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ATTORNEY GENERAL MADIGAN SUES NATIONAL PAYDAY LENDER FOR UNLAWFUL USE OF NON-COMPETE AGREEMENTS

Madigan Alleges Highly Restrictive Non-Compete Agreements Unenforceable Under Illinois Law

Chicago — Attorney General Lisa Madigan today filed a lawsuit against Check Into Cash of Illinois, LLC, a subsidiary of national retailer Check Into Cash Inc., for imposing highly restrictive non-compete agreements on low-wage customer service employees at its 33 locations throughout Illinois. According to U.S. Treasury reports, non-competes impact approximately 30 million – nearly one in five – U.S. workers, including roughly one in six workers without a college degree.

Madigan's lawsuit, filed in Cook County Circuit Court, alleges that Check Into Cash of Illinois required all employees at all of its store locations, including workers who earn less than \$13 per hour, to sign a non-compete agreement as a condition of employment. Under Illinois law, non-compete agreements must be premised on a legitimate business interest and narrowly tailored in terms of time, activity and place. Starting in January 2017, the Illinois Freedom to Work Act prohibits the use of non-compete agreements for employees earning minimum wage or less than \$13 an hour.

"Check Into Cash inappropriately tries to retain low-income workers by requiring them to sign unfair non-compete agreements that attempt to prevent workers from getting better jobs elsewhere," Madigan said. "We should be encouraging, not stopping, people to get better, higher-paying jobs."

Check Into Cash's unlawful non-compete agreement purports to restrict employees from working for any other business that provides consumer lending services or products for one year after they leave the company. These services and products include any payday advance services; check-cashing services; pawn or title pawn services; secured or unsecured credit lending services; secured or unsecured installment lending services; or essentially any other consumer lending service or money transmission service.

Madigan's lawsuit alleges that a wide variety of businesses could fall within this broad definition, including retail stores or auto dealerships that extend credit on an incidental basis or entities like Western Union or the U.S. postal service that transmit money. Under the terms of the non-compete agreement, Check Into Cash employees are prohibited from working for any business that falls within this broad definition within 15 miles of any office or retail location of Check Into Cash, as well as any location of the company's parents, affiliates or subsidiary companies. This includes not only all of Check Into Cash's 33 Illinois locations, but all of the more than 1,000 such locations in 32 other states as well.

Madigan is seeking a declaratory judgment that the agreements are unenforceable and void, as well as an order requiring the company to notify impacted employees – both current and former – of the same.

In June 2016, Madigan filed a lawsuit against Jimmy John's upon learning the sandwich shops required all employees to sign a non-compete agreement as a condition of employment, alleging the agreement was illegal and unenforceable under Illinois law. The company settled with Madigan's office in December 2016 and agreed to not only end the use of non-competes for low-wage workers, but also to inform current workers that the agreements were unenforceable.

Madigan's office is currently investigating other companies that have unlawfully imposed similarly restrictive non-compete agreements on low-wage workers.

Workplace Rights Bureau Chief Jane Flanagan and Assistant Attorneys General Anna Crane, Matthew Martin and Andrew Tonelli are handling the lawsuit for Madigan's Workplace Rights Bureau. The mission of the Workplace Rights Bureau is to protect and advance

the employment rights of Illinois residents, particularly low and moderate-income and immigrant residents.

A copy of the complaint can be found [here](#).

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