appropriate civil penalties under the
5 Consumer Protection Act.

6 4.3 JIB will not, nor will it authorize any of its officers, employees, representatives,
7 or agents to state or otherwise contend that the State of Washington or the Attorney General has
8 approved of, or has otherwise sanctioned, the conduct described in Paragraph 2.2 with respect to
9 the No-Solicitation Provision and the No-Hire Provision in JIB's franchise agreement.

10 4.4 This AOD resolves all issues raised by the State of Washington and the Antitrust
11 Division of the Attorney General's Office under the Consumer Protection Act and any other related
12 statutes pertaining to the acts of JIB and its current and former franchisees as set forth in Paragraph
13 2.1 - 2.3 above that may have occurred before the date of entry of this AOD, or that occur between
14 the date of the entry of this AOD and the conclusion of the 120 day period identified in Paragraph
15 3.3 above, and concludes the investigation thereof. Subject to Paragraph 4.2, the State of
16 Washington and the Antitrust Division of the Attorney General's Office shall not file suit or take
17 any further investigative or enforcement action with respect to the acts set forth above that occurred
18 before the date of entry of this AOD, or that occurs between the date of the entry of this AOD and
19 the conclusion of the 120 day period identified in Paragraph 3.3 above against JIB or any of its
20 current franchisees in the state of Washington that sign the proposed amendment described in
21 Section III, any of its former franchisees in the state of Washington, or any of its current or former
22 franchisees located outside the state of Washington. The Attorney General reserves the right to take
23 further investigative or enforcement action against any current franchisee in the state of Washington
24 identified pursuant to Paragraph 3.1.4 or any current franchisee in the state of Washington that does
25 not sign the proposed amendment described in Section III
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APPROVED ON this _____ day of _____, 2018.

JUDGE/COURT COMISSIONER

1 Presented by:

2 ROBERT W. FERGUSON
3 Attorney General

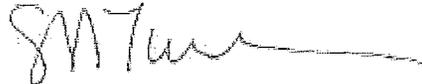
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11 (206) 442-4499
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13 *Attorney for State of Washington*

14 Agreed to and approved for entry by:
15 Jack in the Box, Inc.

16

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Jack in the Box, Inc. Representative

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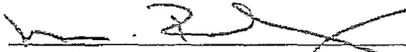
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3 Attorney General

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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. Background. 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. Modification of Terms. 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. Miscellaneous. 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]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____