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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

IN RE: FRANCHISE NO POACHING
PROVISIONS

(L&L FRANCHISE, INC.)

NO. **19-2-04314-8SEA**

L&L FRANCHISE, 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 L&L Franchise, Inc. relating to its hiring practices.

1.2 L&L Franchise, Inc. is a Hawaii corporation with its principal office or place of business in Honolulu, Hawaii. L&L Franchise, Inc. is in the business of franchising a quick service restaurant business under various trade and service marks.

1.3 For the purposes of this AOD, L&L Franchise, Inc. 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 L&L Franchise, Inc. has eight stores in Washington, all of which are owned and operated by franchisees.

1 the legality of any no-poach provision in any litigation in which a franchisee may claim
2 third-party beneficiary status rights to enforce an existing no-poach provision;

3 3.1.3. It will notify all of its franchisees that are currently subject to a no-poach
4 provision of this agreement with the State, and provide those franchisees a copy if requested;

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 120 days of entry of this AOD, L&L Franchise, Inc. will have sought to
8 amend all existing franchise agreements with entities in Washington to remove any
9 no-poaching provisions in its existing franchise agreements. If any franchise owner is
10 unwilling to consent to the change to its franchise agreement, prior to the 60-day deadline,
11 L&L Franchise, Inc. shall provide the name and address of the resisting franchisee and the
12 name and address of the franchisee's registered agent to the Office of the Attorney General.

13 3.3 As they come up for either renewal or renegotiation during the ordinary course
14 of business, L&L Franchise, Inc. will amend its existing franchise agreements on a nationwide
15 basis to remove any no-poach provision.

16 3.4 Within 30 days of the conclusion of the time periods referenced in this section
17 III, L&L Franchise, Inc. will submit a declaration to the Attorney General's Office signed
18 under penalty of perjury stating that all provisions of this agreement have been satisfied.

19 IV. ADDITIONAL PROVISIONS

20 4.1 This AOD is binding on, and applies to L&L Franchise, Inc., including each of
21 its respective directors, officers, managers, agents acting within the scope of their agency, and
22 employees, as well as their respective successors and assigns, controlled subsidiaries,
23 divisions, groups, affiliates, partnerships, and joint ventures, or other entities through which
24 L&L Franchise, Inc. may now or hereafter act with respect to the conduct alleged in this AOD.

25 4.2 This is a voluntary agreement and it shall not be construed as an admission of
26 law, fact, liability, misconduct, or wrongdoing on the part of L&L Franchise, Inc. By entering

1 into this AOD, L&L Franchise, Inc. neither agrees nor concedes that the claims, allegations
2 and/or causes of action which have or could have been asserted by the Attorney General have
3 merit and L&L Franchise, Inc. expressly denies any such claims, allegations, and/or causes of
4 action. However, proof of failure to comply with this AOD shall be *prima facie* evidence of a
5 violation of RCW 19.86.030, thereby placing upon the violator the burden of defending against
6 imposition by the Court of injunctions, restitution, costs and reasonable attorney's fees, and
7 appropriate civil penalties under the Consumer Protection Act.

8 4.3 L&L Franchise, Inc. will not, nor will it authorize any of its officers, employees,
9 representatives, or agents to state or otherwise contend that the State of Washington or the
10 Attorney General has approved of, or has otherwise sanctioned, the conduct described in
11 paragraph 2.2 with respect to the no-poach provision in L&L Franchise, Inc.'s franchise
12 agreement.

13 4.4 This AOD resolves all issues raised by the State of Washington and the Antitrust
14 Division of the Attorney General's Office under the Consumer Protection Act and any other
15 related statutes pertaining to the acts set forth in paragraphs 2.1 – 2.3 above that may have
16 occurred before the date of entry of this AOD and concludes the investigation thereof. Subject to
17 paragraph 4.2, the State of Washington and the Antitrust Division of the Attorney General's
18 Office shall not file suit or take any further investigative or enforcement action with respect to the
19 acts set forth above that occurred before the date of entry of this AOD.

20
21 APPROVED ON this _____ day of _____, 2019.

22
23
24 _____
JUDGE/COURT COMMISSIONER

1 Presented by:

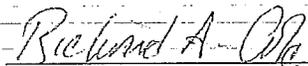
2 ROBERT W. FERGUSON
3 Attorney General

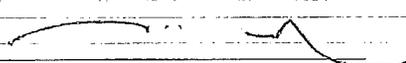
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14 Agreed to and approved for entry by:
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