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Investment firms end battle

Baird, competitor started by pair of former employees to drop suits

By RICK ROMELL
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Posted: Feb. 16, 2007

A bitter fight between investment firm Robert W. Baird & Co. Inc. and a rival company started by two of its former portfolio managers has been resolved, both firms announced Friday.

Baird and Red Granite Advisors LLC, a company that Joel D. Vrabel and David W. Bowman formed after they left Baird, said they had resolved their differences and that lawsuits pending in county circuit and federal courts would be dismissed.

Baird had accused Vrabel and Bowman, both of whom had been receiving more than \$1 million a year and were among Baird's highest-paid employees, of taking confidential information and using it to bolster business at their new firm. Another former Baird portfolio manager, Robinson Bosworth III, also was accused in the lawsuit.

The case had escalated to the point that Vrabel and Bowman sued Baird Chief Executive Paul E. Purcell last month in federal court, claiming he had defamed them and that Baird was unfairly interfering with their attempts to land clients.

Neither side would comment Friday. The announcement said the settlement terms were confidential.

Vrabel and Bowman left Baird in late April 2006, followed a few days later by Bosworth and 10 other colleagues from Baird's money-management wing. Baird quickly sued.

In litigation filed May 8 in Milwaukee County Circuit Court, the firm said Red Granite had improperly taken thousands of pages of confidential client records and other trade secrets, and that Red Granite was using Baird's track record to attract clients.

Red Granite replies

Red Granite denied that and counter-punched. It claimed that four years earlier, Purcell had said that Vrabel and Bowman weren't team players because they had sent out a memo alleging that several other

Baird employees lacked required securities licenses. Baird denied that and other Red Granite accusations.

A Baird spokesman said Vrabel and Bowman had voluntarily withdrawn the memo and then raised no concerns about it until Baird filed its lawsuit four years later.

Shortly after the first lawsuit was filed, Circuit Judge Patricia D. McMahon denied Baird's request for a temporary restraining order stopping Red Granite from doing business while the litigation was pending.

At a pretrial hearing in November, McMahon dealt Baird another blow, rejecting its request that Red Granite return documents. There wasn't sufficient evidence that the firm's founders took them, McMahon said.

80 exhibits

"The mountains of information don't produce a molehill of proof," McMahon said, referring to more than 80 exhibits prepared for a pretrial hearing.

Baird "has failed to establish even the inference that there are relevant documents or information to produce," she said.

Not quite two months after McMahon's ruling, Vrabel and Bowman sued Purcell in federal court, charging that he had falsely told a magazine for investment professionals that the two money managers recruited clients for their venture while still at Baird.

On Friday, Vrabel and Bowman filed notice in federal court that they were dismissing their complaint. A docket entry in Circuit Court, meanwhile, indicated that the case had also been settled.

Kathleen Gallagher of the Journal Sentinel staff contributed to this report.

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Baird chief accused of defamation

2 owners of breakaway firm sue executive over remarks to magazine

By KATHLEEN GALLAGHER
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Posted: Feb. 8, 2007

Nine months into defending themselves against a lawsuit filed by Robert W. Baird & Co., two owners of a breakaway money management firm have sued Baird's top executive, alleging defamation.

Joel D. Vrabel and David W. Bowman filed a lawsuit Thursday in U.S. District Court, accusing Paul E. Purcell, Baird's chairman and chief executive officer, of making false and defamatory statements against them in an article in the January issue of a brokerage industry publication.

Vrabel and Bowman left Baird in April to start Red Granite Advisors LLC, and they were followed by 11 co-workers. Baird filed a lawsuit in Milwaukee County Circuit Court in May that accuses them of taking confidential information and using it to bolster business at their new firm. Hearings have been held, and both sides have been collecting evidence in that lawsuit. It has not gone to trial.

Vrabel and Bowman's 11-page lawsuit seeks unspecified damages. It accuses Purcell of making the following statement to Registered Rep magazine: "They recruited clients while they were here, and we don't like that. And we thought the suit was necessary to protect the firm's name."

Purcell made the statement after Baird agreed to withdraw such accusations from its lawsuit against Red Granite for lack of evidence, Vrabel and Bowman's lawsuit says. Purcell's statement also was made after Baird's managing director, J. Bary Morgan, testified there was no evidence of the two discussing with clients their planned departure from Baird, the lawsuit says.

"We're not going to attempt to dignify another set of outrageous allegations from these former employees," Baird spokesman John Rumpf said Thursday.

Registered Rep ran a clarification in its February issue after receiving a Jan. 11 letter from Stephen Kravit, Vrabel and Bowman's lawyer, requesting it.

The clarification said Baird had agreed before Purcell's interview to withdraw from its lawsuit direct accusations that Vrabel and Bowman recruited clients while at Baird. Baird continues to claim, though,

that such recruitment might have occurred, the magazine said.

On Jan. 25, Kravit wrote another letter to Purcell threatening to file a lawsuit if he didn't retract his statement so the magazine would run a full correction.

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