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Fast Food Workers Allege the Market Is Rigged: “No Hire” Agreements Undermine Wages and Working Conditions at Carl’s Jr., a CKE Franchise

Los Angeles, February 8, 2017: Today, current and former employees of Carl's Jr. restaurants filed a lawsuit in California State Court alleging that Carl's Jr. and its parent company CKE have engaged in a conspiracy to suppress the wages and working conditions of the restaurant-based managers who run hundreds of Carl's Jr. restaurants across the state. Plaintiffs allege that defendants illegally colluded to restrain trade by agreeing not to hire certain employees from one another. This “no hire” agreement prevents employees from seeking higher wages and better working conditions at competing Carl’s Jr. restaurants, and allows defendants to pay less and treat employees worse without worrying that employees will leave. Plaintiffs request damages to compensate for wage suppression and ask the court to enjoin this illegal restraint on trade.

CKE’s collusion undermines the “free market capitalism” that CKE CEO Andrew Puzder (President Trump’s nominee for Secretary of Labor) has touted as the only “system in the history of the world that produces enough economic growth to meaningfully reduce poverty and meaningfully increase opportunity”.[1] But Plaintiffs allege that the market for their labor is not free: It is hampered by an anti-competitive agreement that lowers wages and decreases opportunity.

“While CKE and its franchisees secretly collude to hold down wages and maintain poor working conditions, our clients struggle to get by,” said Nina DiSalvo, Executive Director of Towards Justice, the nonprofit legal group representing the plaintiffs. “That is not the result of free market capitalism, but the result of illegal restrictions on the market that undermine wages.”

“They say being a shift leader is a promotion, but I don’t make much more than anyone else and I have way more responsibility,” said Luis Bautista, a shift-leader at a Carl’s Jr. in Los Angeles. “If I could get out of here, maybe they would appreciate me more and recognize what a hard job I’m doing and what good customer service I’m providing.”

Plaintiffs are represented by Towards Justice, a Colorado-based non-profit organization, Tostrud Law Group, P.C., and Cuneo Gilbert & LaDuca, LLP.

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