



**Actualités** - Tuesday March 25th, 2008

## **UPDATE:GFI Ordered To Pay \$1.3M In Damages To Burlington Cap**

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DOW JONES NEWSWIRES GFI Group Inc. (GFIG) was ordered to pay \$1.3 million in damages to Burlington Capital Markets Inc., culminating a four-year battle in which Burlington sued the rival brokerage, claiming it used confidential information obtained in 2002 to raid Burlington of its top brokers.

The compensatory damages award represents the amount the Financial Industry Regulatory Authority determined following an arbitration hearing that Burlington suffered as a result of GFI's actions.

Burlington was denied punitive damages and was ordered to pay GFI and employee Paul Basile \$10,134.25 for failing to provide certain financial information "in a timely manner." GFI officials weren't immediately available for comment.

In the suit, Burlington said GFI misappropriated and used information obtained during negotiations for a proposed purchase of privately held Burlington by the interdealer broker. Burlington said GFI raided its employees and, subsequently, its customers. The suit further claimed that the employees raided from Burlington used confidential information obtained during their time there to give GFI Securities and GFI Group an unfair advantage.

"GFI Group's circumvention of the outright purchase of Burlington to simply have its subsidiary GFI Securities steal from the same can only be classified as outrageous," Burlington said in the suit.

According to the case, GFI first approached Burlington in August 2002, and negotiations then began for a potential purchase of Burlington that included a letter of intent between the parties. The potential deal was "severed in its entirety" that December, when GFI was - according to terms of the agreement - "legally obligated to 'promptly return or destroy all confidential information disclosed'."

But Burlington said GFI "did no such thing" and instead shared the information with its GFI Securities unit and employees, waiting for a "non-competition, non-hire" clause to expire. It then began using personnel information with former Burlington employee Paul Basile to solicit other brokers away from Burlington and make them GFI employees. Basile now works for GFI Securities.

The suit claims the employees GFI attempted to solicit away from Burlington were those

that generated in aggregate \$15 million a year, or more than 30% of Burlington's revenue base.

Burlington also alleged that, in October 2004, GFI delivered to Burlington's legal counsel two boxes containing Burlington's confidential and proprietary information, which it said showed GFI "admitted" to possession of the confidential documents, in breach of the agreement.

Finra was formed last summer by a merger of the NASD and some regulatory functions of New York Stock Exchange parent NYSE Group Inc. (NYX).

GFI Group shares were recently trading up 0.2%, or 11 cents, to \$62.73.

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