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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

IN RE: FRANCHISE NO POACHING
PROVISIONS

(MY PLACE HOTELS OF AMERICA,
LLC D/B/A MY PLACE)

NO. 19-2-26234-6 SEA

MY PLACE HOTELS OF
AMERICA, LLC'S ASSURANCE
OF DISCONTINUANCE

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

I. PARTIES

1.1. In August 2019, the Attorney General initiated an investigation into My Place Hotels of America, LLC ("My Place") relating to its hiring practices.

1.2. My Place is a limited liability company with its principal office or place of business in Aberdeen, South Dakota. My Place is in the business of providing extended stay transient lodging (hotel) services to the public.

1.3. For the purposes of this AOD, My Place 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.

II. INVESTIGATION

2.1. My Place has three (3) stores in Washington. Three (3) of these stores are owned and operated by franchisees and zero (0) are owned and operated by My Place. My Place has

1 sold two (2) additional franchises in Washington, which are not yet operating. Of the two (2)
2 additional franchises in Washington which are not yet open and operating, one (1) is a franchisee-
3 owned franchise and one (1) is a company-owned franchise.

4 2.2. For years, My Place has included language in its franchise agreements that
5 restricted a franchisee's ability to solicit or hire workers from another franchisee or from My
6 Place (no-poaching provision). Specifically, the standard My Place franchise agreement stated
7 that a franchisee "Not hire, or try to hire, any person who is employed by US, or by any System
8 franchisee, nor, directly or indirectly, induce such person to leave his/her employment." A no-
9 poaching provision restricted franchisees from hiring both employees from a competing
10 franchisee and from My Place's corporate-owned stores.

11 2.3. The Attorney General asserts that the foregoing conduct constitutes a contract,
12 combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act,
13 RCW 19.86.030.

14 2.4. My Place expressly denies the conduct described above constitutes a contract,
15 combination, or conspiracy in restraint of trade in violation of the Consumer Protection Act,
16 RCW 19.86.030, or any other law, and expressly denies it has engaged in conduct that constitutes
17 a contract, combination, or conspiracy in restraint of trade. My Place additionally denies that it
18 has ever enforced the no-poaching provision. My Place enters into this AOD to avoid protracted
19 and expensive litigation. Pursuant to RCW 19.86.100, neither this AOD nor its terms shall be
20 construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of My
21 Place.

22 2.5. This AOD is not a holding of liability in a civil action and is not an injunctive or
23 restrictive order or decree resulting from an action brought by a public agency.

24 III. ASSURANCE OF DISCONTINUANCE

25 3.1. Subject to paragraph 2.4 above, My Place agrees:

26 3.1.1 It will no longer include no-poach provisions in any of its future franchise

1 | agreements;

2 | 3.1.2 It will not enforce no-poaching provisions in any of its existing franchise
3 | agreements, and will not seek to intervene or defend in any way the legality of any no-poach
4 | provision in any litigation in which a franchisee may claim third-party beneficiary status rights
5 | to enforce an existing no-poach provision;

6 | 3.1.3 It will notify all of its franchisees of the entry of this agreement with the
7 | State, and provide them a copy of the AOD upon request;

8 | 3.1.4 It will notify the Attorney General's Office if it learns of any effort by a
9 | franchisee in Washington to enforce any existing no-poach provision.

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

20 | 3.3. As they come up for either renewal or renegotiation during the ordinary course
21 | of business, My Place will amend all of its existing franchise agreements on a nationwide basis
22 | to remove any no-poach provision.

23 | 3.4. Within 30 days of the conclusion of the time periods referenced in this section
24 | III, My Place will submit a declaration to the Attorney General's Office signed under penalty of
25 | perjury stating that all provisions of this agreement have been satisfied.
26 |

1 Office shall not file suit or take any further investigative or enforcement action with respect to
2 the acts set forth above that occurred before the date of entry of this AOD.

3 APPROVED ON this _____ day of _____, 2019.

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JUDGE/COURT COMMISSIONER

Presented by:

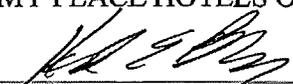
ROBERT W. FERGUSON
Attorney General



JUSTIN WADE, WSBA #41168
Assistant Attorney General
Antitrust Division
Office of the Attorney General
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
(206) 464-7030
Justin.Wade@atg.wa.gov

Attorneys for State of Washington

Agreed to and approved for entry by:
MY PLACE HOTELS OF AMERICA, LLC



HOWARD BUNDY, WSBA #11762
Bundy Law Firm, PLLC
PO Box 1523
Woodinville, WA 98072-1523
(425) 822-7888
Bundy@myfranchiselawyer.com



My Place Hotels of America, LLC
By: Ryan J. Rivett
Its: President