

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA**

THE VANGUARD GROUP, INC.,

Plaintiff,

v.

**MATTHEW PHILIP SNIPES and
TOPSAIL WEALTH MANAGEMENT,
LLC,**

Defendants.

Civil Action No. 3:22-CV-261

COMPLAINT

Plaintiff The Vanguard Group, Inc. (“Vanguard”) hereby files this Complaint against Defendants Matthew Philips Snipes (“Snipes”) and Topsail Wealth Management, LLC (“Topsail”) and alleges as follows:

PRELIMINARY STATEMENT

1. In 2006—fresh out of college and with no real work experience or business relationships—Vanguard gave Snipes an opportunity to work for the company in an entry-level position.

2. At the time, Snipes had no experience in finance, was not licensed to provide financial advice, and did not have a book of business (or even a single prospect). Indeed, according to the résumé submitted with his job application, Snipes’s experience was limited to his involvement with his college fraternity and his position as a “Head Swim Coach” for the Thornblade Club in Greenville, South Carolina.

3. Over the next sixteen years, Vanguard devoted substantial resources to support Snipes’s development and provide him opportunities to grow as a financial advisor. Vanguard, in fact, introduced him to some of its wealthiest clients—clients with whom Snipes had absolutely

no prior relationship and who Snipes would have never met but for Vanguard making the introduction.

4. Snipes leveraged the development, opportunities, and relationships that Vanguard provided to him to advance to Vanguard's most senior client-facing position, the Ultra High Net Worth Senior Financial Advisor role. In this role, Snipes served as the primary investment manager for Vanguard's ultra-high-net-worth clients, most of whom had at least \$15 million invested with the company.

5. In that role, Snipes continued to leverage Vanguard's resources and relationships and ultimately was responsible for \$4.75 billion in assets under management.

6. Vanguard compensated Snipes generously, paying him hundreds of thousands of dollars annually.

7. In return for all this, Vanguard of course expected Snipes to carefully keep and not misuse—during or after his employment—the confidential information (including but not limited to client information) that he obtained by way of his high-ranking position at Vanguard. Vanguard also trusted Snipes that his work efforts would be devoted to furthering the company's interests, not those of himself or Vanguard's competitors.

8. For example, before starting his employment at Vanguard, Snipes received an offer letter that incorporated and attached the company's Code of Ethics, which Snipes acknowledged at the start of his employment and in annual certifications every single year of his employment thereafter. He also agreed to an HR Crew Member Agreement that contained a non-disclosure clause (the “2006 Confidentiality Agreement”). Further, on September 18, 2007, Snipes executed Vanguard's Proprietary and Confidentiality Information Agreement (the “2007 Confidentiality Agreement,” and both the 2006 and 2007 Confidentiality Agreements together, “the

Confidentiality Agreements”). Snipes promised in these documents—in exchange for Vanguard’s offering and continuing to provide him employment, resources opportunities, and access to client relationships and confidential information—that he would not use or disclose the personal and financial information of Vanguard’s current and prospective clients for his own personal gain.

9. Vanguard would not have employed Snipes or provided him the resources opportunities, and access to client relationships and confidential information that it did absent his promises in these agreements.

10. Snipes also executed, on July 22, 2020, a Transition Payment Agreement pursuant to which he was granted the right to receive two future cash payments—one in June 2022 and one in June 2023 (as long as he remained employed through those dates)—in exchange for his promise to provide Vanguard with 60 days’ notice of his resignation and agreement not to solicit Vanguard’s clients and prospects for one year following the end of his employment.

11. On April 22, 2022, in direct violation of his notice obligation in the Transition Payment Agreement, Snipes informed his supervisor that he was resigning effective immediately.

12. Vanguard soon learned that Snipes was attempting to steal Vanguard’s wealthiest clients for himself and open up his own shop, which he named Topsail. Since at least April 22, 2022 (and, on information and belief, earlier), Snipes has contacted Vanguard’s clients to solicit and induce those customers to move their accounts to Topsail.

13. One of these clients sent an email, on Friday, April 29, 2022, one week after Snipes's resignation, to Snipes's Vanguard email address¹ that stated, in part: "Dear Matt, I have been meaning, *since you called*, to follow up for two reasons." The client goes on to ask several questions about what will happen if he moves his business to Topsail, strongly suggesting that that topic was discussed during the prior "call."

14. Vanguard also has reason to believe that Snipes had been taking steps to solicit Vanguard's clients to leave the company and start his own wealth management firm for months prior to his resignation. Between January and April 2022, during a time when remote meetings have become increasingly commonplace, Snipes expensed \$23,000 in travel and client entertainment expenses, which was ten times higher on average than others in his role during the same time period. Upon information and belief, Snipes, acting in his own self-interest and in the interest of the competing business he intended to form, conducted client visits to the highest net worth clients he serviced as a Vanguard employee, at Vanguard's expense, to personally solidify those relationships so that he could solicit those clients to move with him to his new firm.

15. Snipes has breached his notice, non-disclosure, and non-solicitation obligations, as well as his statutory and common law obligations, to the detriment of Vanguard. To this day, he continues his attempts to steal business from the sole company that taught him how to be a successful financial advisor and introduced him to the exceptionally wealthy clients that he has taken or hopes to take for himself.

¹ Vanguard believes the client meant to send the email to Snipes's personal or Topsail email address and mistakenly sent it to Vanguard's email address. In other words, Vanguard only received the email and learned of the misconduct because this particular client inadvertently sent it to Snipes's Vanguard address. Of course, absent discovery in this matter, Vanguard has no way to know how many similar communications exist that it does *not* know about because they exist on Snipes's personal or Topsail accounts/devices.

16. Accordingly, and despite its good-faith efforts to resolve this matter amicably, Vanguard had no choice but to initiate this action for monetary damages arising from Snipes's egregious violations of his obligations to Vanguard.

PARTIES AND JURISDICTION

17. Vanguard is a corporation incorporated in the Commonwealth of Pennsylvania. Vanguard's principal place of business is Malvern, Pennsylvania.

18. Snipes is an individual who resides in Matthews, North Carolina.

19. Topsail is a North Carolina Limited Liability Company formed on May 4, 2022. Topsail's principal office is located at 1217 Home Place, Matthews, North Carolina 28105.

20. This Court has personal jurisdiction over Defendant Snipes based on his residency in North Carolina.

21. This Court has personal jurisdiction over Defendant Topsail based on its formation in, and its principal office's location in, the State of North Carolina.

22. This Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 because complete diversity of citizenship exists between the parties (Vanguard is a Pennsylvania citizen; Defendants are North Carolina citizens) and the amount in controversy that exceeds \$75,000. Alternatively, this Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 because Vanguard's claim under the Defend Trade Secrets Act ("DTSA"), 18 U.S.C. §§ 1836, *et seq.*, arises under federal law, and this Court has supplemental subject-matter jurisdiction over Vanguard's remaining state law claims pursuant to 28 U.S.C. § 1337 because they are so related to Vanguard's federal DTSA claim that they form part of the same case or controversy and derive from a common nucleus of operative fact.

23. Venue is appropriate pursuant to 28 U.S.C. § 1331(b)(1) because Defendants are residents of Mecklenburg County, North Carolina.

RELEVANT FACTS

I. SNIPES'S EMPLOYMENT WITH VANGUARD

24. On January 30, 2006, Snipes began his employment as a Client Relationship Associate with Vanguard. Based on his resume, this was his first investment-related job—or, for that matter, his first professional job whatsoever. Vanguard promoted Snipes to Financial Planner in 2007, to Senior Financial Planner in 2010, to Senior Financial Advisor in 2013, and eventually to Ultra High Net Worth Senior Financial Advisor in 2015.

25. Vanguard's ultra-high-net-worth clients typically have at least \$5 million in assets invested with the company. In Snipes's case, most of the clients had at least \$15 million in assets invested with the company. As an Ultra High Net Worth Senior Financial Advisor, Snipes served as the primary investment manager for many of these customers. The Ultra High Net Worth Senior Financial Advisor role is Vanguard's most senior position for client-facing responsibilities with individual clients and their families.

26. While at Vanguard, Snipes did not actively prospect for clients; rather, Vanguard's sales executives introduced Vanguard existing clients and prospective clients to the appropriate investment advisors based on factors such as client assets under management and investment goals and objectives. In other words, the personal and financial information of the Vanguard clients who Snipes serviced was not independently known to Snipes but was provided to Snipes by Vanguard and by virtue of Snipes's position.

27. Snipes remained continuously (and solely) employed with Vanguard for sixteen years and was ultimately responsible for approximately \$4.75 billion in assets under management. The Vanguard clients serviced by Snipes generate approximately \$8,075,000 in annual revenues for Vanguard.

II. SNIPES'S CONFIDENTIALITY AGREEMENTS

28. At the commencement of Snipes's employment with Vanguard, Snipes agreed to the 2006 Confidentiality Agreement.

29. The first element of the definition of Vanguard's "confidential and proprietary information" contained in the 2006 Confidentiality Agreement is "personal and financial information about clients, prospective clients, and crew members."

30. In relevant part, the 2006 Confidentiality Agreement provided as follows with regard to Snipes's obligations to maintain the confidentiality of Vanguard's confidentiality and proprietary information, including "confidential client information:"

Should you leave Vanguard, you are under obligation to return all sensitive materials and Vanguard equipment, and not to remove or take with you, or use or discuss outside of Vanguard, any company-owned materials or intellectual property, information, or invention, whether developed by you or by others. In addition, you may not use confidential client information gained during your employment with Vanguard.

31. Vanguard's confidential information is of value to the company in part because it is not known to its competitors and because it creates and helps maintain goodwill between Vanguard and its clients.

32. Vanguard takes appropriate steps to protect its confidential information, including requiring employees like Snipes to execute agreements not to improperly use or disclose that confidential information and, as described below, reminding employees of those obligations every single year by having them annually acknowledge the Code of Ethics.

III. VANGUARD'S CODE OF ETHICS AND CONFIDENTIAL INFORMATION POLICY

33. The December 1, 2005 Offer Letter sent to Snipes incorporated and attached Vanguard's Code of Ethics.

34. Vanguard's Code of Ethics includes, among other things, a duty to "Protect Information." The Code of Ethics requires that employees not disclose the company's nonpublic information, including "all information" regarding its "past, present, and prospective clients."

35. The Code of Ethics further incorporates Vanguard's Confidential Information Policy. The Confidential Information Policy requires that employees safeguard the company's "confidential information" and "[d]isclose it only to those who are authorized to receive it and who need to know it to do their job." The policy defines "confidential information" as including "personal information about crew, contingent workers, and our clients, as well as non-public information about clients, partners, and their businesses."

36. Every year of Snipes's employment, he signed an Annual Certification and verified that he read, understood, and agreed to be bound by the terms of Vanguard's Code of Ethics.

IV. VANGUARD'S MOBILE DEVICE STIPEND POLICY

37. As an Ultra High Net Worth Senior Financial Advisor, Snipes conducted Vanguard business through his personal smart phone and/or other mobile devices pursuant to Vanguard's Mobile Device Stipend Policy, effective December 22, 2017, which Snipes invoked to receive stipends. The Mobile Device Stipend Policy established parameters for the use and protection of Vanguard's confidential information by employees utilizing such devices to conduct company business, and it expressly conditioned the use of personal mobile devices on the employee's acceptance of the terms in that policy.

38. Specifically, with regard to an employee's use of mobile stipend devices, the policy provides:

Crew who conduct Vanguard business or access or store work-related information on a device should do so only through Vanguard's suite of mobile applications. Crew should not access, store, or transmit Vanguard data, documents, emails, contacts, or other information outside the segregated application container, on

other personal devices, on other memory storage equipment, or with third-party cloud storage providers (i.e., crew should not use personal email, text messages, or other messaging accounts to conduct regulated business activities or to share or discuss proprietary information about Vanguard's business, clients, or prospects.)

39. In other words, pursuant to Vanguard policy, personal and financial information pertaining to Vanguard customers should only be maintained within Vanguard's mobile applications and not outside such applications.

40. Vanguard's Mobile Device Stipend Policy further provided that "any use of Vanguard's mobile applications is considered use of Vanguard resources and, therefore, all Vanguard policies apply to such use."

41. Similarly, Vanguard's Personal Devices at Work Policy, which also applied to Snipes, mandated that "all business communications must pass through a Vanguard-approved and monitored communications channel so that Vanguard can protect [its] data and, more importantly, [its] clients." That policy prohibits business communications on personal devices, outside Vanguard-approved and monitored communication channels.

V. SNIPES'S TRANSITION PAYMENT AGREEMENT

42. On or about June 19, 2020, Vanguard presented Snipes with a Transition Payment Agreement. It is governed by Pennsylvania law.

43. The Transition Payment Agreement provided, "[s]ubject to the terms and conditions, you will receive a Transition Payment in the amount of \$40,042. The Transition Payment will be paid in cash in two equal installments. The first installment will be made on the pay day in the last full pay period in June 2022 and the second will be made on the pay day in the last full pay period in June 2023."

44. To be eligible for the Transition Payment, Snipes was required to agree to the terms and conditions in the Transition Payment Agreement, including those contained in Appendix A to the Transition Payment Agreement. He would not be eligible to receive the Transition Payment if he did not execute the agreement. Snipes executed the Transition Payment Agreement on July 22, 2020.

45. With regard to payment of the Transition Payment, Appendix A to the Transition Payment Agreement provided as follows:

In order to be eligible for the Transition Payment, you must: (i) continue to perform the duties of your position or such other duties as your manager may assign, in good faith to the best of your abilities and (ii) be continuously and actively employed with the Company through June 1, 2022 and June 1, 2023 respectively (collectively, the “Completion Dates”) or, if not employed on the applicable Completion Dates, you must have voluntarily retired from Vanguard pursuant to the retirement policy applicable to you. Accordingly, you will not be eligible for this Transition Payment if prior to the applicable Completion Date, you resign from employment with Vanguard (other than as a retiree) or your employment is terminated by Vanguard for Cause.

46. Appendix A to the Transition Payment Agreement defined “Cause” to mean the termination of employment based on any of the following:

(i) conviction by a court of competent jurisdiction of, or guilty plea to, a felony; (ii) a refusal to comply with the lawful and reasonable instructions of Vanguard, or to otherwise perform your duties as lawfully and reasonably determined by Vanguard; (iii) any acts of dishonesty undertaken by you and intended to result in your or another person’s gain or personal enrichment at the expense of Vanguard or any of its clients, partners, or employees; (iv) any act of omission or series of acts or omissions that, when taken together or alone, constitute a material breach of the terms and of employment; or (v) any material violation of Vanguard’s policies, practices, procedures and/or Code of Ethics.

47. The Transition Payment Agreement, at Appendix A, contained promises made by Snipes to Vanguard in return for his eligibility to receive the Transition Payment: Snipes’s promise

not to solicit Vanguard's customers or employees to leave Vanguard during Snipes's employment and for one year following the end of his employment, as well as his promise to provide Vanguard with 60 days' notice of resignation of employment and not to work for any other employer during that 60-day period.

48. Specifically, with regard to non-solicitation, Appendix A to the Transition Payment Agreement provided:

Vanguard has expended and continues to expend significant time and expense in recruiting and training its crew and the loss of its crew could cause significant and irreparable harm to Vanguard. Similarly, you understand and acknowledge that the loss of Vanguard's customer relationships or goodwill will also cause significant and irreparable harm to the Company.

Accordingly, during your employment with Vanguard and for a period of one year [sic] (1) year following the end of your employment, for any reason, you will not (i) on your own behalf or on behalf of any other person or entities, directly or indirectly, solicit, include, encourage, or participate in or assist any third party in soliciting, any of Vanguard's then current employees to leave Vanguard or to apply for employment elsewhere, or (ii) solicit, induce or attempt to solicit or induce to leave Vanguard, or divert or attempt to divert from doing business with Vanguard, any then current customers, suppliers, prospects, or other persons or entities that were serviced by you or whose names became known to you by virtue of your employment with Vanguard, or otherwise interfere with the relationship between Vanguard and such customers, suppliers, prospects, or other persons or entities.

49. Appendix A to the Transition Payment Agreement outlined Snipes's notice obligations as follows:

As a result of the seniority of your role, you have obtained and are likely to continue obtaining confidential or proprietary information concerning Vanguard's businesses, strategies, results, operations, financial affairs, organizational matters, and other non-public matters concerning Vanguard or third-parties, including clients and vendors of Vanguard.

Because of the sensitivity of the information you are privy to and in exchange for Vanguard's promises in this agreement, if you

voluntarily resign from employment with Vanguard, you agree to provide Vanguard with a minimum of sixty (60) days notice (the “Notice Period”). During the Notice Period (i) Vanguard will pay your salary and continue benefits until your termination date, and (ii) you will remain an employee of Vanguard and will continue to work in order to transition your duties as directed. Vanguard may choose to place you on leave during the Notice Period or terminate your employment. You may not perform any services for any other employer during the Notice Period unless Vanguard agrees in writing or terminates your employment.

VI. SNIPES’S PREPARING TO COMPETE

50. Between January and April of this year, Snipes expensed \$23,000 in travel and client entertainment to Vanguard. By comparison, during that same time period, Snipes’ Ultra High Net Worth Senior Financial Advisor peers generated, on average, \$2,300 in travel and client entertainment expenses. After Snipes, the next highest amount of travel and client entertainment expenses generated by a peer was \$4,000 during that timeframe.

51. Upon information and belief, Snipes, acting in his own self-interest and in the interest of the competing business he intended to form, conducted client visits to the highest net worth clients he serviced as a Vanguard employee, at Vanguard’s expense, to personally solidify those relationships so that he could solicit those clients to move with him to his new firm.

52. Snipes’s “client development” visits since January have included Chicago, New Orleans, Connecticut, Washington DC, Richmond, New York City/Newark, Stowe VT, the greater Tampa area, the greater Miami area, Dallas, Charlotte, the greater Philadelphia area, and Atlanta.

53. Upon information and belief, in the months prior to announcing his resignation, Snipes visited approximately 40 or more families who are Vanguard clients, at Vanguard’s expense, for the purpose of shoring-up his relationship with them and ultimately encouraging them to move their assets to a new firm that he would establish.

54. At least five clients have expressed to Vanguard that they are considering transferring (or, in at least one case, have decided to transfer) their accounts to Snipes's new firm. These clients are located in Illinois, Pennsylvania, Connecticut, and Washington DC. Snipes visited each of these clients in person this year, at Vanguard's expense, while employed with Vanguard, and contacted each by phone following his resignation but during the time for which he was contractually bound to work for Vanguard and nobody else. The total assets of these clients equals \$216 million. At the time of writing, which is within what should have been Snipes's 60 days' notice period, one of these clients has *already* informed Vanguard that he is transferring assets worth \$26 million from Vanguard to Topsail.

55. At least three other Vanguard clients that Snipes visited in person earlier this year while employed by Vanguard appear to be at risk of following Snipes to his new firm because they have been reluctant to engage with their new proposed advisors. They have total assets of \$310 million. These clients are located in the greater Miami area, Washington DC, and the greater Philadelphia area.

VII. SNIPES'S NOTICE OF RESIGNATION AND REFUSAL TO WORK THROUGH NOTICE PERIOD

56. On April 22, 2022, ignoring his 60-day notice period obligations, Snipes informed his supervisor, Brandon Wheeler, that he was resigning his employment with Vanguard effective immediately.

57. Based on his April 22 notice of resignation, Snipes's Notice Period would expire on or about June 21, 2022.

58. After receiving notice of his resignation, Vanguard transitioned Snipes from active status to leave status at Vanguard's option, as permitted based on the language of the Notice Period provision in the Transition Payment Agreement, and it afforded Snipes an opportunity to cure his

breach and fulfill his obligation to work through the 60-day Notice Period. To protect its confidential information, including its trade secrets, Vanguard terminated Snipes's access to Vanguard information through the proprietary applications on Snipes's mobile devices.

59. Vanguard has met its obligations under the Transition Payment Agreement, including the payment of Snipes's base salary and benefits during the Notice Period.

60. On May 9, 2022, a Uniform Application for Securities Industry Registration or Transfer, or Form U4, was filed on Snipes's behalf by Independent Advisor Alliance, LLC ("IAA"), an investment advisory firm based in Charlotte, North Carolina. IAA filed amendments to Snipes's Form U4 on May 10 and May 11.

61. Snipes's Form U4 and its amendments reflect an "employment date" of April 22, 2022, which is the same day that he gave notice to Vanguard of his resignation. The forms state that Snipes has an independent contractor relationship with IAA.

62. On May 4, 2022, Snipes caused a new investment firm limited liability company controlled by him to be established and registered with the North Carolina Secretary of State. The company is called Topsail Wealth Management, LLC ("Topsail"). As of at least May 24, 2022, Topsail was fully operational, as reflected on its website. On the front page of the website, topsailwealthmanagement.com), Topsail touts Snipes's career – all of which has been at Vanguard – devoted to "high and ultra-high-net-worth clients" and promises continuation of a "client-focused and low-cost wealth management approach" as well as "a seamless transition and ongoing approach" to clients.

63. Upon information and belief, IAA will be providing compliance support and other administrative services to Topsail.

64. By resigning his employment with Vanguard effective immediately, refusing to remain employed (and, thus, arguing he is not bound by “during employment” contractual restrictions) with Vanguard for a 60-day Notice Period, registering to work with another investment firm less than three weeks after resigning, and opening his new firm, Snipes breached his resignation notice obligation to Vanguard.

VIII. SNIPES’S USE OF CONFIDENTIAL INFORMATION IN SOLICITATING VANGUARD CUSTOMERS

65. Since at least April 22, 2022, and upon information and belief throughout all of early 2022, Snipes has contacted Vanguard customers that he serviced while at Vanguard, which relationships Snipes developed during his employment with Vanguard, for purposes of soliciting and inducing those customers to move their accounts from Vanguard to Topsail.

66. Snipes has misappropriated Vanguard’s confidential information, including without limitation client lists, confidential client information including client preferences, assets under management, and client goals, to identify customers for solicitation and to encourage the transition of their accounts from Vanguard to Topsail.

67. On April 29, 2022, at least one Vanguard customer emailed Snipes on his Vanguard email address and stated:

I have been meaning, since you called, to follow up for two reasons.

First, I want to thank you for all the great work you have done over the years for my family and me. Since our very first conversation, I have felt confident that your careful, sober approach to investing has been just right for us. We have also been very happy with Vanguard as an institution, as I was before your work made it even more helpful.

Second, this is to ask you to send me whatever paperwork might explain how things will change for us now that you are affiliated with Schwab rather than Vanguard.

Who should I contact if I want some information, want to generate some cash, want to rebalance our portfolios, or whatever?

68. In the client email, the client asks Snipes whether he would be an employee of Schwab or an independent wealth manager. Upon information and belief, and based on the content of the Topsail website, Topsail has affiliated with The Charles Schwab Corporation to serve as the broker-dealer for Topsail accounts and to provide account statements and other reporting. This email demonstrates, at a minimum, that Snipes explained the details of the affiliation(s) of his new firm with this client a mere seven days after notifying Vanguard of his resignation, and he proposed to the client the option of “keeping [the client’s] accounts under [his] management.”

**COUNT I – BREACH OF CONTRACT BY SNIPES
(NOTICE PROVISION)**

69. Vanguard incorporates the previous paragraphs as if fully set forth herein.

70. The Transition Payment Agreement imposes a legally enforceable obligation on Snipes to provide Vanguard with 60 days’ notice of resignation and to refrain from performing services for any other employer during the Notice Period.

71. Snipes breached his obligation to provide Vanguard with 60 days’ notice of resignation by resigning on the date on which he notified Vanguard of his resignation, and by registering with and commencing work for his new investment firm, Topsail, during the Notice Period.

72. Snipes’s breach proximately caused Vanguard losses in an amount to be proven at trial.

**COUNT II – BREACH OF CONTRACT BY SNIPES
(CUSTOMER NON-SOLICITATION PROVISION)**

73. Vanguard incorporates the previous paragraphs as if fully set forth herein.

74. The Transition Payment Agreement, ancillary to Snipes's employment relationship with Vanguard and supported by adequate consideration, imposes a legally enforceable obligation on Snipes to refrain from soliciting or diverting customers he serviced while employed with Vanguard both during his employment and for one (1) year after his employment with Vanguard ends.

75. The Transition Payment Agreement's customer non-solicitation provision is reasonable and no more restrictive than necessary to protect Vanguard's legitimate business interests of protecting its customer base and preserving customer goodwill.

76. The duration and scope of the customer non-solicitation provision in the Transition Payment Agreement are reasonable because they are consistent with applicable law and are limited to activity that could harm and has harmed Vanguard.

77. The customer non-solicitation provision in the Transition Payment Agreement is consistent with sound public policy and does not prevent Snipes from earning a living.

78. Snipes has breached his customer non-solicitation obligations in the Transition Payment Agreement by soliciting Vanguard customers that he serviced while employed with Vanguard and encouraging those customers to cease doing business with or divert their business from Vanguard and, instead, to transition their accounts to his new investment firm.

79. Snipes's breach proximately caused Vanguard losses in an amount to be proven at trial.

COUNT III – BREACH OF CONTRACT BY SNIPES
(CONFIDENTIALITY AGREEMENTS AND CODE OF ETHICS)

80. Vanguard incorporates the previous paragraphs as if fully set forth herein.

81. The Confidentiality Agreements impose a legal enforceable obligation on Snipes to protect Vanguard's confidential information and not to use Vanguard's confidential information for unauthorized purposes.

82. Snipes breached his obligations in the Confidentiality Agreements and Code of Ethics by using Vanguard confidential information, including customer lists and the personal and financial information of Vanguard customers, to identify customers to target his solicitation efforts.

83. Snipes's breach proximately caused Vanguard losses in an amount to be proven at trial.

COUNT IV – UNJUST ENRICHMENT (SNIPES)

84. Vanguard incorporates the previous paragraphs as if fully set forth herein.

85. In the event that the Court finds that there is no contract governing Snipes's obligations to protect and not misuse Vanguard's confidential information, Snipes has been unjustly enriched.

86. Vanguard conferred benefits upon Snipes, including introducing him to its current and prospective clients and providing him with its confidential information, including its client lists, investment strategies, confidential client information such as revenue information, client preferences, assets under management, nature of investments, investment allocations, and client goals.

87. Vanguard conferred these benefits to Snipes for the purpose of his performance of work for Vanguard and not to develop a competing business. Snipes consciously accepted these benefits, which were not conferred gratuitously or by an interference in Snipes's affairs.

88. Despite the fact that he is no longer employed by or performing work for Vanguard, Snipes retained and, to this day, continues to retain those benefits for his own personal enrichment, which is not fair or equitable to Vanguard.

89. Vanguard is entitled to equitable and/or monetary relief to remedy Snipes's unjust enrichment.

COUNT V – MISAPPROPRIATION OF CONFIDENTIAL INFORMATION AND TRADE SECRETS (BOTH DEFENDANTS)

90. Vanguard incorporates the previous paragraphs as if fully set forth herein.

91. Certain of Vanguard's confidential information, including its client lists, investment strategies, confidential client information such as revenue information, client preferences, assets under management, nature of investments, investment allocations, and client goals constitutes trade secrets under applicable law, because Vanguard has invested significant time and expense to develop that information and the information is not readily available to anyone outside of Vanguard.

92. Having spent decades compiling its confidential information, including its trade secrets, Vanguard's confidential information are of value to Vanguard and important in the conduct of its business.

93. Given his position with Vanguard, and in consideration for the agreements he signed while a Vanguard employee, Snipes had and was given access to Vanguard's confidential information.

94. Snipes's communication and/or use of Vanguard's confidential information or trade secrets while he was in a position of trust and confidence make it unjust for him to disclose it to others, or to make use of it himself, to the prejudice of Vanguard.

95. Snipes has misappropriated Vanguard's confidential information, in violation of the applicable Trade Secrets Protection Act(s), by making use of it to compete with Vanguard and solicit Vanguard's clients.

96. Snipes's conduct proximately caused Vanguard losses in an amount to be proven at trial.

97. Snipes's misappropriation was willful and malicious, and the outrageousness of Snipes's conduct entitles Vanguard to an award of punitive damages.

98. By virtue of knowingly and actively encouraging, receiving, and using Vanguard confidential information that Snipes misappropriated, Topsail has misappropriated that same confidential information, and it is equally liable to Vanguard for that misappropriation.

COUNT VI – MISAPPROPRIATION OF TRADE SECRETS
UNDER THE DEFEND TRADE SECRETS ACT
18 U.S.C. §§ 1836, ET SEQ. (BOTH DEFENDANTS)

99. Vanguard incorporates the previous paragraphs as if fully set forth herein.

100. Vanguard's client lists and other confidential client information, such as revenue information, client preferences, assets under management, nature of investments, investment allocations, and client goals, constitute trade secrets as defined under the DTSA. *See* 18 U.S.C. § 1839(3).

101. The conduct described in the foregoing paragraphs constitutes "actual" trade secret misappropriation by Snipes under the DTSA. *See* 18 U.S.C. § 1836(b)(3).

102. Alternatively, the fact that Snipes refuses to assure Vanguard that he will not continue to use its trade secret information to solicit Vanguard's clients amounts to a "threatened" trade secret misappropriation by Snipes under the DTSA. *See id.*

103. Vanguard has been and is being harmed by Snipes's actual and threatened misappropriation of its trade secret information.

104. Snipes's misappropriation of Vanguard's trade secrets was and is willful and malicious.

105. By virtue of knowingly and actively encouraging, receiving, and using Vanguard trade secrets that Snipes misappropriated, Topsail has misappropriated those same trade secrets, and it is equally liable to Vanguard for that misappropriation.

106. Vanguard entitled to exemplary damages. *See* 18 U.S.C. §1836(b)(3)(D).

107. Vanguard entitled to the reasonable attorneys' fees that it incurs in this action. *See* 18 U.S.C. §1836(b)(3)(D).

**COUNT VII – TORTIOUS INTERFERENCE WITH
CONTRACTUAL AND BUSINESS RELATIONSHIPS (BOTH DEFENDANTS)**

108. Vanguard incorporates the previous paragraphs as if fully set forth herein.

109. Vanguard maintains agreements with its clients to provide wealth management and investment advisory services in exchange for a fee.

110. Despite knowing of these agreements, Snipes, using Vanguard's confidential information and trade secrets, has improperly solicited Vanguard's clients and developed strategies to direct Vanguard's clients to Topsail.

111. By the conduct described above, Snipes purposefully acted to harm Vanguard's client relationships.

112. Snipes's tortious interference proximately caused Vanguard losses in an amount to be proven at trial.

113. The outrageousness of Snipes's conduct entitles Vanguard to an award of punitive damages.

114. By virtue of knowingly and actively encouraging Snipes to interfere with Vanguard's customer relationships, Topsail is equally liable to Vanguard for tortious interference.

COUNT VIII – UNFAIR COMPETITION (BOTH DEFENDANTS)

115. Vanguard incorporates the previous paragraphs as if fully set forth herein.

116. By engaging in the conduct described above, including the misappropriation of Vanguard's confidential information and trade secrets, Snipes and Topsail have engaged in unfair competition in violation of applicable law.

117. Defendants' unfair competition proximately caused Vanguard losses in an amount to be proven at trial.

118. The outrageousness of Defendants' conduct entitles Vanguard to an award of punitive damages.

COUNT IX – BREACH OF FIDUCIARY DUTY OF LOYALTY (SNIPES)

119. Vanguard incorporates the previous paragraphs as if fully set forth herein.

120. As an employee of Vanguard, Snipes had a duty to act solely for the benefit of Vanguard in all matters connected with his employment in the best interest of Vanguard.

121. By the conduct described above, Snipes breached his fiduciary duty of loyalty to Vanguard, in violation of applicable law, by taking actions adverse to Vanguard's interest, including without limitation soliciting Vanguard customers and misappropriating Vanguard's confidential information, including its trade secrets, during his employment with Vanguard.

122. Snipes's breach of fiduciary duty proximately caused Vanguard losses in an amount to be proven at trial.

123. The outrageousness of Snipes's conduct entitles Vanguard to an award of punitive damages.

COUNT X – TORTIOUS INTERFERENCE WITH CONTRACT (TOPSAIL)

124. Vanguard incorporates the previous paragraphs as if fully set forth herein.

125. The Confidentiality Agreements and Transition Payment Agreement are valid and enforceable contracts between Vanguard and Snipes.

126. Topsail was fully aware of these agreements.

127. Despite knowing of these agreements, Topsail encouraged Snipes to, and aiding Snipes in, breaching these agreements and did so without justification.

128. Snipes's tortious interference proximately caused Vanguard losses in an amount to be proven at trial.

129. The outrageousness of Topsail's conduct entitles Vanguard to an award of punitive damages.

PRAYER FOR RELIEF

WHEREFORE, Vanguard respectfully requests that this Court grant the following relief:

1. Enter judgment in favor of Vanguard;
2. Award Vanguard compensatory, punitive, and exemplary damages in an amount to be proven at trial;
3. Award Vanguard its costs and attorneys' fees expended on this action; and
4. Award such other and further relief, whether at law or in equity as the Court deems just and proper.

Dated: June 9, 2022

Respectfully submitted,

/s/ John A. Zaloom

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