

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS EASTERN
DIVISION**

LEINANI DESLANDES, on behalf of herself)	
and all others similarly situated,)	
)	
Plaintiff,)	Case No. 17-cv-04857
)	
v.)	Judge Jorge L. Alonso
)	Magistrate Judge Jeffrey Cole
McDONALD'S USA, LLC, a Delaware)	
limited liability company, McDONALD'S)	
CORPORATION, a Delaware corporation;)	
and DOES 1 through 10, inclusive,)	
)	
Defendants.)	

**ANSWER OF DEFENDANTS McDONALD'S USA, LLC, AND
McDONALD'S CORPORATION**

Pursuant to Federal Rules of Civil Procedure 7, 8, and 12, McDonald's USA, LLC, and McDonald's Corporation (collectively "Defendants"), by and through their undersigned counsel, hereby answer the Class Action Complaint (the "Complaint") filed by Leinani Deslandes ("Plaintiff").*

NATURE OF THE ACTION

1. This action challenges under Section 1 of the Sherman Act a no-solicitation and no-hiring contract, combination, or conspiracy between and among Defendants McDonald's USA, LLC, McDonald's Corporation (together, "Defendant" or "McDonald's") and their franchisees, pursuant to which the franchisees agreed not to recruit or hire each other's employees or employees of McDonald's or its affiliates. McDonald's, at its principal place of business located in Oak Brook, Illinois, was intimately involved in forming, monitoring, and enforcing this anti-competitive contract, combination, or conspiracy. The practice at issue reflects a naked horizontal restraint of competition and a per se violation of the antitrust laws.

Answer: Defendants admit that Defendants' principal places of business are Oak Brook, Illinois. The remainder of the paragraph consists of Plaintiffs' characterizations of their purported claims to which no response is required. To the extent a response is required, Defendants admit that Plaintiff purports to bring this lawsuit against Defendants under Section 1 of the Sherman Act concerning an alleged no-solicitation and no-hiring contract, combination, or conspiracy and otherwise deny the allegations in paragraph 1 of the Complaint.

2. McDonald's is the world's leading global food service retailer with over 36,000 locations in over 100 countries. More than 80% of McDonald's restaurants worldwide are franchise businesses that are independently owned and operated, and are separate and distinct entities from McDonald's.

Answer: Defendants admit that there are over 36,000 McDonald's-brand restaurants in over 100 countries. Defendants admit that more than 80% of McDonald's-brand restaurants worldwide are franchise businesses that are independently owned and operated. Defendants otherwise deny the allegations in paragraph 2 of the Complaint.

3. McDonald's boasts on its corporate website that in the U.S. market, it possesses "a unique and **powerful field organization structure** that, when optimized, gives us a significant competitive

* For ease of reference, the headings below match the headings used in the Complaint; Defendants deny all allegations, if any, contained in the headings.

advantage.”¹ McDonald’s also considers itself an “iconic brand, moving toward the future” with “commitments to our people, our communities and our world.”²

[FN 1] Available at <http://corporate.mcdonalds.com/mcd.investors/company-overview/companyoverview-segment-information.html> (emphasis supplied) (last visited April 1, 2017).

[FN 2] Available at http://corporate.mcdonalds.com/mcd/our_company.html (last visited April 1, 2017).

Answer: Because the first uniform resource locator (URL) cited in footnote 1 of the Complaint is nonfunctioning, Defendants deny the allegations related to it. With respect to the remaining allegations in paragraph 3 of the Complaint, Defendants admit that the quotations appear at the URL cited in footnote 2, but otherwise deny the allegations about them and deny that these out-of-context statements communicate the totality of the statements from which they are taken.

4. As part of McDonald’s system to maintain its significant competitive advantage, together with its franchisees, McDonald’s has colluded to suppress the wages of the restaurant-based employees who work not only at McDonald’s in Orange County, Florida, but also throughout the United States. McDonald’s effects this plan through an explicit contractual “no hire” and “no solicitation” clause in its franchise agreements that expressly prohibits its franchisees from “employ[ing] or seek[ing] to employ any person” who at the time is, or within the preceding six months has been, employed by McDonald’s, by any of its subsidiaries, or by any other franchisee. This express agreement is an unreasonable restraint of trade.

Answer: Defendants deny the allegations in paragraph 4 of the Complaint.

5. The principle of free competition applies to the labor market as well as to trade. “In terms of suppressing competition, companies agreeing not to compete for each other’s employees is the same as companies agreeing not to compete for each other’s customers,” says Joseph Harrington, Wharton professor of business economics and public policy, in his description of a no-poaching agreement.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 5 of the Complaint and on that basis deny them.

6. According to Peter Cappelli, Wharton management professor and director of Wharton’s Center for Human Resources, no-poaching agreements are unfair to employees and such a pact “benefits the companies at the expense of their employees.” Mr. Cappelli notes that the reason such agreements are illegal and violate both anti-trust and employment laws is because “[c]ompanies could achieve the same results by making it attractive enough for employees not to leave.”

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of

the allegations in paragraph 6 of the Complaint and on that basis deny them.

7. The collusion of employers to refrain from hiring each other's employees restricts employee mobility. This raises employers' power in the market at the expense of employees and diminishes employee bargaining power. This is especially harmful to employees of McDonald's and its franchises as those employees are usually paid below a living wage³, and their marketable skills acquired through their work at McDonald's primarily have value only to other McDonald's restaurants and do not transfer to other fast food restaurants or similar businesses.

[FN 3] In 2014, the average hourly wage of fast food employees is \$9.09 or less than \$19,000 per year for a full time worker. The poverty level of a family of four in the U.S. is \$23,850. Patrick M. Sheridan, *Low Wage, health activists prepare McDonald's attack*, CNN Money (May 20, 2014) <http://money.cnn.com/2014/05/20/news/companies/mcdonalds-meeting> (last visited May 17, 2017).

Answer: To the extent the allegations in this paragraph of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in paragraph 7 of the Complaint relate to Defendants, Defendants deny them.

8. This no-solicitation and no-hiring agreement between and among McDonald's and McDonald's franchisees, pursuant to which McDonald's franchisees agreed not to recruit each other's employees (even those employees that approached another McDonald's franchise for a job on their own volition) eliminated franchisees' incentives and ability to compete for employees, and restricted employees' mobility. This agreement, far from being a "commitment to [its] people," instead harmed employees by lowering salaries and benefits they otherwise would have commanded in an open marketplace, and deprived such employees of better job growth opportunities.

Answer: Defendants deny the allegations in paragraph 8 of the Complaint.

9. This agreement between and among McDonald's and McDonald's franchisees is a naked restraint of trade that is per se unlawful under Section 1 of the Sherman Act, 15 U.S.C. § 1.

Answer: The allegations in paragraph 9 of the Complaint are legal arguments, not allegations of fact, and no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 9 of the Complaint.

THE PARTIES

10. Plaintiff Leinani Deslandes ("Plaintiff") is a resident of Orange County, Florida. Plaintiff was an employee of Bam-B Enterprises of Central Florida, Inc., which owned and operated the McDonald's store located at 3114 South Semoran Boulevard, Apopka, Florida.

Answer: Defendants admit that Plaintiff was an employee of Bam-B Enterprises of Central Florida, Inc., which owned and operated the McDonald's-brand restaurant located at 3114 South Semoran Boulevard, Apopka, Florida. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 10 of the Complaint and on that basis deny them.

11. Plaintiff has suffered reduced wages, loss of professional growth opportunities, and worsened, illegal working conditions because of the express restraint of trade in McDonald's franchise agreements prohibiting franchisees from "employ[ing] or seek[ing] to employ" anyone who works (or in the last six months has worked) as an employee at another McDonald's corporate-operated restaurant, a McDonald's subsidiary, or any other McDonald's franchise. Specifically, Plaintiff sought a position from a franchise nearby to the one where she worked that would have paid her significantly more money, but because of the no-solicitation and no-hiring agreement between and among the franchisees and Defendant McDonald's, the other franchise could not offer her the position. Despite being qualified, Plaintiff was not hired for a position that paid more and had better growth potential simply because she was currently employed by another franchise.

Answer: To the extent the allegations in this paragraph of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in paragraph 11 relate to Defendants, Defendants deny them.

12. Defendant McDonald's USA, LLC is a Delaware limited liability company with its principal place of business in Oak Brook, Illinois. It is a wholly-owned subsidiary of its parent and predecessor, McDonald's Corporation, which is a Delaware corporation with its principal place of business in Oak Brook, Illinois. McDonald's is in the business of selling food to customers primarily through independently owned and operated franchise restaurants. It has multiple franchise restaurants in Illinois, Florida, and every state in the United States.

Answer: Defendants admit that McDonald's USA, LLC is a Delaware limited liability company with its principal place of business in Oak Brook, Illinois. Defendants admit that McDonald's USA, LLC is a wholly-owned subsidiary of McDonald's Corporation, which is a Delaware corporation with its principal place of business in Oak Brook, Illinois. Defendants admit that there are multiple franchise-operated McDonald's-brand restaurants in every state in the United States. Defendants deny the

remaining allegations in paragraph 12 of the Complaint.

13. Plaintiff is ignorant of the true names and capacities, whether individual, corporate, or associate, of those defendants fictitiously sued as DOES 1 through 10 inclusive and so Plaintiff sues them by these fictitious names. Plaintiff is informed and believes that the DOE defendants 1 through 10 reside in the United States, the State of Illinois, and/or the State of Florida, and are all in some manner responsible for the conduct alleged herein. Upon discovering the true names and capacities of these fictitiously named defendants, Plaintiff will amend this Complaint to show the true names and capacities of these fictitiously named defendants.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 13 of the Complaint and on that basis deny them.

CO-CONSPIRATORS

14. Various other corporations and persons not made defendants in this Complaint, including McDonald's franchisees, participated as co-conspirators in the violations alleged and performed acts and made statements in furtherance of the violations alleged.

Answer: To the extent the allegations in this paragraph of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in Paragraph 14 relate to Defendants, Defendants deny them.

JURISDICTION AND VENUE

15. This action is instituted under Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26, to recover treble damages and the costs of this suit, including reasonable attorneys' fees, against Defendant for the injuries sustained by Plaintiff by virtue of Defendant's violations of Section 1 of the Sherman Act, 15 U.S.C. § 1 and to enjoin further violations. The Court has subject matter jurisdiction under Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26, under Section 4 of the Sherman Act, 15 U.S.C. § 4, and under 28 U.S.C. §§ 1331, 1332, 1337 and 1367 to prevent and restrain the Defendant from violating Section 1 of the Sherman Act, 15 U.S.C. § 1.

Answer: Paragraph 15 of the Complaint contains Plaintiff's jurisdictional allegations, to which no response is required. To the extent a response is required, Defendants admit that this Court has jurisdiction over the subject matter of Plaintiff's claims and otherwise deny the allegations as they relate to Defendants.

16. Venue is proper in this judicial district under Sections 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15, 22, and 26, and under 28 U.S.C. § 1391(b)(2), (c)(2). McDonald's transacts or has transacted business in this district and has its principal place of business here. Based on information and belief, a substantial part of the events that gave rise to this action occurred here, namely, the decision to implement and the drafting of the no-solicit and no-hire clause in the franchise agreements, McDonald's entry into that agreement, and the selection of Illinois law to interpret and govern that agreement.

Answer: Paragraph 16 of the Complaint contains Plaintiff's legal assertions regarding venue, to which no response is required. To the extent a response is required, Defendants admit that the franchise agreement between McDonald's USA LLC and franchisees in the U.S. states that it shall be interpreted in accordance with and governed by the laws of the state of Illinois. Defendants admit that on information and belief the drafting of the franchise agreements occurred in Illinois.

17. McDonald's is in the business of selling food to consumers through independently owned and operated franchise restaurants. These restaurants are in each state in the United States, and McDonald's has substantial business activities with each franchised restaurant, including entering into a contractual franchise agreement with the owner of the franchise. McDonald's engages in substantial activities at issue in this Complaint that are in the flow of and substantially affect interstate commerce.

Answer: To the extent Paragraph 17 of the Complaint contains legal conclusions, no response is required. To the extent a response is required, Defendants admit that there are McDonald's-brand restaurants in each state of the United States, and that there are contractual franchise agreements between McDonald's USA LLC and franchisees. Defendants otherwise deny the allegations in paragraph 17 of the Complaint.

18. McDonald's is one of the world's largest restaurant chains, serving approximately 68 million customers daily in 120 countries across approximately 36,899 outlets. McDonald's primarily sells hamburgers, cheeseburgers, chicken products, french fries, breakfast items, soft drinks, milkshakes, wraps, and desserts.

Answer: Defendants admit that, world-wide, McDonald's-branded restaurants serve approximately 68 million customers daily at approximately 36,000 outlets in 120 countries. Defendants deny the remaining allegations in paragraph 18 of the Complaint.

19. A McDonald's restaurant is operated by either a franchisee, an affiliate, or the corporation

itself. McDonald's revenues come from the rent, royalties, and fees paid by the franchisees, as well as sales in its company-operated restaurants.

Answer: Defendants admit that some McDonald's-brand restaurants in the U.S. are operated by franchisees. Since 2005, McDonald's USA, LLC, not McDonald's Corporation, has been the franchisor for franchisee-operated McDonald's-brand restaurants in the U.S. Other McDonald's-brand restaurants in the U.S. are owned by McDonald's Operating Companies, which the company calls McOpCos (hereinafter "McOpCos"), which are indirect or direct subsidiaries of McDonald's Corporation. Some McDonald's-brand restaurants in U.S. territories are operated by developmental licensees. Neither McDonald's Corporation nor McDonald's USA, LLC, owns, operates, or controls the day-to-day operations of franchisee restaurants in the U.S. or U.S. territories. Defendants deny the remaining allegations in paragraph 19 of the Complaint.

20. Currently, McDonald's has franchised about 80% of its restaurants, while the remainder are owned and operated by the company. Most of the company's franchisees are subject to a standard 20-year franchise license agreement.

Answer: Defendants admit that approximately 90% of McDonald's restaurants in the U.S. are franchised. Defendants further admit that McDonald's USA, LLC, uses a franchise agreement, which is periodically updated. Defendants further admit the term of a McDonald's USA, LLC franchise agreement is typically 20 years. Defendants deny the remaining allegations in paragraph 20 of the Complaint.

21. Each franchise is operated by an entity that is a separate legal entity from McDonald's USA, LLC and McDonald's Corporation. Each franchise is an independently owned and independently managed business.

Answer: Defendants admit that neither McDonald's Corporation nor McDonald's USA, LLC, own or operate franchisee restaurants in the U.S. Defendants admit that each franchise is an independently owned and independently managed business. Defendants deny the remaining allegations, if any, in paragraph 21 of the Complaint.

22. There are approximately 420,000 employees that work for McDonald's or its franchise restaurants in the United States. McDonald's had a net income of \$4.686 billion for the fiscal year 2016. McDonald's current valuation is over \$90 billion.

Answer: Defendants admit that there were approximately 375,000 employees of McDonald's Corporation, including employees of its corporate office and company-owned restaurants, as of year-end 2016. Defendants admit that McDonald's Corporation had a net income of approximately \$4.686 billion during the 2016 fiscal year. Defendants admit that, as of the date of this Answer, McDonald's Corporation's market capitalization is over \$90 billion. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 22 of the Complaint and on that basis deny them.

23. According to a BBC report published in 2012, McDonald's franchises are the world's second largest private employer, with 1.5 million employees working for franchises.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 23 of the Complaint and on that basis deny them.

24. According to *Fast Food Nation* by Eric Schlosser (2001), nearly one in eight workers in the United States has at some time been employed by a McDonald's restaurant.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 24 of the Complaint and on that basis deny them.

25. Overall, franchising is very important to McDonald's profitability. The chart below illustrates the margins McDonald's receives from this part of its business:

Franchised margins

<i>In millions</i>	2012	2011	2010
U.S.	\$ 3,594	\$ 3,436	\$ 3,239
Europe	2,352	2,400	2,063
APMEA	924	858	686
Other Countries & Corporate	567	538	476
Total	\$ 7,437	\$ 7,232	\$ 6,464

Percent of revenues

U.S.	83.9%	83.9%	83.4%
Europe	79.0	79.1	78.2
APMEA	88.8	89.5	89.3
Other Countries & Corporate	85.6	86.1	86.0
Total	83.0%	83.0%	82.4%

Answer: Defendants admit that the excerpted chart is derived from public filings, but deny that it is a full and accurate representation of those filings. Defendants admit that franchising is very important to Defendants' profitability.

26. In McDonald's operated restaurants/franchises, the company develops and refines operating standards, marketing concepts, and product and pricing strategies.

Answer: Defendants admit that McOpCos develop and refine operating standards, marketing concepts, and product and pricing strategies in restaurants that they own and/or operate. To the extent the allegations in paragraph 26 of the Complaint state otherwise, Defendants deny them.

27. McDonald's also regularly leases to the franchisee the property where the McDonald's franchise is operated.

Answer: Defendants admit that McDonald's USA, LLC leases property to certain franchisees, including the property on which franchisee-operated restaurants are located. Defendants otherwise deny the allegations in paragraph 27.

28. McDonald's license agreements and operator's lease agreement both provide that the franchisees are independent of McDonald's and are responsible for all obligations and liabilities of the business, and responsible for the day-to-day operations of the business.

Answer: To the extent paragraph 28 of the Complaint states a legal conclusion, no response is required. To the extent a response is required, Defendants admit that franchisees in the U.S. are responsible for all obligations and liabilities of the premises, as that term is defined in the operative lease agreement, that franchisees in the U.S. are responsible for all obligations and liabilities of the restaurant and its business, as those terms are defined in the operative franchise agreement, and that franchisees are responsible for the day-to-day operations of the business. Defendants otherwise deny the allegations in paragraph 28 of the Complaint.

29. The McDonald's franchisee has no exclusive, protected, or territorial rights in the contiguous market area of their restaurant location.

Answer: Defendants admit the allegations in paragraph 29 of the Complaint.

30. The McDonald's franchisee is contractually prohibited from, directly or indirectly, employing, or seeking to employ, any person who is at the time employed by either McDonald's or one of its other franchises, unless the employee has been unemployed from McDonald's for a minimum of six (6) months.

Answer: Defendants deny the allegations in paragraph 30 of the Complaint.

31. Since the late 1990s, McDonald's has continually attempted to reduce labor costs. This included replacing employees with electronic kiosks which would perform actions such taking orders and accepting money. In 1999, McDonald's first tested "E-Clerks" in suburban Chicago, Illinois, and Wyoming, Michigan, with the devices being able to "save money on live staffers" and attracting larger purchase amounts than average employees.

Answer: Defendants lack knowledge or information sufficient to form a belief as to whether E-Clerks were first tested in 1999 in suburban Chicago, Illinois, Wyoming, and Michigan and on that basis deny those allegations. To the extent the remaining allegations in this paragraph of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them; to the extent those allegations relate to Defendants, Defendants deny them.

32. A study conducted by Anzalone Liszt Grove Research and released by *Fast Food Forward* showed that approximately eighty-four percent (84%) of all fast food employees working in

New York City in April 2013 had been paid less than their legal wages by their employers.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 32 of the Complaint and on that basis deny them.

33. From 2007 to 2011, fast food workers in the U.S. drew an average of \$7 billion of public assistance annually resulting from receiving low wages.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 33 of the Complaint and on that basis deny them.

34. Because McDonald's franchise employees were paid less than a living wage, McResource, the McDonald's intranet website, advised employees to break their food into smaller pieces to feel fuller, seek refunds for unopened holiday purchases, sell possessions online for quick cash, and to "quit complaining" as "stress hormone levels rise by 15 percent after ten minutes of complaining."⁴

[FN 4] Susanna Kim, *McDonald's Defends Telling Workers to 'Quit Complaining' to Reduce Stress*, ABC News (November 21, 2013) <http://abcnews.go.com/Business/mcdonalds-defendemployees-tips-deemed-offensive-clueless-sdovcacy/story?id=20954354> (last visited April 1, 2017).

Answer: To the extent the allegations in paragraph 34 of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in Paragraph 34 relate to Defendants, Defendants deny them.

35. In December 2013, McDonald's shut down the McResource website amidst negative publicity and criticism.

Answer: Defendants admit that McResource was deactivated in December 2013. Defendants deny the remaining allegations in paragraph 35 of the Complaint.

36. The *Roosevelt Institute* accuses some McDonald's restaurants of actually paying less than the minimum wage to entry positions due to "rampant" wage theft.⁵

[FN 5] Harmony Goldberg, *How McDonald's gets away with rampant wage theft*, Salon, (April 6, 2015), http://www.salon.com/2014/04/06/how_mcdonalds_gets_away_with_rampant_wage_theft_partner/ (last visited April 1, 2017).

Answer: To the extent the allegations in paragraph 36 of the Complaint do not relate to

Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in Paragraph 36 relate to Defendants, Defendants deny them.

37. For example, in South Korea, McDonald's pays part-time employees \$5.50 per hour and is accused of paying less with arbitrary schedules, adjustments and pay delays, thereby taking full advantage when there are little to no legal protection of employees.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 37 of the Complaint and on that basis deny them.

38. In late 2015, anonymous aggregated data collected by *Glassdoor* concluded that McDonald's pays entry-level employees in the United States between \$7.25 per hour and \$11 per hour, with an average of \$8.69 per hour. Shift managers are paid an average of \$10.34 per hour. Assistant managers are paid an average of \$11.57 per hour.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 38 of the Complaint and on that basis deny them.

39. In 2015, McDonald's CEO, Steve Easterbrook, earned an annual salary of \$7.9 million, a 368% raise over his 2014 salary; all while low-wage McDonald's workers are striking around the world for a livable income.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the motivations McDonald's workers have had in labor disputes and on that basis deny those allegations. Defendants deny the remaining allegations in paragraph 39 of the Complaint.

40. McDonald's workers have on occasion decided to strike over pay, with most of the employees on strike seeking to be paid \$15.00. McDonald's has helped franchise owners beat back union-backed strikes calling for living wages.

Answer: Defendants deny the allegations in paragraph 40 of the Complaint.

41. When interviewed about the strikes, former McDonald's CEO Ed Rensi argued that increasing employee wages would take away from entry-level jobs: "It's cheaper to buy a \$35,000 robotic arm than it is to hire an employee who's inefficient making \$15 per hour bagging french fries."⁶ McDonald's attitude towards working conditions is not much better than its attitude toward wages. In March 2015, McDonald's workers in 19 U.S. cities filed 28 health and safety complaints with OSHA, which allege that low staffing, lack of protective gear, poor training and pressure to work fast have resulted in injuries. The complaints also allege that, because of a lack of first aid supplies, workers were

told by management to treat burn injuries with condiments such as mayonnaise and mustard.

[FN 6] Kate Taylor, *McDonald's ex-CEO just revealed a terrifying reality for fast-food workers*, Insider (May 25, 2016), <http://www.businessinsider.com/mcdonalds-ex-ceo-takes-on-minimum-wage-2016-5> (last visited April 1, 2017).

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations respecting the alleged OSHA complaints filed in March 2015 and on that basis deny them. Defendants deny the remaining allegations in paragraph 41 of the Complaint.

42. Despite the objections of McDonald's, the term "McJob" was added to Merriam-Webster's Collegiate Dictionary in 2003. The term is defined as "a low-paying job that requires little skill and provides little opportunity for advancement."⁷

[FN 7] Available at <https://www.merriam-webster.com/dictionary/McJob> (last visited April 1, 2017).

Answer: Defendants admit that the term "McJob" was added to Merriam-Webster's Collegiate Dictionary in 2003. Because the cited URL is not functional, Defendants are without information necessary to verify the allegations, and on that basis deny them. Defendants deny the remaining allegations in paragraph 42 of the Complaint.

43. Like other fast food chains in the industry, McDonald's restaurants maintain teams of staff in order to oversee operations and guide entry-level employees through daily responsibilities.

Answer: To the extent the allegations in paragraph 43 of the Complaint do not relate to Defendants, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis deny them. To the extent the allegations in paragraph 43 relate to Defendants, Defendants admit that on information and belief each McDonald's-brand restaurant is staffed by employees. Defendants otherwise deny the allegations in paragraph 43 of the Complaint.

44. Specific job titles falling under the category of "management" include shift or swing manager, assistant manager, and store manager.

Answer: Because the term "management" is undefined in paragraph 44, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegation in paragraph 44 of the Complaint and on that basis deny it. Defendants admit that at certain points in time, employees in

McOpCo restaurants have held jobs with titles that include the term manager, which includes shift, swing, and general manager. Defendants deny the remaining allegations in paragraph 44 of the Complaint.

45. Swing managers may work part-time or full-time, depending on the needs of the specific location.

Answer: Defendants admit that certain McOpCo restaurants have a position called swing manager. Defendants further admit that a given employee in the swing manager position may work fewer than forty hours per week depending on the needs of the specific restaurant in which that employee works and that employee's own needs. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 45 of the Complaint as those allegations apply to individual franchise restaurants or franchisees generally and on that basis deny them.

46. Assistant managers and store managers usually work full-time schedules of 40 hours or more per week. Processing payroll, updating time sheets, demonstrating protocol, tracking supply and shipment orders and communicating with the company regional offices are additional job duties of assistant and store managers.

Answer: Defendants admit that general managers at McOpCo restaurants may work 40 hours or more per week in certain circumstances and may perform the following job duties: Processing payroll, updating time sheets, demonstrating protocol, tracking supply and shipment orders, and communicating with the company regional offices. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 46 of the Complaint as they apply to individual franchise restaurants or franchisees generally, and on that basis deny them.

47. Wages and salaries for employees of franchised stores are not dictated in any way by McDonald's, but average pay scales start out at \$8.00 per hour for inexperienced shift managers and eventually rise to roughly \$12.00 per hour for highly qualified or tenured shift managers.

Answer: Defendants admit that wages and salaries for employees of franchised stores are not dictated in any way by Defendants. Defendants lack knowledge or information sufficient to form a

belief as to the truth of the remaining allegations in paragraph 47 of the Complaint as they relate to franchised stores and on that basis deny them.

48. Assistant manager positions yield annual salary options slightly varied by location but usually falling between \$20,000 and \$30,000.

Answer: Defendants deny the allegations in paragraph 48 of the Complaint to the extent they relate to McOpCo restaurants. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 48 of the Complaint as they relate to franchised stores and on that basis deny them.

49. Store managers may begin at \$30,000 per year and receive raises or pay increases.

Answer: Defendants deny the allegations in paragraph 49 of the Complaint as they relate to McOpCo restaurants. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 48 of the Complaint as they relate to franchised stores and on that basis deny them.

50. Each franchise is its own economic decision-maker on employment issues, so wages are not uniform among the competing franchisee stores. Low wages, however, are consistent across the McDonald's empire of company and franchise-owned restaurants, and have allowed McDonald's shareholders and executives, and thousands of its franchise owners, to become very wealthy while full-time, hardworking employees have to seek government benefits just to put food on their own tables. A significant reason that gross inequity exists between McDonald's and franchise owners on the one hand, and their employees on the other, is that McDonald's is stifling employee wages through its no-hire prohibition.

Answer: Defendants admit that each franchise is its own economic decision-maker on employment issues. Based on information and belief, Defendants admit that wages are not uniform at each franchise-operated restaurant in the U.S. Defendants deny the remaining allegations in paragraph 50 of the Complaint.

PLAINTIFF DESLANDES

51. In 2009, Plaintiff began working for Bam-B at the McDonald's Store in Apopka, Florida. At all relevant times herein, Plaintiff was paid on an hourly basis and properly recorded all of her hours

worked.

Answer: Defendants admit that Plaintiff worked at a McDonald's store in Apopka, Florida.

Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 51 of the Complaint and on that basis deny them.

52. Between 2009 and 2010, Plaintiff received various promotions and raises and did exemplary work.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 52 of the Complaint and on that basis deny them.

53. Plaintiff started as an entry-level crew person earning \$7.00 per hour. After about three months, Plaintiff was promoted to Shift Manager earning \$10.00 per hour.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 53 of the Complaint and on that basis deny them.

54. In 2011, Plaintiff was promoted to Department Manager of Guest Services earning \$12.00, where she was responsible for guest services and managing the cash. There were two other Department Managers on her level. One was in charge of employees and human resources, and the other was in charge of kitchen and ordering.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 54 of the Complaint and on that basis deny them.

55. After becoming Department Manager, Plaintiff began course work to become eligible for a General Manager position. McDonald's offers proprietary training programs necessary in order to advance through the McDonald's system. Plaintiff took on required weeklong training courses, online classes, and phone conferences put on by McDonald's. In continuing her knowledge, expertise, and education in the McDonald's system, Plaintiff tolerated a difficult work environment, including requiring her to work overtime, but failing to pay overtime wages; providing her difficult shifts in which she had to sacrifice time with her children to meet management expectations; and failure to provide raises and bonuses.

Answer: On information and belief, Defendants admit that there are training courses, online classes, and phone conferences for employees of McDonald's-brand restaurants. Defendants otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph

55 of the Complaint and on that basis deny them.

56. Before Plaintiff could become a General Manager, she had to complete one final weeklong proprietary McDonald's training course at McDonald's "Hamburger University" in Illinois. The training was scheduled for April 2015; however, before Plaintiff could go, her supervisors found out she was several months pregnant and they cancelled her training. Plaintiff was not due until more than six months later. It was clear that this franchise that had suppressed her wages and abused the overtime laws was now going to hinder her McDonald's system education and promotion because she was pregnant.

Answer: Defendants admit that to work as a general manager at a McDonald's restaurant, an individual must complete training at Hamburger University. Defendants further admit that the Hamburger University is in Illinois. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 56 of the Complaint and on that basis deny them.

57. Plaintiff immediately decided to look for another managerial job that would appreciate her skills, not violate overtime law, not discriminate against her because she was pregnant, and would give her the pay and promotion opportunities she deserved based on her performance. For reasons that are further described below, the experience and education Plaintiff developed over the previous four years at Bam-B and in McDonald's training had significant value in the McDonald's organization made up of thousands of different franchises, but they did not translate to restaurants outside of the McDonald's system.

Answer: Defendants deny that the experience and education employees develop working at a McDonald's-brand restaurant do not translate to restaurants outside of the McDonald's system. Defendants otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 57 of the Complaint and on that basis deny them.

58. Soon thereafter, Plaintiff located a departmental manager opening at a nearby independently owned McDonald's restaurant operated by a different McDonald's franchise owner. While doing the same job, that position started at \$13.75 per hour, a substantial 15 percent raise for Plaintiff, and after a 90-day probation period, the pay would increase to \$14.75 per hour, which would have been a 23 percent increase in pay from her stagnated \$12.00 per hour at Bam-B. Further, the other franchise did not appear to be violating overtime laws, which would either give Plaintiff an additional effective increase in pay, or give her more time with her family.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of

the allegations in paragraph 58 of the Complaint and on that basis deny them.

59. This appeared to be a very good opportunity to leave a business that was underpaying employees, denying promotions and raises, and violating labor laws. The new franchise expressed a desire to hire Plaintiff with more pay, better promotion opportunities, and a better shift, but said that it could not hire her because she was currently employed by another McDonald's franchise owner and it could not hire employees working at other McDonald's franchises unless she was "released" by the Bam-B franchise.

Answer: To the extent paragraph 59 alleges that Defendants "violat[ed] labor laws," the assertion is a legal conclusion to which no response is required; to the extent a response is required, Defendants deny the allegation as it relates to them. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 59 of the Complaint and on that basis deny them.

60. Plaintiff asked her supervisors at Bam-B to "release" her so that she could pursue this opportunity. Her supervisors informed her that her request was denied and they would not release her because she was "too valuable." She continued working for Bam-B, unable to use her skills, expertise and education at McDonald's to secure a raise or promotion. However, Plaintiff had a family to feed; therefore, she continued to work for Bam-B.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 60 of the Complaint and on that basis deny them.

61. In January 2016, Plaintiff finally quit her job with Bam-B because she continued to work without raises, promotions or promotion opportunities,⁸ all while Bam-B continued to engage in violation of overtime laws. It was clear that things were not going to change, and Bam-B was not going to release her to use her skills, education and experience at another McDonald's franchise.

[FN 8] Plaintiff never received any further opportunity to complete her Hamburger University training to become a General Manager (despite the fact she was assigned to perform many of the general manager duties as there was a constant rotation of general managers).

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 61 of the Complaint and on that basis deny them.

62. Plaintiff's training was in McDonald's management, which is only valuable and transferrable within the McDonald's system. Plaintiff knew it would be futile to obtain employment in another franchise. The no-solicit and no-hire prohibition plus disenchantment with the McDonald's organization for allowing this to happen, meant that she had to start work with a new organization, back at an entry level position. Plaintiff consequently took employment with Hobby Lobby, a retail store, at a

significantly lower pay rate of \$10.25 per hour.

Answer: Defendants deny that training provided to employees of Defendants or employees of McDonald's franchisees are "only valuable and transferable within the McDonald's system."

Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 62 of the Complaint and on that basis deny them.

D. McDonald's Model Is Designed to Encourage Franchise Competition With Regard to Sales

63. While McDonald's implemented policies to actively thwart competition for employees between and among it and franchises in order to suppress employee wages, it encouraged competition between franchises in food sales that benefitted McDonald's.

Answer: Defendants deny the allegations in paragraph 63 of the Complaint.

64. McDonald's public disclosures and agreements with McDonald's franchisees emphasize that McDonald's franchisees operate separately from each other and from McDonald's.

Answer: Defendants lack knowledge or information sufficient to identify the documents referenced in paragraph 64 of the Complaint and therefore deny the related allegations.

65. McDonald's franchise agreements state that, "Franchisee shall have no authority, express or implied, to act as agent of McDonald's or any of its affiliates for any purpose."

Answer: Defendants admit that certain U.S. franchise agreements include the quoted language, but deny that the allegations of paragraph 65 accurately relay and reflect the content of those agreements.

66. McDonald's franchise agreements also state that the franchisee has no "exclusive, 'protected,' or otherwise territorial rights in the contiguous market area of such Restaurant [location] . . ."

Answer: Defendants admit that certain U.S. franchise agreements include the quoted language, but deny that the allegations of paragraph 66 accurately relay and reflect the content of those agreements.

67. McDonald's Franchise Disclosure Document reiterates that the Franchise Agreement "does not contain any exclusive grant, exclusive area, exclusive territorial rights, protected territory, or any right to exclude, control, or impose conditions on the location or development of future McDonald's restaurants at any time. You will not receive an exclusive territory."

Answer: Defendants admit that certain U.S. franchise disclosure documents include the quoted language, but deny that the allegations of paragraph 67 accurately relay and reflect the content of those agreements. Defendants otherwise deny the allegations in paragraph 67 of the Complaint.

68. The Franchise Disclosure Document stresses that the franchisee "may face competition from other franchisees [or] from outlets that we own" and that "[t]he sales and customer trading patterns . . . do not represent any continuing franchisee entitlement or expectation. McDonald's may establish other franchisee or . . . company-owned outlets that may alter customer trading patterns and affect the sales of, and compete with, your location."

Answer: Defendants admit that the McDonald's Franchise Disclosure Document contains the quoted language, but deny that the allegations of paragraph 68 accurately relay and reflect the content of that Document. Defendants otherwise deny the allegations in paragraph 68 of the Complaint.

69. Additionally, as a way of protecting itself from liability, McDonald's franchise agreements expressly provide that the Franchisee and McDonald's "are not and do not intend to be partners, associates, or joint employers in any way and McDonald's shall not be construed to be jointly liable for any acts or omissions of Franchisee under any circumstances."

Answer: Defendants admit that certain U.S. franchise agreements include the quoted language, but deny that the allegations of paragraph 69 accurately relay and reflect the content of those agreements. Defendants deny the remaining allegations in paragraph 69 of the Complaint.

70. While franchisees are required to pay to McDonald's a percentage of gross sales revenues, franchisees are free to negotiate purchasing terms with approved suppliers and to seek approval of new suppliers.

Answer: Defendants admit the allegations in paragraph 70 of the Complaint.

71. Franchisees may also compete with each other by allowing customers to use certain credit and debit cards or certain gift cards, neither of which is a system-wide requirement.

Answer: Defendants admit that there is not a system-wide requirement that franchisees allow customers to use certain credit and debit cards or certain gift cards. Defendants lack knowledge or

information sufficient to form a belief regarding the truth of the allegations as they apply to third parties and on that basis deny the remaining allegations in paragraph 71 of the Complaint.

72. A franchisee's profitability is a function of a number of inputs, including its cost of labor, which McDonald's specifically identifies as a franchisee operating expense. Franchisees are required to enroll present and future managers at McDonald's training centers, the travel cost and expense of which is borne by franchisees.

Answer: Defendants admit that a franchisee's profitability is a function of a number of inputs, one of which is the cost of labor. Defendants admit that labor costs are an operating expense for franchisees. Defendants admit that franchisees' managers must enroll in training consistent with the franchisees' obligations under the applicable franchise agreement.

73. According to McDonald's Senior Director of U.S. Franchising, franchisees are responsible for the day-to-day operations of their restaurants, including employment matters and legal compliance.

Answer: Defendants lack knowledge or information sufficient to form a belief as to whether a Senior Director of U.S. Franchising made the statement alleged in paragraph 73 of the Complaint and on that basis deny that such a statement was made. Defendants admit that franchisees are responsible for the day-to-day operations of their restaurants, including employment matters and legal compliance.

74. But for the no-hire agreement, each McDonald's franchise (and McDonald's itself in its corporate-operated stores) is its own economic decision-maker with respect to hiring, firing, staffing, promotions and employee wages. But for the no-hire agreement, each McDonald's franchise (and McDonald's itself) would compete with each other for the best- performing employees.

Answer: The allegations in paragraph 74 of the Complaint are legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 74 of the Complaint.

E. The "No Hire" Agreement

75. While independent business owners should be encouraged to compete with each other for employees, McDonald's and its franchisees enter into express contractual franchise agreements, forbidding employee competition.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegation that “independent business owners should be encouraged to compete with each other for employees” and on that basis deny it. Defendants deny the remaining allegations in paragraph 75 of the Complaint.

76. The standard language in McDonald’s franchise agreements with all its franchisees includes an express “no-solicit” and “no-hire” provision that prohibits franchisees from hiring employees of other McDonald’s franchisees.

Answer: Defendants deny the allegations in paragraph 76 of the Complaint.

77. The relevant provision from the McDonald’s franchise agreement states:

Interference With Employment Relations of Others. During the term of this Franchise, Franchisee shall not employ or seek to employ any person who is at the time employed by McDonald’s, any of its subsidiaries, or by any person who is at the time operating a McDonald’s restaurant or otherwise induce, directly or indirectly, such person to leave such employment. This paragraph [] shall not be violated if such person has left the employ of any of the foregoing parties for a period in excess of six (6) months.

Answer: Defendants admit that certain U.S. franchise agreements include the quoted language, but deny that the allegations of paragraph 77 accurately relay and reflect the content of those agreements.

F. Other Evidence of a Horizontal Agreement among Competing Franchisees and McDonald’s

78. Public corporate filings reveal that McDonald’s admits that its success depends in part on its “System’s ability to recruit, motivate and retain a qualified workforce to work in our restaurants in an intensely competitive environment” and the “[i]ncreased costs associated” with retaining qualified employees applies to its franchisees.

Answer: Defendants admit that certain of McDonald’s Corp.’s public filings include the quoted language in paragraph 78 but deny that they accurately relay and reflect the full content of those filings.

79. Employment applications available online for McDonald’s restaurants ask applicants whether they have worked for McDonald’s before. That question is separate and apart from the history of employment portion on the application. This helps the prospective employer easily flag current employees employed by competing McDonald’s franchisees and prevents violation of the no-hire provision.

Answer: Defendants admit that certain applications for employment at McDonald's-brand restaurants available online ask applicants whether they have worked for McDonald's in addition to asking applicants for their employment background more generally. Defendants deny the remaining allegations in paragraph 79 of the Complaint.

80. The "no-solicit" and "no-hire" agreement embodies norms that are widely accepted across the fast-food industry and familiar to franchisees. In advising new restaurant owners on how to hire their first general manager, one industry expert instructs that, "you have to be careful that you do not earn a reputation for stealing other people's employees."

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 80 of the Complaint and on that basis deny them.

81. Plaintiff was a direct victim of this "no-solicit" and "no-hire" provision, in that it was complied with by both independent franchise owners to prevent Plaintiff from using competition to obtain a living wage, promotion opportunities, and find comparable and/or better employment.

Answer: Defendants deny the allegations in paragraph 81 of the Complaint.

G. The "No-Hire" Agreement Is Against the Independent Interests of the Franchisees

82. This no-hire provision is short-sighted and ultimately not in the independent franchisees' interest, even though it is in the interest of the conspirators as a whole when acting together. Employees are critical to the success of McDonald's franchisees.

Answer: Defendants admit that employees are critical to the success of McDonald's franchisees. Defendants deny the remaining allegations in paragraph 82 of the Complaint.

83. It is the sales in franchise-operated restaurants that brings the most revenue to McDonald's, so McDonald's profits hinge on the success or failure of its franchisees. A significant component of making the franchise profitable is hiring qualified, motivated, and superior employees.

Answer: Defendants admit that franchise-operated restaurants cumulatively bring the most revenue to Defendants. Defendants lack knowledge or information sufficient to form a belief as to whether a significant component of making a franchise profitable is hiring qualified, motivated, and superior employees and on that basis denies it. Defendants deny the remaining allegations in paragraph

83 of the Complaint.

84. Therefore, it is in the independent interest of each McDonald's franchisee to compete for the most talented and experienced restaurant employees.

Answer: To the extent this paragraph involves allegations regarding the independent interests of third-parties, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 84 of the Complaint and on that basis deny them.

85. By adhering to the no-hire agreement, franchisees artificially restrict their own ability to hire other employees in a manner that is inconsistent with their own unilateral economic interests. By acting in concert, however, they also artificially protect themselves from having their own employees poached by other franchises that see additional value in those employees, such as their training, experience and/or work ethic. This allows franchisees to retain their best employees without having to pay market wages to these employees or compete in the market place relative to working conditions and promotion opportunities.

Answer: Defendants deny the allegations in paragraph 85 of the Complaint.

86. The "no-hire" agreement does not serve the interests of ensuring that McDonald's restaurants produce a quality product.

Answer: Defendants deny the allegations in paragraph 86 of the Complaint.

87. The "no-hire" agreement does not serve employees because it does not incentivize McDonald's franchisees to invest in higher wages, benefits, and working conditions. It also disincentivizes employees to perform their best work as their opportunities by doing so are limited.

Answer: Defendants deny the allegations in paragraph 87 of the Complaint.

88. The "no-hire" agreement does not serve fast-food customers because it does not incentivize McDonald's franchisees to invest in training workers to improve the McDonald's food, experience and service.

Answer: Defendants deny the allegations in paragraph 88 of the Complaint.

H. Employment with Non-McDonald's Brands is Not a Reasonable Substitute for McDonald's Employees

89. Consistent with Plaintiff's experience, online reviews for employment at McDonald's restaurants report that there was little or no way "to advance after working for nearly two years;" "management told [employees] they were easily replaceable;" "advancement never an option" and working at McDonald's offered "no real opportunity for advancement." That is all made possible by the

“no-hire” prohibition. If franchisees had to either pay and promote good employees, or lose them to competitor franchisees, they would be forced to pay competitive wages and provide competitive promotion opportunities. However, because of the no-hire prohibition, and because the education, training and experience within the McDonald’s enterprise are unique to McDonald’s and not transferrable to other restaurants, McDonald’s franchisees do not have to compete with non-McDonald’s business for their employees except at the entry-level position.

Answer: Defendants lack knowledge or information to identify the on-line reviews quoted in paragraph 89 of the Complaint and on that basis denies the allegations about them. Defendants otherwise deny the remaining allegations in paragraph 89 of the Complaint.

90. Training, education, and experience within the McDonald’s system are not transferrable to other restaurants for a number of reasons. McDonald’s franchises utilize McDonald’s own proprietary computer systems and platforms, including proprietary applications and data systems, which new franchises must purchase through McDonald’s approved suppliers. Franchises electronically submit their store financial information to McDonald’s via a separate proprietary web-based system. Experience with these systems is of little value to other restaurants. McDonald’s franchises also utilize proprietary store operating procedures, McDonald’s methods of inventory control and bookkeeping/accounting procedures, and McDonald’s-prescribed equipment. Training is also accomplished through proprietary curricula and systems. According to McDonald’s Franchise Disclosure Document, training is designed to provide the “specific skill sets in the various facets of the conduct of a McDonald’s restaurant, including such areas as equipment, standards, controls, and leading people.” The Disclosure informs that it takes “approximately two years” to complete all of the learning plans from Shift Manager through General Manager.

Answer: Defendants admit that certain McDonald’s franchises utilize proprietary hardware and software for the point-of-sale system and that many franchisees elect to use proprietary in-store-processor software, which is purchased through McDonald’s-approved suppliers. Defendants further admit that certain franchises may also elect to use proprietary store operating procedures, methods of inventory control, bookkeeping/accounting procedures, and equipment. Defendants further admit that employee training is also accomplished at times through proprietary curricula and systems. Defendants admit that the quoted language appears in certain McDonald’s franchise disclosure documents, but deny that the allegations of paragraph 90 accurately relay and reflect the content of those agreements. Defendants deny the remaining allegations in paragraph 90 of the Complaint.

91. Because Plaintiff was unable to transfer her skills and experience to a competing

franchise restaurant at significantly more money, her only option was to quit and start over at an entry-level job and salary in another industry.

Answer: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 91 of the Complaint and on that basis deny them.

I. Plaintiff and the Class Members Have Suffered Antitrust Injury

92. Because of the “no-solicit” and “no-hire” agreement, Plaintiff and the putative class have suffered injury in the form of reduced wages and worsened working conditions.

Answer: The assertions in paragraph 92 of the Complaint are legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 92 of the Complaint.

93. Suppressed wages due to employers’ agreement not to compete with each other is injury of the type the antitrust laws were intended to prevent and flows from that which makes the “no-hire” and “no-solicit” agreement unlawful.

Answer: The assertions in paragraph 93 of the Complaint are legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in paragraph 93 of the Complaint.

CLASS ALLEGATIONS

94. Plaintiff brings this action on her own behalf, and on behalf of a nationwide class pursuant to Federal Rules of Civil Procedure, Rules 23(a), 23(b)(2), and/or 23(b)(3).

Nationwide Class:

All persons in the United States who are current or former employees and/or managers at all McDonald’s restaurants whether operated by McDonald’s itself or by a McDonald’s Franchisee.

Answer: To the extent paragraph 94 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants admit that Plaintiff purports to bring this action under Federal Rule of Civil Procedure 23 on behalf of herself and others. Defendants deny any other allegations in paragraph 94 of the Complaint and specifically deny that there

exists a class that is certifiable under Federal Rule of Civil Procedure 23, that Plaintiff's class definitions are proper, or that Plaintiff is an adequate class representative.

95. Alternatively, Plaintiff brings this action on her own behalf, and on behalf of a Class of Florida residents pursuant to Rule 23(a), 23(b)(2), and/or 23(b)(3).

Florida Class:

All persons in the State of Florida who are current or former employees and/or managers at all McDonald's restaurants whether operated by McDonald's itself or by a McDonald's Franchisee.

Answer: To the extent paragraph 95 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants admit that Plaintiff purports to bring this action under Federal Rule of Civil Procedure 23 on behalf of herself and others. Defendants deny any other allegations in paragraph 95 of the Complaint and specifically deny that there exists a class that is certifiable under Federal Rule of Civil Procedure 23, that Plaintiff's class definitions are proper, or that Plaintiff is an adequate class representative.

96. Except where necessary to differentiate, the Nationwide Class, the Florida Class, and their members shall be referred to herein as the "Class," the "Classes" or "Class Members." Excluded from the Classes are Defendant McDonald's, its affiliates, officers and directors, and the Judge(s) assigned to this case. Plaintiff reserves the right to modify, change, or expand the Class definitions on discovery and further investigation.

Answer: To the extent paragraph 96 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants admit that Plaintiff purports to bring this action on behalf of herself and others and that Plaintiff purports to exclude the Court, Defendants, and Defendants' affiliates, officers, and directors from the putative classes. Defendants deny any other allegations in paragraph 96 of the Complaint and specifically deny that there exists a class that is certifiable under Federal Rule of Civil Procedure 23, that Plaintiff's class definitions are proper, or that Plaintiff is an adequate class representative.

97. Numerosity: Upon information and belief, the Classes are so numerous that joinder of all members is impractical; there are over 14,000 McDonald's restaurants in the United States. While the

exact number and identities of the individual Members of the Classes are unknown at this time, such information being in the sole possession of Defendant and obtainable by Plaintiff only through the discovery process, Plaintiff believes, and on that basis alleges, that thousands of Class Members are the subjects of the Class.

Answer: To the extent paragraph 97 of the Complaint states legal conclusions, Defendants are not required to respond. Defendants admit that there are over 14,000 McDonald's-branded restaurants in the United States. Defendants deny the remaining allegations in paragraph 97 of the Complaint.

98. Existence and Predominance of Common Questions of Fact and Law: Common questions of fact and law exist as to all Members of the Class. These questions predominate over the questions affecting individual Class Members. These common legal and factual questions include, but are not limited to, whether:

- a. Defendant engaged in unlawful contracts, combinations, and/or conspiracies in restraint of trade and commerce;
- b. Defendant's conduct constituted unfair competition;
- c. Defendant's conduct constituted unlawful, unfair, and fraudulent business acts and practices;
- d. Defendant violated the Sherman Antitrust Act, 15 U.S.C. §§ 1, *et seq.*;
- e. Defendant violated the Illinois Antitrust Act, 740 ILCS 10/1, *et seq.*;
- f. Defendant violated the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1, *et seq.*;
- g. Defendant should be required to disclose the existence of such agreements, contracts, combinations, and/or conspiracies;
- h. Plaintiff and Class Members are entitled to damages, restitution, restitutionary disgorgement, equitable relief, and/or other relief; and
- i. The amount and nature of such relief to be awarded to Plaintiff and the Class.

Answer: To the extent paragraph 98 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 98 of the Complaint.

99. Typicality: All of Plaintiff's claims are typical of the claim of the Class inasmuch as Plaintiff was a McDonald's franchisee restaurant manager/employee, and each Member of the Class either was or is a McDonald's owned or franchisee restaurant employee/manager subject to the same agreements and rules as Plaintiff. Further, Plaintiff and all the Members of the Class sustained the same monetary and economic injuries of being subjected to artificial suppression of compensation, wages, benefits, and growth opportunity, and the remedy sought for each is the same in which Plaintiff seeks relief against Defendant for herself and all absent Class Members.

Answer: To the extent paragraph 98 of the Complaint states legal conclusions, Defendants are

not required to respond. To the extent a further answer is required, Defendants deny the allegations of paragraph 99, except that Defendants admit that Plaintiff was a manager and employee at a franchised McDonald's restaurant.

100. Adequacy: Plaintiff is an adequate representative because her interest does not conflict with the interest of the Classes that she seeks to represent, she has retained counsel competent and highly experienced in complex Class Action litigation, and she intends to prosecute this action vigorously. The interest of the Class will be fairly and adequately protected by Plaintiff and her counsel.

Answer: To the extent paragraph 100 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 100 of the Complaint.

101. Superiority: A Class Action is superior to all other available means of fair and efficient adjudication of the claims of Plaintiff and members of the Classes. The injuries suffered by each individual Class Member is relatively small in comparison to the burden and expense of the individual prosecution of the complex and extensive litigation necessitated by Defendant's conduct. It would be virtually impossible for members of the Classes individually to redress effectively the wrongs done to them. Even if the Members of the Classes could afford such individual litigation, the court system could not. Individualized litigation presents a potential for inconsistent or contradictory judgements. Individualized litigation increases the delay and expense to all parties, and to the court system, presented by the complex legal and factual issues of the case. By contrast, the Class Action device presents far fewer management difficulties, and provides the benefits of single adjudication, an economy of scale, and comprehensive supervision by a single court. Upon information and belief, Members of the Classes can be readily identified and notified based on, inter alia, Defendant's employment records and franchisees' records.

Answer: To the extent paragraph 101 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 101 of the Complaint.

102. Defendant has acted, and refuses to act, on grounds generally applicable to the Classes, thereby making appropriate final equitable relief with respect to the Classes as a whole.

Answer: To the extent paragraph 102 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 102 of the Complaint.

CLAIMS FOR RELIEF

COUNT 1: VIOLATIONS OF SECTION 1 OF THE SHERMAN ACT

15 U.S.C § 1, et seq.

103. Plaintiff, on behalf of herself and all others similarly situated, re-alleges and incorporates by reference the allegations contained in the preceding and succeeding paragraphs of this Complaint, and further alleges against Defendant as follows:

Answer: Defendants incorporate its responses to paragraphs 1 through 102 of Plaintiff's Complaint herein as if separately pled.

104. Beginning no later than 2013, Defendant entered into and engaged in unlawful contracts, combinations in the form of trust or otherwise, and/or conspiracies in restraint of trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, *et seq.*

Answer: To the extent paragraph 104 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 104 of the Complaint.

105. Defendant engaged in predatory and anticompetitive behavior by restricting competition among business franchisees, which unfairly suppressed employee wages, and unreasonably restrained trade.

Answer: To the extent paragraph 105 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 105 of the Complaint.

106. Defendant's conduct included concerted efforts, actions and undertakings among the Defendant and franchisee owners with the intent, purpose and effect of: (a) artificially suppressing the compensation of Plaintiff and Class Members; (b) eliminating competition among Defendant and franchise owners for skilled labor; and (c) restraining employees' ability to secure better compensation, advancement, benefits, and working conditions.

Answer: To the extent paragraph 106 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 106 of the Complaint.

107. Defendant perpetrated the scheme with the specific intent of lowering costs to the benefit of Defendant and franchise owners.

Answer: To the extent paragraph 107 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 107 of the Complaint.

108. Defendant's conduct in furtherance of its contracts, combinations and/or conspiracies were authorized, ordered, or done by its respective officers, directors, agents, employees, or representatives while actively engaging in the management of Defendant's affairs.

Answer: To the extent paragraph 108 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 108 of the Complaint.

109. Plaintiff and Class Members have received lower compensation from Defendant and independent franchise businesses than they would otherwise would have received in the absence of Defendant's unlawful conduct and, as a result, have been injured in their property and have suffered damages in an amount according to proof at trial.

Answer: To the extent paragraph 109 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 109 of the Complaint.

110. Defendant's contracts, combinations, and/or conspiracies are per se violations of Section 1 of the Sherman Act.

Answer: To the extent paragraph 110 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 110 of the Complaint.

111. In the alternative, Defendant is liable under a "quick look" analysis where an observer with even a rudimentary understanding of economics could conclude that the arrangements in question would have an anticompetitive effect on customers and markets.

Answer: To the extent paragraph 111 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in

paragraph 111 of the Complaint.

112. Defendant's contracts, combinations, and/or conspiracies have had a substantial effect on interstate commerce.

Answer: To the extent paragraph 112 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 112 of the Complaint.

113. As a direct and proximate result of Defendant's contract, combination, and/or conspiracy to restrain trade and commerce, Plaintiff and Class Members have suffered injury to their business or property and will continue to suffer economic injury and deprivation of the benefit of free and fair competition.

Answer: To the extent paragraph 113 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 113 of the Complaint.

114. Plaintiff and the Class Members are entitled to treble damages, attorneys' fees, reasonable expenses, and costs of suit for the violations of the Sherman Act alleged herein.

Answer: To the extent paragraph 114 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 114 of the Complaint.

COUNT II: VIOLATIONS OF THE ILLINOIS ANTITRUST ACT

740 ILCS 10/1, et seq.

115. Plaintiff, on behalf of herself and all others similarly situated, re-alleges and incorporates by reference the allegations contained in the preceding and succeeding paragraphs of this Complaint, and further alleges against Defendant as follows:

Answer: Defendants incorporate its responses to paragraphs 1 through 114 of Plaintiff's Complaint herein as if separately pled.

116. Defendant engaged in unlawful contracts, combinations, and/or conspiracies in restraint, trade or commerce in violation of Illinois Antitrust Act, 740 ILCS 10/1, *et seq.*

Answer: To the extent paragraph 116 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 116 of the Complaint.

117. As alleged above, Defendant engaged in predatory and anticompetitive behavior to not solicit restaurant-based employees and/or managers from other McDonald's restaurants.

Answer: To the extent paragraph 117 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 117 of the Complaint.

118. Defendant's specific intent has been to substantially lessen competition in the market for employee and/or manager positions among McDonald's restaurants and limit the compensation, benefits, and opportunities for such positions.

Answer: To the extent paragraph 118 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 118 of the Complaint.

119. A substantial amount of trade and commerce has been affected and will continue to be affected, in the market for McDonald's employees and/or managers as a result of Defendant's unreasonable restraint of trade and commerce.

Answer: To the extent paragraph 119 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 119 of the Complaint.

120. A substantial portion of Defendant's behavior constituting the violations alleged above occurred in the State of Illinois and has had a substantial impact of trade or commerce within the State of Illinois.

Answer: To the extent paragraph 120 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 120 of the Complaint.

121. As alleged above, Defendant's contract, combination, and/or conspiracy constitutes

unreasonable restraints on trade and commerce, all of which are per se violations of the Illinois Antitrust Act, 740 ILCS 10/3, *et seq.*, or in the alternative, violations under the rule of reason.

Answer: To the extent paragraph 121 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 121 of the Complaint.

122. As a direct and proximate result of Defendant's contract, combination, and/or conspiracy to restrain trade and commerce, Plaintiff and Class Members have suffered injury to their business or property and will continue to suffer economic injury and deprivation of the benefit of free and fair competition.

Answer: To the extent paragraph 122 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 122 of the Complaint.

123. Plaintiff and the Class Members are entitled to treble damages, attorneys' fees, reasonable expenses, and costs of suit for the violations of the Illinois Antitrust Act alleged herein

Answer: To the extent paragraph 123 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 123 of the Complaint.

COUNT III: VIOLATIONS OF THE ILLINOIS CONSUMER FRAUD AND DECEPTIVE

BUSINESS PRACTICES ACT

815 ILCS 505/1, et seq.

124. Plaintiff, on behalf of herself and all others similarly situated, re-alleges and incorporates by reference the allegations contained in the preceding and succeeding paragraphs of this Complaint, and further alleges against Defendant as follows:

Answer: Defendants incorporate its responses to paragraphs 1 through 123 of Plaintiff's Complaint herein as if separately pled.

125. At all times relevant, Plaintiff, the Class, and Defendants are all persons within the meaning of 815 ILCS 505/1(c).

Answer: To the extent paragraph 125 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 125 of the Complaint.

126. At all relevant times, Plaintiff and the Class are consumers within the meaning of 815 ILCS 505/1(e). Plaintiff and the Class are consumers within the meaning of the Illinois Consumer Fraud Act given that Defendant's practices were addressed to the market generally and/or otherwise implicate consumer protection issues.

Answer: To the extent paragraph 126 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 126 of the Complaint.

127. At all times material, Defendant's acts and omissions occurred in the course of trade and commerce within the meaning of 815 ILCS 505/1(f).

Answer: To the extent paragraph 127 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 127 of the Complaint.

128. Section 2 of the Illinois Consumer Fraud Act provides, in relevant part:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use of or employment of any deceptive, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use of employment of any practice described in Section 2 of the "Uniform Deceptive Trade Practices Act," approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby. In construing this section consideration shall be given to the interpretations of the Federal Trade Commission and the federal courts relating to Section 5(a) of the Federal Trade Commission Act.

815 ILCS 505/1 (footnotes omitted).

Answer: Defendants admit that Plaintiff has correctly quoted Section 2 of the Illinois Consumer Fraud Act, but denies that Section or Act apply in this case.

129. Defendant's actions to restrain trade and fix the total compensation of the Class Members

constitutes unfair competition and unlawful, unfair, and fraudulent business acts and practices in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1, *et seq.*

Answer: To the extent paragraph 129 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 129 of the Complaint.

130. Defendant illegally participated in an agreement among competitors that restrained employees from engaging in a lawful profession, trade, or business. Defendant perpetrated the scheme with the purpose of fixing lower costs to the benefit of Defendant and franchise owners.

Answer: To the extent paragraph 130 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 130 of the Complaint.

131. Defendant has committed unfair or deceptive acts by engaging in the acts and practices alleged herein. Defendant's conduct included concerted efforts, actions and undertakings among the Defendant and franchise owners with the intent, purpose and effect of: (a) creating and carrying out restrictions in trade and commerce; (b) artificially suppressing the compensation of Plaintiff and Class Member; (c) eliminating competition among Defendant and franchise owners for skilled labor; (d) restraining employees' ability to secure better compensation, advancement, benefits, and working conditions; and (e) fixing the compensation of Class Members at artificially low levels, constituting unfair competition and unlawful, unfair, and fraudulent business acts and practices within the meaning of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1, *et seq.* Defendant's conduct violates public policy by unfairly suppressing employee wages, and unreasonably restrained trade, and Plaintiff and the Class were unaware of the "no-hire" clause and had no choice but to submit, thereby preventing Plaintiff and the Class from negotiating better wages and conditions, causing substantial injury by interfering with prospective relations and stifling competition.

Answer: To the extent paragraph 131 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 131 of the Complaint.

132. Defendant's conduct, individually and in concert as alleged above and herein is immoral, unethical, oppressive, unjust, unconscionable and unscrupulous, and caused and continues to cause substantial economic injury to Plaintiff and the Class.

Answer: To the extent paragraph 132 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in

paragraph 132 of the Complaint.

133. Defendant's conduct is driven by greed, profiteering, and conspiracy to artificially suppress the supply and demand for workers to the detriment of Plaintiff and the Class as alleged herein.

Answer: To the extent paragraph 133 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 133 of the Complaint.

134. Defendant intended that Plaintiff and the Class rely on material misrepresentations, deceptions, unfair practices, and/or omissions alleged herein.

Answer: To the extent paragraph 134 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 134 of the Complaint.

135. Defendant's unfair and deceptive conduct are willful and wanton, constitute intentional violations of the relevant statutes.

Answer: To the extent paragraph 135 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 135 of the Complaint.

136. As a result of Defendant's violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, Defendant has unjustly enriched itself at the expense of Plaintiff and the Classes. The unjust enrichment continues to accrue as the unlawful, unfair, and fraudulent business acts and practices continue.

Answer: To the extent paragraph 136 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 136 of the Complaint.

137. The conduct is unfair, unlawful, or unconscionable under Illinois law.

Answer: To the extent paragraph 137 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in

paragraph 137 of the Complaint.

138. To prevent their unjust enrichment, Defendant and its co-conspirators should be required to disgorge their illegal gains for the purpose of making full restitution to all injured Class Members identified hereinabove.

Answer: To the extent paragraph 138 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 138 of the Complaint.

139. Defendant should also be permanently enjoined from continuing its violations of the Illinois Consumer Fraud and Deceptive Business Practices Act.

Answer: To the extent paragraph 139 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 139 of the Complaint.

140. A substantial portion of Defendant's behavior constituting the violations alleged above occurred in the State of Illinois and has had a substantial impact of trade or commerce within the State of Illinois.

Answer: To the extent paragraph 140 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 140 of the Complaint.

141. As a direct and proximate result of Defendant's contract, combination, and/or conspiracy to restrain trade and commerce, Plaintiff and Members of the Class have suffered and will continue to suffer economic injury and deprivation of the benefit of free and fair competition.

Answer: To the extent paragraph 141 of the Complaint states legal conclusions, Defendants are not required to respond. To the extent a further response is required, Defendants deny the allegations in paragraph 141 of the Complaint.

PRAYER FOR RELIEF

Defendants deny that Plaintiff is entitled to any of the relief requested in paragraphs A through N of the Prayer for Relief contained in the Complaint. Defendants further contend that Plaintiff is not

entitled to any relief whatsoever.

JURY DEMAND

Plaintiff's request for a jury trial contained in the Complaint is not an allegation of fact for which a response is required.

SEPARATE AND ADDITIONAL DEFENSES

Without assuming any burden that they would not otherwise bear, and reserving their right to amend their Answer to assert additional defenses as they may become known during discovery or otherwise, Defendants assert the separate and additional defenses set forth below. All allegations of the Complaint not heretofore admitted or denied are here and now denied as though specifically denied herein.

FIRST SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative class are barred, in whole or in part, by the applicable statutes of limitations. Plaintiff alleges that members of the putative class were injured because they earned depressed wages. Upon information and belief, members of the alleged putative class were employed at McDonald's-brand restaurants and paid their final wages before June 28, 2013 and/or June 28, 2014. Therefore, the purported claims of these members of the putative class accrued outside the applicable three-year and four-year statutes of limitation. *See* 15 U.S.C. § 15(b); 740 ILCS 10/6(2); 815 ILCS 505/10a.

SECOND SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative class are barred, in whole or in part by the doctrines of laches, waiver, unclean hands, and/or estoppel. Upon information and belief, Plaintiff was employed at a McDonald's franchise restaurant in 2009. Upon information and belief, Plaintiff was aware of her wages and the relevant, alleged hiring practices. Plaintiff therefore knew, or should have

known, of the allegedly relevant provisions of the standard franchise agreement and alleged employment practices. Yet Plaintiff failed to file suit until well after she learned of the alleged hiring practices and allegedly relevant provision of the franchise agreement. This delay prejudiced Defendants.

THIRD SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative class are barred, in whole or in part, because recovery on such claims would result in unjust enrichment to Plaintiff. Plaintiff prays for relief that is duplicative and exceeds the injuries alleged in the Complaint. Therefore, awarding Plaintiff the relief requested would unjustly enrich Plaintiff.

FOURTH SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative classes are barred, in whole or in part, because some members of the putative class are citizens of and/or reside in jurisdictions that do not permit actions based on, or analogous to, the causes of action specified in the Complaint. To the extent that Plaintiff or the members of the putative classes seek to assert claims or obtain relief under the laws of a state of which they are not a citizen and/or resident, those claims are barred, in whole or in part, by (i) constitutional rights of due process, (ii) choice of law principles, and (iii) the laws of the states under which Plaintiff and the members of the putative classes assert their claims.

FIFTH SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative classes are barred, in whole or in part, due to settlement and release. Upon information and belief, members of the putative class may have executed a settlement and release of the claims asserted in the Complaint. Upon information and belief, the terms of those settlements and releases bar, in whole or in part, the claims asserted in the Complaint.

SIXTH SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative classes are barred, in whole or in part,

because Defendants withdrew from the alleged conspiracy. Defendants had no intent to agree to restrain competition. Instead, Defendants engaged in conduct inconsistent with the purpose of the alleged conspiracy, including, but not limited to, not enforcing or otherwise maintaining use of the alleged no-hire provision. McOpCo restaurants also compensated its employees in a manner that promoted wage-based and other forms of competition in the properly defined labor markets. This and other conduct would have communicated withdrawal from any alleged conspiracy to other alleged co-conspirators.

SEVENTH SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative classes are barred, in whole or in part, because Plaintiff and the putative class failed to mitigate their alleged damages at or within a reasonable time after the occurrence of the violations alleged in the Complaint. Upon information and belief, Plaintiff began working at a McDonald's-brand restaurant in 2009. Under Plaintiff's theory of injury, Plaintiff was injured once she began earning wages in that job. Yet Plaintiff did not seek alternate employment or additional wages within a reasonable time. Upon information and belief, Plaintiff failed to seek higher compensation from the McDonald's at which she worked. Moreover, upon information and belief, Plaintiff eventually took a job with another company paying less than she could have obtained had she undertaken a reasonable job search.

EIGHTH SEPARATE AND ADDITIONAL DEFENSE

The claims of Plaintiff and the members of the putative classes are barred, in whole or in part, because federal law preempts some or all of Plaintiff's claims asserted under state law.

NINTH SEPARATE AND ADDITIONAL DEFENSE

The relief sought by Plaintiff and the putative class—including compensatory damages, treble damages, attorney's fees and expenses—is grossly excessive, inequitable, punitive, duplicative and arbitrary so as to violate the Due Process Clauses of the Fifth and Fourteenth Amendments and the Eighth Amendment of the United States Constitution.

TENTH SEPARATE AND ADDITIONAL DEFENSE

Any finding of liability under 815 ILCS 505/1 would violate the Due Process Clause of the Fourteenth Amendment to the United States Constitution as well as the Due Process Section of the Illinois Constitution because the standards of liability under these statutes are unduly vague and subjective, and permit retroactive, random, arbitrary, and capricious punishment that serves no legitimate governmental interest.

ELEVENTH SEPARATE AND ADDITIONAL DEFENSE

Defendants have insufficient knowledge or information upon which to form a basis as to whether they may have additional, as yet unstated, separate defenses available. Defendants reserve the right to amend this Answer to add, delete, or modify defenses based upon legal theories that may be or will be divulged through clarification of the Complaint, through discovery, or through further legal analysis of Plaintiff's position in this litigation.

WHEREFORE, Defendants pray for the following relief:

- a. That Plaintiff and members of the putative class take nothing by the Complaint;
- b. That the Complaint and each and every allegation and subpart contained therein be dismissed with prejudice;
- c. That Defendants recover their costs of suit incurred herein, including reasonable attorneys' fees; and
- d. For such other and further relief as the Court may deem just and proper.

Dated: August 28, 2017

Respectfully submitted,

**McDONALD'S USA, LLC and
McDONALD'S CORPORATION.**

By: /s/ Rachel S. Brass
Rachel S. Brass

GIBSON DUNN & CRUTCHER LLP

D. Jarrett Arp (admitted pro hac vice)

1050 Connecticut Ave., N.W.

Washington, D.C. 20036

Telephone: (202) 955-8500

Facsimile: (202) 467-0539

Email: JArp@gibsondunn.com

Rachel S. Brass (admitted pro hac vice)

555 Mission St., Suite 3000

San Francisco, California 94105

Telephone: (415) 393-8200

Facsimile: (415) 374-8458

Email: RBrass@gibsondunn.com

Matthew C. Parrott (admitted pro hac vice)

3161 Michelson Dr.

Irvine, CA 92612

Telephone: (949) 451-3800

Facsimile: (949) 451-4220

Email: MParrott@gibsondunn.com

A&G LAW LLC

Robert M. Andalman (Atty. No. 6209454)

Rachael Blackburn (Atty. No. 6277142)

542 S. Dearborn St.; 10th Floor

Chicago, IL 60605

Tel.: (312) 341-3900

Fax: (312) 341-0700

CERTIFICATE OF SERVICE

I, Rachel S. Brass, an attorney, hereby certify that the foregoing **ANSWER OF DEFENDANTS McDONALD'S USA, LLC, AND McDONALD'S CORPORATION** was electronically filed on August 28, 2017 and will be served electronically via the Court's ECF Notice system upon the registered parties of record.

/s/ Rachel S. Brass
