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STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT

IN RE: FRANCHISE NO POACHING  
PROVISION

(MANAGEMENT RECRUITERS  
INTERNATIONAL, INC.)

NO. 19-2-01114-9 SEA

MANAGEMENT RECRUITERS  
INTERNATIONAL, 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 Management Recruiters International, Inc. ("MRI") relating to its hiring practices.

1.2 MRI is a Delaware corporation with its principal office or place of business in Philadelphia, Pennsylvania. MRI is in the business of offering staffing and recruitment franchises.

1.3 MRI 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.

1 II. INVESTIGATION

2 2.1 MRI has four franchisees in Washington. All of these stores are owned and  
3 operated by franchisees. No MRI employee is located in Washington.

4 2.2 Since 2014, MRI has included language in its franchise agreements that restricted  
5 a franchisee's ability to solicit or hire workers from MRI and its affiliate, MRI Contract Staffing,  
6 Inc. ("no-poach provision"). "Affiliate" as used in the Franchise Agreement refers to other  
7 companies under common control with MRI and does not include franchisees. MRI has not  
8 restricted a franchisee's ability to solicit or hire workers from other franchisees. Specifically, the  
9 standard MRI franchise agreement stated:

10 11.1.2. During the term of this Agreement, FRANCHISEE shall not, directly or  
11 indirectly, for itself or on behalf of any other person or entity, entice, recruit,  
12 employ, try to employ any of MRI's employees, or MRI's affiliates' employees, or  
13 enter into any contract with any of MRI's or any of MRI's affiliates' employees to  
14 work for or consult to *any* business that engages in any aspect of a staffing business  
15 or any other business in which MRI or any of its subsidiaries or affiliates may then  
16 be engaged, without MRI's prior written permission. The permission, if granted,  
17 will be contingent upon payment to MRI of a fee equal to Twenty-Five (25%) of  
18 that employee's most recent total annual compensation. This is not a penalty, but  
19 represents MRI's reasonable costs to recruit, hire and train a replacement employee.  
20 If FRANCHISEE violates this provision, MRI may resort to any legal remedy  
21 available in law or equity, including damages and/or injunctive relief.

22 11.2.3. For a period of one year after termination of this Agreement for *any* reason,  
23 including expiration, on behalf of itself or for any other person or entity,  
24 FRANCHISEE shall not, directly or indirectly for itself or on behalf of any other  
25 person or entity, entice, recruit, employ, or try to employ any person who is MRI's  
26 employee, or MRI's affiliate's employee, or enter into any contract with any person  
who is MRI's or any of MRI's affiliates' employees to work for or consult to any  
business that engages in any aspect of a staffing business or any other business in  
which MRI or any of its subsidiaries or affiliates may then be engaged without  
MRI's prior written permission. The permission, if granted, will be contingent upon  
payment to MRI of a fee equal to Twenty-Five (25%) of that employee's most  
recent total annual compensation. This is not a penalty, but represents MRI's  
reasonable costs to recruit, hire and train a replacement employee. If  
FRANCHISEE violates this provision, MRI may resort to any legal remedy  
available in law or equity, including damages and/or injunctive relief.

24 2.3 The Attorney General asserts that the above restrictions contained in the MRI  
25 franchise agreement constitute a contract, combination, or conspiracy in restraint of trade in  
26 violation of the Consumer Protection Act, RCW 19.86.030.





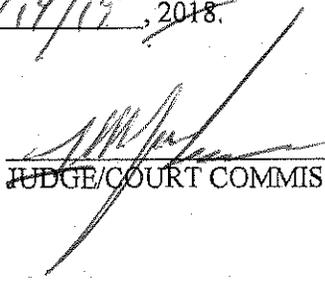
1 take any further investigative or enforcement action with respect to the acts set forth above that  
2 occurred before the date of entry of this AOD.

3  
4 APPROVED ON this \_\_\_\_\_ day of 1/14/19, 2018.

5 **HENRY H. JUDSON**

6 JAN 14 2019

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8 **COURT COMMISSIONER**

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JUDGE/COURT COMMISSIONER

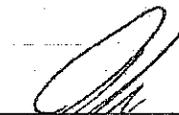
1 Presented by:

2 ROBERT W. FERGUSON  
3 Attorney General

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