



Office of the Chairman

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

May 8, 2026

Via Federal Express and Electronic Mail

Brad A. Funari
Reed Smith LLP
225 Fifth Avenue
Pittsburgh, PA 15222
bfunari@reedsmith.com

Re: Noncompete Agreements

Dear Mr. Funari:

I write regarding my concern that your client's company may have deployed noncompete agreements in contracts with employees that may unfairly and unreasonably restrain competition in violation of the United States antitrust laws, including the Federal Trade Commission (FTC) Act.

The Federal Trade Commission is committed to rooting out unfair and anticompetitive conduct in labor markets.¹ To this end, the FTC has been using its authority under Section 5 of the FTC Act, 15 U.S.C. § 45, to investigate whether particular noncompete agreements are unjustified, overbroad, or otherwise unfair or anticompetitive.² The FTC has brought a number of enforcement actions challenging unfair and anticompetitive noncompete and other restrictive agreements that violate antitrust law.³ The FTC also recently solicited—and continues to receive—comments from market participants about the prevalence and effects of noncompete

¹ Press Release, FTC, *FTC Launches Joint Labor Task Force to Protect American Workers* (Feb. 26, 2025), <https://www.ftc.gov/news-events/news/press-releases/2025/02/ftc-launches-joint-labor-task-force-protect-american-workers>.

² See, e.g., Complaint, *In re Rollins Inc.*, Matter No. 2510011 (Apr. 15, 2026) (“Rollins Complaint”), https://www.ftc.gov/system/files/ftc_gov/pdf/2510011rollinscomplaint.pdf; Complaint, *In re Gateway Pet Mem'l Servs.*, Matter No. 2210170 (Sept. 4, 2025) (“Gateway Complaint”), https://www.ftc.gov/system/files/ftc_gov/pdf/Gateway-Complaint.pdf; see also Remarks of Chairman Andrew N. Ferguson at FTC Workshop on Noncompete Agreements, at 11 (Jan. 27, 2026), <https://www.ftc.gov/news-events/news/speeches/remarks-chairman-andrew-n-ferguson-ftc-workshop-noncompete-agreements> (“The days of unreflective, unjustified, and anticompetitive noncompete agreements are over. If a company wants to execute a noncompete agreement, they better be prepared to defend it.”).

³ See, e.g., Rollins Complaint; Gateway Complaint; see also Complaint, *In re Adamas Amenity Servs.*, Matter No. 2410081 (Dec. 19, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/Complaint-Adamas_0.pdf (challenging other types of agreements that harmed workers).

agreements.⁴ Unfair and anticompetitive noncompete agreements can both harm the workers subject to them and impede small businesses and startups from competing effectively against established incumbents.

The FTC has received submissions from market participants—including in the mortgage services industry—raising concerns that many noncompete agreements tend to limit competition and unfairly harm workers. For example, one commenter described noncompete agreements as “a huge problem in the mortgage industry” because they “reduce the number of candidates that [a competing mortgage company] can recruit.”⁵ Another commenter described watching “company after company” in the mortgage industry “use noncompete contracts to hold loan officers[,] branch managers[,] and other employees hostage year after year” and “tie loan officers and managers up in lawsuits if they choose to leave . . .”⁶

Available information about Mortgage Connect’s use of noncompete agreements raises significant competitive concerns. In particular, FTC staff has reviewed public materials from your client’s lawsuit seeking to enforce a noncompete agreement against a former worker and the competitor who hired her. See *Mortgage Connect, L.P. v. Melissa Harvey & First Title & Escrow, Inc.*, No. GD-25-007711 (Pa. Ct. Com. Pl. Allegheny Cnty.). These materials indicate that Mortgage Connect may have broadly deployed unjustifiable noncompete agreements in employment contracts with potential adverse effects on workers and competition.

Evidence introduced in your client’s lawsuit appears to show that Mortgage Connect requires all of its employees to sign noncompete agreements without regard to the employee’s role or responsibilities.⁷ Aside from unfairly burdening workers, this practice may have the effect of depriving smaller competitors and new entrants from hiring workers with relevant experience who could enable them to compete against Mortgage Connect.⁸ Meanwhile, it appears that at least some of Mortgage Connect’s purported procompetitive aims for using and enforcing noncompete agreements—namely the protection of confidential, proprietary, and trade secret information; goodwill, reputation, and standing in the industry; and employees’ specialized skills⁹—may be achieved through less restrictive means. For example, the court filings suggest that Mortgage Connect already uses narrower restraints, including non-

⁴ Request for Information Regarding Employee Noncompete Agreements, FTC (Sept. 4, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/2025-Noncompete-RFI.pdf.

⁵ Comment from Conley, Alan (FTC-2023-0007-5523), <https://www.regulations.gov/comment/FTC-2023-0007-5523>. See also, e.g., Comment from Anonymous (FTC-2023-0007-5698), <https://www.regulations.gov/comment/FTC-2023-0007-5698> (describing layoff from one mortgage company and decision to turn down job offer at competing mortgage company to avoid putting their “family through the emotional distress” of a potential noncompete lawsuit).

⁶ Comment from Flanagan, John (FTC-2023-0007-5662), <https://www.regulations.gov/comment/FTC-2023-0007-5662>.

⁷ Defendants’ Proposed Findings of Fact and Conclusions of Law (Defs.’ Proposed Findings) at ¶¶ 15, 29, *Mortgage Connect, L.P. v. Melissa Harvey & First Title & Escrow, Inc.*, No. GD-25-007711 (Pa. Ct. Com. Pl. Allegheny Cnty. Nov. 5, 2025), Dkt. No. 39 (citing Oct. 1, 2025 Hearing Transcript 64:18–65:25).

⁸ Defs.’ Proposed Findings, Statement at 1, ¶¶ 13, 187, 200–01.

⁹ See Plaintiff Mortgage Connect’s Post-Hearing Proposed Findings of Fact and Conclusions of Law on Its Motion for Preliminary and Permanent Injunction (Pl.’s Proposed Findings) at ¶¶ 141–43, *Mortgage Connect, L.P. v. Melissa Harvey & First Title & Escrow, Inc.*, No. GD-25-007711 (Pa. Ct. Com. Pl. Allegheny Cnty. Nov. 5, 2025), Dkt. No. 36.

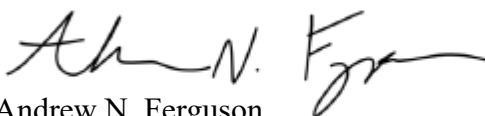
solicitation and non-disclosure agreements, that can address the risk of harm to client goodwill and disclosure of confidential information.¹⁰ And as to specialized skills, the court filings raise questions about whether Mortgage Connect’s noncompete agreements promote its use of, or investment in, specialized training, particularly as it appears that Ms. Harvey did not receive any such training.¹¹

The Federal Trade Commission takes no position on the merits of any claim in your client’s ongoing lawsuit. However, I encourage Mortgage Connect to conduct a comprehensive review of its employment contracts—including any noncompete agreements or other restrictive covenants—to ensure that they comply with applicable laws and are appropriately tailored to the circumstances. I strongly encourage Mortgage Connect immediately to discontinue the use of any noncompete or other agreements that were or are not reasonably necessary to achieve procompetitive aims and to notify relevant workers of the discontinuance. Any such notice to affected employees should be clear and accessible.

This letter is not intended to be a comprehensive statement of concerns that may exist in connection with noncompete agreements or other post-employment restraints. Additionally, please note that issuance of this letter is not intended to suggest that a determination has been made that Mortgage Connect has engaged in illegal conduct. As always, it is the company’s responsibility to comply with all requirements of federal law, including Section 5 of the FTC Act, as set forth above. The FTC remains committed to actively investigating potentially anticompetitive noncompete agreements and bringing enforcement actions to restore competition when appropriate.

Please direct any inquiries concerning this letter to Melissa Hill (mchill@ftc.gov) including any requests to meet with FTC staff regarding its subject matter.

Respectfully,



Andrew N. Ferguson
Chairman
Federal Trade Commission

¹⁰ Pl.’s Proposed Findings at ¶¶ 27, 29; see also Rollins Complaint at ¶ 16 (“Narrowly tailored non-solicitation agreements are available to promote ... continued investments in growing and maintaining customer relationships and client goodwill, including through the development and protection of confidential customer lists or other competitively sensitive information.”).

¹¹ Defs.’ Proposed Findings at ¶¶ 154–55 (“It is undisputed that [defendant] was hired with decades of experience to help grow a division at Mortgage Connect. Once hired by Mortgage Connect, she received no more than basic orientation.”); cf. Statement of Chairman Andrew N. Ferguson, Joined by Comm’r Melissa Holyoak, *In re Gateway Pet Mem’l Servs.*, Matter No. 2210170 (Sept. 4, 2025) (“These workers[’] ... job duties do not require extensive training that might justify some noncompete restrictions.”).