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7                   **STATE OF WASHINGTON**  
8                   **KING COUNTY SUPERIOR COURT**

9           IN RE: FRANCHISE NO POACHING  
10          PROVISIONS

11          (CEC ENTERTAINMENT, INC.)

NO. 19-2-25537-4

CEC ENTERTAINMENT, INC.  
ASSURANCE OF  
DISCONTINUANCE

12           The State of Washington, by and through its attorneys, Robert W. Ferguson, Attorney  
13   General, and Justin Wade, Assistant Attorney General, files this Assurance of Discontinuance  
14   (AOD) under RCW 19.86.100.

15                                   **I.     PARTIES**

16           1.1.   In July 2019, the Attorney General initiated an investigation into CEC  
17   Entertainment, Inc. ("Franchisor") relating to its hiring practices.

18           1.2.   Franchisor is a Kansas corporation with its principal office or place of business  
19   in Irving, Texas. Franchisor is in the business of owning, operating and franchising family dining  
20   and entertainment restaurants.

21           1.3.   For the purposes of this AOD, Franchisor includes its directors, officers,  
22   managers, agents acting within the scope of their agency, and employees as well as its successor  
23   and assigns, controlled subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures.

24                                   **II.    INVESTIGATION**

25           2.1.   Franchisor has 10 Franchisor-owned and -operated restaurants in Washington,  
26   and one (1) franchisee-owned and -operated restaurant in Washington.

FRANCHISOR  
CEC ENTERTAINMENT, INC.  
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1  
ATTORNEY GENERAL OF WASHINGTON  
Antitrust Division  
800 Fifth Ave, Suite 2000  
Seattle, WA 98104-3188  
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1 provision in any litigation in which a franchisee may claim third-party beneficiary status rights  
2 to enforce an existing no-poach provision;

3 3.1.3 It will notify all of its franchisees of the entry of this agreement with the  
4 State, and provide them a copy of the AOD upon request;

5 3.1.4 It will notify the Attorney General's Office if it learns of any effort by a  
6 franchisee in Washington to enforce any existing no-poach provision.

7 3.2. Within 60 days of entry of this AOD, Franchisor will exercise all reasonable  
8 commercial efforts to amend all existing franchise agreements with entities in Washington to  
9 remove any no-poaching provisions in its existing franchise agreements. Franchisor is under no  
10 obligation to offer any franchisee any monetary or non-monetary consideration to induce them  
11 to accept the proposed amendment of the franchise, and it shall be under no obligation to take  
12 any coercive action against a franchisee that may refuse or decline to agree to any amendment  
13 of its franchise agreement. If any franchise owner is unwilling to consent to the change to its  
14 franchise agreement, prior to the 60-day deadline, Franchisor shall provide the name and address  
15 of the resisting franchisee and the name and address of the franchisee's registered agent to the  
16 Office of the Attorney General.

17 3.3. As they come up for either renewal or renegotiation during the ordinary course  
18 of business, Franchisor will amend all of its existing franchise agreements on a nationwide basis  
19 to remove any no-poach provision.

20 3.4. Within 90 days of the conclusion of the time periods referenced in this section  
21 III, Franchisor will submit a declaration to the Attorney General's Office signed under penalty  
22 of perjury stating that all provisions of this agreement have been satisfied.

#### 23 IV. ADDITIONAL PROVISIONS

24 4.1. This AOD is binding on, and applies to Franchisor, including each of its  
25 respective directors, officers, managers, agents acting within the scope of their agency, and  
26 employees, as well as their respective successors and assigns, controlled subsidiaries, divisions,

1 groups, affiliates, partnerships, and joint ventures, or other entities through which Franchisor  
2 may now or hereafter act with respect to the conduct alleged in this AOD.

3 4.2. This is a voluntary agreement and it shall not be construed as an admission of  
4 law, fact, liability, misconduct, or wrongdoing on the part of Franchisor. By entering into this  
5 AOD, Franchisor neither agrees nor concedes that the claims, allegations and/or causes of action  
6 which have or could have been asserted by the Attorney General have merit and Franchisor  
7 expressly denies any such claims, allegations, and/or causes of action. However, proof of failure  
8 to comply with this AOD shall be *prima facie* evidence of a violation of RCW 19.86.030, thereby  
9 placing upon the violator the burden of defending against imposition by the Court of injunctions,  
10 restitution, costs and reasonable attorney's fees, and appropriate civil penalties under the  
11 Consumer Protection Act.

12 4.3. Franchisor will not, nor will it authorize any of its officers, employees,  
13 representatives, or agents to state or otherwise contend that the State of Washington or the  
14 Attorney General has approved of, or has otherwise sanctioned, the conduct described in  
15 Paragraph 2.2 with respect to the No-Poach Provision in Franchisor's franchise agreement.

16 4.4. This AOD resolves all issues raised by the State of Washington and the Antitrust  
17 Division of the Attorney General's Office under the Consumer Protection Act and any other  
18 related statutes pertaining to the acts set forth in paragraph 2.1 – 2.3 above that may have  
19 occurred before the date of entry of this AOD and concludes the investigation thereof. Subject  
20 to paragraph 4.2, the State of Washington and the Antitrust Division of the Attorney General's  
21 Office shall not file suit or take any further investigative or enforcement action with respect to  
22 the acts set forth above that occurred before the date of entry of this AOD.

23 APPROVED ON this \_\_\_\_ day of \_\_\_\_\_, 2019.  
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JUDGE/COURT COMMISSIONER

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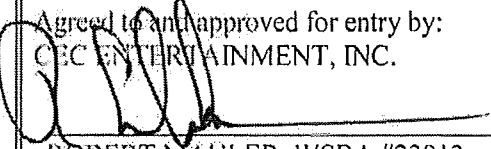
1 Presented by:

2 ROBERT W. FERGUSON  
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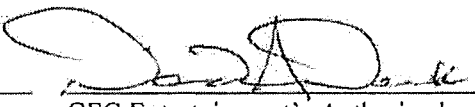
11 Agreed to and approved for entry by:  
12 CEC ENTERTAINMENT, INC.

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CEC Entertainment's Authorized  
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By: David A. Deck

Its: Deputy General Counsel

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