

Axinn Antitrust Insight: DOJ Continues Criminal Enforcement in Labor Markets

A photograph of a modern building with a curved glass facade, showing multiple floors and windows, set against a clear blue sky.

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Axinn Update

The U.S. Department of Justice Antitrust Division continued its crackdown on employer wage fixing and no-poach agreements on March 30 with a [new set of criminal indictments](#) in Nevada, three months after the first such criminal prosecutions in December 2020 and January 2021. These prosecutions follow a warning in [DOJ and FTC's October 2016 Antitrust Guidance for Human Resources Professionals](#) that DOJ would begin bringing criminal charges for such agreements.

No-poach agreements, in which employers agree not to recruit or solicit one another's employees, have been a growing [enforcement priority](#) for the past decade. During that time, the concern with and focus on labor-facing agreements has ramped up considerably.

In the latest case, DOJ indicted a health care staffing company, then known as Advantage On Call LLC, and a former manager who allegedly agreed with a competitor not to recruit or hire school nurses from one another's ranks for Las Vegas public schools. The first two criminal cases in labor markets also involved relatively small companies in the health care industry, focusing on a [physical therapist staffing company](#) and senior employees at [outpatient medical care centers](#).

As the scope of DOJ's efforts in labor markets expands, it is critical that employer compliance and training programs reflect this growing focus. While most business people understand that

there are laws against price fixing and collusion in sales and marketing activities, awareness of antitrust risks among human resources activities can be less intuitive. If employers learn of past or existing no-poach or wage-fixing agreements, they should consult antitrust counsel immediately and discuss the best approach for coming into compliance and mitigating their exposure for past conduct.

Companies responding to compulsory process from the government, such as Second Requests, subpoenas, and civil investigative demands, also should be aware that evidence of agreements restricting labor competition may lead to a follow-on investigation. DOJ recently added language to its forms making clear that documents produced to it may be used in other civil or criminal proceedings, as has been its longstanding practice.

But no industry is immune from scrutiny or criminal prosecution in this area, and the cases to date make clear that there is no market power or size threshold for investigations and prosecutions. Employers of all types and sizes should thus take care to ensure widespread understanding of the consequences for such agreements, especially among HR personnel. Other recent FTC and DOJ developments:

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