

## **Jimmy John's Abandons Non-Compete Agreements for Low-Paid Workers**

(December 8, 2016) A settlement agreement with the Illinois Attorney General has torpedoed submarine sandwich maker Jimmy John's non-compete agreements with low-paid workers and drivers.

Under the agreement, Jimmy John's Enterprises LLC and Jimmy John's Franchise LLC agreed to drop its requirement that all employees and drivers sign a non-compete. The non-compete had prohibited the low-wage employees from working for two years for another business earning more than 10 percent of its revenue from selling "submarine, hero-type, deli-style, pita, and/or wrapped or rolled sandwiches" located within two miles of any Jimmy John's sandwich shop in the country.

As part of the settlement, Jimmy John's agreed to:

- Notify all current and former employees that their non-compete agreements are unenforceable and confirm that Jimmy John's does not intent to enforce them;
- Notify all franchisees in Illinois of the same and ask them to rescind any non-competes they used based on the model agreement provided by Jimmy John's corporation;
- Implement a process to remove all non-competes from Jimmy John's "new hire" packets; and
- Agree to use non-competes in compliance with Illinois law moving forward.

In addition, Jimmy John's agreed to pay \$100,000 to the Attorney General to use toward education and outreach to raise public awareness regarding the status of non-compete agreements. Jimmy John's has about 300 locations in Illinois.

Starting January 1, 2017, Illinois employers are prohibited from imposing a non-compete agreement on "low-wage" employees. Under the Illinois Freedom to Work Act low-wage employees are those who earn the greater of (1) the hourly rate equal to the minimum wage required by law or (2) \$13 an hour.

Jimmy John's also agreed to eliminate non-compete agreements as part of a separate settlement with the New York attorney general.

Balough Law Offices, LLC, carefully crafts non-compete clauses that comply with both statutory and caselaw.

*Balough Law Offices, LLC, is a Chicago-based law firm that focuses on cyberspace, intellectual property, and business law. Our homepage is [balough.com](http://balough.com).*