Where's the Beef? NLRB Rules That Wendy's Franchisee's Mandatory Class Action Waiver Is Unlawful

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By *Phillip C. Bauknight*

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In late February 2016, the National Labor Relations Board ruled that Respondent Great Lakes Restaurant Management, LLC ("Great Lakes"), which operated several Wendy's Restaurants in Buffalo, New York, violated the National Labor Relations Act by maintaining and enforcing an arbitration agreement that prohibits its employees from participating in collective or class action.

In rendering this decision, the Board reaffirmed its ruling that mandatory class or collective action waivers violate the National Labor Relations Act. While the Board's decisions on mandatory class action waivers have been reversed by the Fifth Circuit previously, the Board is steadfast in its position that such contractual agreements are unlawful. As a result, given this lack of clarity, employers should remain cognizant of this divergence and consult with their attorneys when drafting any arbitration agreement offered to employees at the outset of their employment.

To read the full article, please click here.