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of lawsuits against the ban on noncompetes.

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Ryan is based in the Galleria towers on LBJ Freeway in Dallas. (Rose Baca/The Dallas Morning News)

By Arcelia Martin, The Dallas Morning News (TNS)

Within 45 minutes of the Federal Trade Commission posting its [latest ruling outlawing noncompete clauses](#), Ryan, a Dallas-based global tax services firm, filed the first of what would soon be a slew of lawsuits against the ban.

Business groups in Texas and across the country are fighting the FTC's decision to

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and often exploitative. The FTC said these contracts keep wages low, suppress new ideas and rob the American economy of dynamism that would engender more than 8,500 new startups and lead to an average of 23,000 new patents annually for the next decade.

But its objectors, like the [U.S. Chamber of Commerce](#), The Texas Association of Business, Business Roundtable and the Longview Chamber of Commerce, deem the rule detrimental to guarding trade secrets and proprietary information.

The intellectual property Ryan is trying to protect is beneficial not only to the company but to the livelihoods of the workers that created it, he said.

“We have a value-based business where our people share in the rewards of the IP and the results that we create,” Ryan said.

Less than half of the tax services firm's nearly 5,000 workers have noncompetes.

“I'm protecting myself, my shareholders and my team members through this action.”

The groups, like Ryan, argue that the FTC's decision from a 3-2 vote sets a dangerous precedent of micromanagement by the federal government over business. The U.S. Chamber of Commerce President and CEO Suzanne Clark called the FTC's decision an “unlawful power grab.”

“Three unelected commissioners have unilaterally decided they have the authority to declare what's a legitimate business decision and what's not by moving to ban noncompete agreements in all sectors of the economy,” Clark said.

The use of noncompete clauses is currently decided state by state. California, Oklahoma, Colorado, North Dakota and Minnesota are among the states that have banned most noncompete agreements.

The ruling would supersede state regulation and provide a level playing field,

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“The FTC’s final rule to ban noncompetes will ensure Americans have the freedom to pursue a new job, start a new business, or bring a new idea to market,” said FTC Chair Lina Khan.

The decision comes as the administration works to maintain Biden’s endorsement from union groups and cement his image as the pro-labor candidate.

The country’s largest labor organization AFL-CIO commended the ruling on Tuesday, writing that “Noncompete agreements trap workers from finding better jobs, drive down wages, and stifle competition,” the group posted on X.

Roughly 30 million workers, or one in five Americans, are subject to noncompete clauses, the federal agency estimates. Under the new rule, some senior executives can remain in existing noncompetes but employers cannot create new noncompete rules. These executives must be earning north of \$151,164 and have “policy-making power.” But Long said the latter is subject to interpretation, as it could mean noncompetes could remain enforced for those in C-Suite positions or a manager of a retail store.

“That is the part that will be challenging,” Long said. “You’ll have to actually define that. What does policymaking mean? Is it overall policymaking for the entire company? Is it policy within marketing for example—is that enough policymaking?”

The FTC offered non-disclosure agreements and trade secret laws as an alternative to noncompetes as well-established ways to protect information. Instead of using noncompetes to lock in workers, employers could improve wages and working conditions to retain employees, the FTC stated.

But it’s insufficient and in practice, doesn’t work well, Ryan said. His firm has spent hundreds of thousands dollars trying to determine if a former employee with an NDA inappropriately used confidential trade secrets and intellectual property.

“Once it’s out there you lose the nature of that trade secret and it’s gone forever,”

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said. He expects that it’ll take a long time to be enforced, if that ends up happening.

“Maybe I’m overly optimistic here, but I don’t think this thing will see the light of day 120 days from now,” Ryan said.

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