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STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT

IN RE: FRANCHISE NO POACHING  
PROVISIONS

NO. **18-2-57777-2 BEA**

JIFFY LUBE INTERNATIONAL,  
INC. ASSURANCE OF  
DISCONTINUANCE

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) under RCW 19.86.100.

**I. PARTIES**

1.1 In January 2018, the Attorney General initiated an investigation into Jiffy Lube International, Inc. ("JLI") relating to certain provisions in its franchise agreements relating to the hiring practices of its franchisees.

1.2 JLI is a Delaware corporation with its principal office or place of business in Houston, Texas. JLI is in the business of offering franchises for the establishment and operation of lubrication, oil change and repair businesses for cars and light trucks under the "Jiffy Lube®" mark.

1 1.3 For the purposes of this AOD, JLI includes its directors, officers, managers,  
2 agents acting within the scope of their agency, and employees as well as its successor and  
3 assigns, controlled subsidiaries, divisions, groups, partnerships, and joint ventures.

## 4 II. INVESTIGATION

5 2.1 JLI has 108 stores in Washington, all of which stores are owned and operated  
6 by franchisees.

7 2.2 For years, JLI has included language in its franchise agreements that restricted a  
8 franchisee's ability to solicit or hire workers from another franchisee ("no-poaching  
9 provision"). Specifically, the standard Jiffy Lube® franchise agreement stated the following:

10 **Section 15.1.2** Franchisee covenants that during the term of this Agreement,  
11 Franchisee will not employ or seek to employ any person who is or within the  
12 preceding six months has been an employee of Franchisor or of any System franchisee  
13 of Franchisor, either directly or indirectly, for itself or through, on behalf of, or in  
14 conjunction with any person.

15 **Section 15.2.1** Franchisee covenants that for one year after (a) expiration or  
16 termination of this Agreement (regardless of the cause of termination) or (b) transfer of  
17 the Franchised Center, Franchisee will not employ or seek to employ any person who is  
18 or within the preceding six months has been an employee of Franchisor or of any  
19 System franchisee, either directly or indirectly, for itself or through, on behalf of, or in  
20 conjunction with any person.

21 The relevant no-poaching provisions restricted franchisees from hiring both employees from a  
22 competing franchisee and from JLI's corporate-owned stores.

23 2.3 The Attorney General asserts that the foregoing conduct constitutes a contract,  
24 combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act,  
25 RCW 19.86.030.  
26



1 its franchise agreement, prior to the 60-day deadline, JLI shall provide the name and address of  
2 the objecting franchisee and the name and address of the franchisee's registered agent to the  
3 Office of the Attorney General.

4 3.3 As they come up for either renewal or renegotiation during the ordinary course  
5 of business, JLI will amend all of its existing franchise agreements on a nationwide basis to  
6 remove any no-poach provision.

7 3.4 Within 30 days of the conclusion of the time periods referenced in this section  
8 III, JLI will submit a declaration to the Attorney General's Office signed under penalty of  
9 perjury stating that all provisions of this agreement have been satisfied.

#### 10 IV. ADDITIONAL PROVISIONS

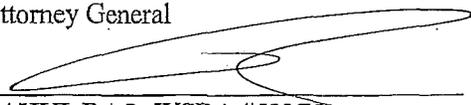
11 4.1 This AOD is binding on, and applies to JLI, including each of its respective  
12 directors, officers, managers, agents acting within the scope of their agency, and employees, as  
13 well as their respective successors and assigns, controlled subsidiaries, divisions, groups,  
14 partnerships, and joint ventures, or other entities through which JLI may now or hereafter act  
15 with respect to the conduct alleged in this AOD.  
16

17 4.2 This is a voluntary agreement and it shall not be construed as an admission of  
18 law, fact, liability, misconduct, or wrongdoing on the part of JLI. By entering into this AOD,  
19 JLI neither agrees nor concedes that the claims, allegations and/or causes of action which have  
20 or could have been asserted by the Attorney General have merit and JLI expressly denies any  
21 such claims, allegations, and/or causes of action. However, proof of failure to comply with this  
22 AOD shall be *prima facie* evidence of a violation of RCW 19.86.030, thereby placing upon the  
23 violator the burden of defending against imposition by the Court of injunctions, restitution,  
24 costs and reasonable attorney's fees, and appropriate civil penalties under the Consumer  
25 Protection Act.  
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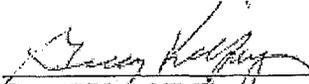
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