

**Insights**

## **BUGGED BY NON-COMPETES: FTC CALLS THE EXTERMINATOR ON ROLLINS, INC.**

Apr 22, 2026

When the FTC formally rescinded its Non-Compete Clause Rule last fall, we [warned](#) that the Rule's demise could paradoxically raise enforcement risk.<sup>[1]</sup> The current FTC Chairman Andrew Ferguson promised a wave of "warning letters" to businesses urging them to consider abandoning non-compete agreements "as the Commission prepares investigations and enforcement actions."<sup>[2]</sup> Now, the FTC is taking action.

On April 15, 2026, the FTC ordered Rollins, Inc., one of the largest pest-control companies in the United States to stop enforcing non-compete agreements against more than 18,000 employees nationwide. Rollins is the parent company of well-known brands including Orkin, HomeTeam, and Critter Control.<sup>[3]</sup> The agency simultaneously sent warning letters to 13 other companies in the pest-control industry, urging them to review their employment agreements for non-compete provisions which the FTC believes could unfairly limit competition.<sup>[4]</sup>

Rollins had a longstanding policy requiring all newly hired employees, regardless of their role, to sign non-compete agreements prohibiting them from working for any other employer in the pest-control industry for two years after terminating their employment with Rollins. Rollins enforced these agreements aggressively, sending hundreds of cease-and-desist letters to former employees and filing multiple lawsuits for breach of contract against workers who lacked the resources to fight back.

In a separate statement, FTC Chairman Ferguson and FTC Commissioner Meador characterized Rollins' blanket approach of requiring every single worker to sign a non-compete, regardless of position or responsibilities, as something that "cries out for scrutiny under the antitrust laws."<sup>[5]</sup> The FTC Commissioners recognized that most of Rollins' workforce consists of pest-control technicians and customer service representatives with no access to proprietary or trade secret information that could justify the broad two-year post-employment non-compete restrictions, and that narrowly tailored non-solicitation agreements would have been sufficient to protect Rollins' legitimate business interests.<sup>[6]</sup>

Under the proposed consent order, Rollins must: (1) stop entering into, maintaining, enforcing, or threatening to enforce non-compete agreements against covered employees<sup>[7]</sup>; (2) stop

communicating to covered employees or prospective employers that a non-compete applies to these employees; and (3) stop requiring covered employees to pay any fees or penalties related to enforcement of an existing non-compete.<sup>[8]</sup> The order also prohibits Rollins and all of its brands from preventing covered employees from soliciting customers through general advertisements or from responding to customer inquiries that are not initiated by covered employees.<sup>[9]</sup>

The Rollins action is not an isolated event. The FTC has brought a series of similar actions, including ordering the nation's largest pet cremation business to stop enforcing non-compete agreements against nearly 1,800 workers; ordering building services contractor Adamas Amenity Services to stop enforcing its no-hire agreements – that is, blanket prohibitions preventing any employer from hiring a covered worker, even if the worker independently applied for the job; and issuing even more warning letters to large healthcare employers and staffing firms.<sup>[10]</sup> These steps, plus the 13 warning letters issued alongside the Rollins action, reinforce the message that the FTC is aggressively pursuing non-compete enforcement through case-by-case actions.<sup>[11]</sup> Thus, clients should expect that Rollins is not the last large employer the FTC intends to scrutinize.

For clients looking to stay ahead of the FTC's enforcement efforts, paragraphs 15 through 17 of the FTC's Complaint are particularly instructive.<sup>[12]</sup> The FTC identified three less restrictive alternatives that it concluded would have adequately served Rollins' legitimate business interests:<sup>[13]</sup>

**1. Use confidentiality agreements – but only where there is actually something to protect.**

In its complaint, the FTC alleged that non-competes were not necessary to protect Rollins' confidential information because Rollins had published its pest-control methods on its own website and in YouTube videos. The lesson for employers is straightforward: if the information a non-compete is ostensibly protecting is publicly available, the FTC will not credit confidentiality as a justification.

**2. Use narrowly tailored non-solicitation provisions to protect customer relationships.**

The FTC's primary objection is to overly broad restrictions, not post-employment restrictions generally. A non-solicitation agreement limited to customers the employee actually serviced or learned confidential information about through their employment, for a reasonably tailored duration after employment ends, remains a viable tool. But keep in mind an important caveat: the consent order prohibits preventing employees from soliciting customers through general advertisements or responding to unsolicited customer inquiries.

Separately, employers should be mindful that the consent order's prohibition on restricting general advertisement solicitation applies to "covered employees" as defined in the order – i.e., it applies at the lower-level employee tiers that were the focus of the FTC's concern. Employers drafting restrictions for senior or equity-eligible personnel operate in a different territory.<sup>[14]</sup>

**3. Non-competes cannot justify training workers.**

In defending its practice of requiring all employees to sign non-competes, Rollins argued that it

incurs a significant cost training its employees, and that investment justified the post-employment non-competes. The FTC dismissed that justification directly, alleging that Rollins provides its employees the same level of training in locations where it does not use non-competes (e.g., states like California where non-competes are unlawful but statute). The FTC also alleged that that Rollins should be incentivized to train employees well simply because its business depends on delivering quality services.<sup>[15]</sup> Franchise and service-industry employers who rely on training costs as a justification for non-competes should take note.

With a formal action against one of the country's largest pest-control companies, 13 industry-wide warning letters, and a track record of similar actions in other service industries, the FTC has made its enforcement posture unmistakably clear. The question is no longer whether the FTC will come for non-competes – it is which industry is next, and which non-competes will the FTC consider generally enforceable. In conjunction with the recent trend of state legislatures banning non-compete agreements, including most recently Washington state,<sup>[16]</sup> employers should closely review their non-compete and restrictive covenant practices. Clients who have specific questions about their non-competes and related labor practices should reach out to the BCLP team for specific legal guidance.

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[1] *The FTC Non-Compete Rule is Officially Rescinded – What Employers Need to Know*, BCLP (Sept. 11, 2025), <https://www.bclplaw.com/en-US/events-insights-news/the-ftc-non-compete-rule-is-officially-rescinded-what-employers-need-to-know.html>.

[2] Statement of Chairman Andrew N. Ferguson, Joined by Comm'r Melissa Holyoak, *Ryan, LLC v. FTC*, at 1 (Sept. 5, 2025).

[3] Press Release, Federal Trade Commission, *FTC Takes Action Against Noncompete Agreements, Securing Protections for Workers*, (Apr. 15, 2026) (“Press Release”), [https://www.ftc.gov/news-events/news/press-releases/2026/04/ftc-takes-action-against-noncompete-agreements-securing-protections-workers?utm\\_source=govdelivery](https://www.ftc.gov/news-events/news/press-releases/2026/04/ftc-takes-action-against-noncompete-agreements-securing-protections-workers?utm_source=govdelivery).

[4] *Id.*

[5] Statement of Chairman Andrew N. Ferguson, Joined by Comm'r Mark R. Meador, *In the Matter of Rollins, Inc.*, Matter No. 2510011, at 2 (Apr. 15, 2026) (“Ferguson *Rollins* Statement”).

[6] *Id.* at 3.

[7] “Covered Employee” means a person employed by Rollins, previously employed by Rollins during the previous two years prior to the date of the issuance of the proposed order, or in the process of being employed by Rollins, including third-party contractors, provided that Covered Employee does not include a director, officer, or other senior employees of Rollins who is eligible for grants of

equity or equity-based interests in Rollins as a benefit of employment. Commissioner's Proposed Decision and Order, *In the Matter of Rollins, Inc.*, at 2 (FTC Apr. 15, 2026).

[8] *Id.* at 3.

[9] *Id.*

[10] Press Release.

[11] Ferguson *Rollins* Statement, at 2.

[12] Complaint, *In the Matter of Rollins, Inc.*, Matter No. 2510011 (FTC).

[13] *Id.* at ¶¶ 15-17.

[14] Ferguson *Rollins* Statement, at 3.

[15] *Id.* at ¶ 17.

[16] *Washington State Bans Noncompete Agreements*, BCLP (Mar. 31, 2026), <https://www.bclplaw.com/en-US/events-insights-news/the-ftc-non-compete-rule-is-officially-rescinded-what-employers-need-to-know.html>.

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## RELATED CAPABILITIES

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- Employment & Labor
- Non-Compete, Trade Secret & Employee Unfair Competition

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