

## Advertising and Marketing

Bob Geiger

### Risdall sues ex-exec at rival agency

In the aftermath of a messy breakup, New Brighton shop Risdall Advertising Agency sued its former president and four other former employees July 3, alleging copyright infringement, breach of contract and fraud, among other charges.

Risdall filed suit in U.S. District Court in Minneapolis against Linnihan-Foy Advertising and its principals, Neal Linnihan and Sean Foy, who had worked at Risdall until early December. Also named in the complaint were Rhonda Martin, former Risdall vice president and creative director; Liv Tollefson, former vice president and account supervisor, and Bill Unumb, a former vice president, all of whom now work for Linnihan-Foy.

The 12-count suit claims that Linnihan and Foy formed their agency while they were employed and paid by Risdall, which then was known as Risdall Linnihan Advertising.

Linnihan said, "Basically it's a frivolous lawsuit, and I'll be filing a countersuit for unpaid compensation for a little bit under \$1 million." He referred further questions to his attorney, Joseph Anthony. The attorney also termed Risdall's suit "frivolous." Risdall Chairman John Risdall declined to comment.

Linnihan was fired as president after plans for the new agency were discovered by John Risdall and other executives of the agency, which was ranked as the country's 98th largest agency by trade journal Advertising Age in 2002. Foy, Martin, Unumb and Tollefson left one day after Linnihan's departure.

Linnihan-Foy, which has nine employees, was featured in the June 27 edition of the Business Journal. Officials said in the article that they hope to become one of the Twin Cities' 25 largest agencies by the end of 2003.

While Linnihan-Foy executives did not disclose its billings, or total client spending, the Business Journal said a "portion of the firm's revenue in 2003 will come from clients whom Linnihan and Foy served while at Risdall."

The suit says the LinnihanFoy.com Internet domain was registered on Nov. 7, an indication that the new agency was being planned before the former Risdall executives departed. The copyright infringement charges are related to the defections of several Risdall clients to join the start-up agency. The suit claimed that Linnihan-Foy used creative and other materials developed at Risdall for those clients, and cites estimated damages from copyright infringement of more than \$8 million.

Risdall clients that left to join Linnihan-Foy's client roster include Morrie's Automotive Group of Minnetonka; Johnson Screens of New Brighton; Marvin Windows of Warroad, Minn., and USFilter of Palm Desert, Calif.

Risdall's suit also alleges violations of the state's uniform trade practices and trade secrets laws, interference with contract and business opportunities, and breach of fiduciary duty and confidentiality against all five former employees. In addition, it charges breach of agreement against Martin and Unumb and charges the new agency with unfair competition.

The suit was filed in federal court because it involves federal copyright law, which allows for triple damages.

Bob Geiger is editor and publisher of the Geiger Report, 4924 Emerson Av. S., Minneapolis, MN 55409. Phone: 612-825-3217. E-mail: BGAE4924@aol.com.

### ST. ANTHONY from D1

## Contractor admits that he proceeded without approval

"I shouldn't have to be the arbiter of this," said Lee Sheehy, executive director of the Minneapolis Community Development Agency. Sheehy hopes to be confirmed as head of a merged MCDA and planning agency by the City Council this fall. "Jason's story is important because it's about small businesses knowing what the rules are up front and why we've set the consolidated agency in motion."

In short, this is a story about Geschwind working hand-in-glove with the MCDA — but going too far in his redevelopment and expansion for the city's planning and zoning department.

The situation is set against a general backdrop of complaints, acknowledged by city officials, that it's often too complicated, expensive and time-consuming to navigate the city's multi-pronged bureaucracy when starting or expanding a business.

Iric Nathanson, a former MCDA finance officer who has worked with Geschwind and hundreds of other small businesses over 20 years, said the city needs a first-stop clearinghouse to help folks understand and coordinate all the approvals they'll need — from police to health department and zoning — before they commit capital.

In the case of Geschwind, he admits that he paved what he thought was his new parking lot before he had the requisite approvals.

"I guess one of my weaknesses is that it's not my personality to spend 100 hours and several months trying to conform to a planning process," he admitted. "I've broken a few rules, including delaying putting in a \$30,000 sprinkler

system in our woodshop that I couldn't afford until the business was up and running.

"But we're doing it. I've spent hundreds of thousands of dollars trying to take this business to the next level and do it legally. I'm confident things will work out."

Geschwind's Gesco early last year acquired a dilapidated warehouse at 2845 16th Av. S., east of the abandoned Sears, Roebuck building. Geschwind invested and borrowed \$520,000 to renovate, expand, add a cabinet-making factory, buy equipment and landscape the site.

In March 2002, the MCDA approved and helped finance through a second mortgage Geschwind's move to his larger quarters from a small storefront office in another building Gesco renovated a few years ago.

Geschwind also agreed to buy from the MCDA a city-owned vacant lot just north of his new headquarters. He was losing his parking lot across 16th Avenue to a planned housing development along the 29th Street Greenway, a former sunken railroad track. He planned to use the adjacent lot as his employee parking lot and, eventually, for expansion of his building.

But the MCDA didn't tell him that he couldn't transfer his provisional zoning that permits parking on his former lot to the new lot, which carries residential zoning. Beyond that, another city agency wanted to use some of what Geschwind thought was his new parking lot for an alley.

"We told him that a year ago," said zoning officer Michael Orange. "Staff can't bend the rules. There's no provision in the zoning code to transfer

the nonconforming use rights. . . . If he wants to park cars, he has to go through the zoning process."

Geschwind started through the laborious rezoning process this spring. He also paved the new lot in April, started parking cars and calling his sympathetic council member and others for help. After all, he'd gone along with what one agency asked him to do, only to be rebuked by another in his plan to improve the property.

"I admit that I put the cart before the horse," Geschwind said. "But MCDA sold us the lot and the Public Works Department told us our plan was fine."

Enter Sheehy, who told top MCDA and Planning and Zoning staffers to work out a compromise.

Last week, they essentially endorsed a compromise proposed months ago by Geschwind and the homeowner who lives just north of what's now Geschwind's disputed parking lot.

Geschwind has agreed to buy the structurally deficient house and the lot and build a new one elsewhere for the displaced family. The city has agreed to bear some of the cost. In turn, the city would put an alley through the lot that it wants for access by neighbors, garbage trucks and emergency vehicles.

"Jason jumped the gun on this one," said Chuck Ballentine, chief of the Planning and Zoning Department. "He still needs to go through the public rezoning process. But we screwed up to the degree that this is a poster-child example of why we need an integrated development agency to make us work more closely together. We didn't get the alley issue clearly expressed to Jason."

Nathanson, now finance director of the Minneapolis Consortium of Community Developers, said each city agency is "carrying out its own mission, and sometimes the missions collide. This reorganization of development and planning will put both functions in the same structure, and that could be useful."

Neal St. Anthony can be reached at 612-673-7144 or nstanthony@startribune.com.

## Suit against MSG maker settled for \$42 million

A \$42 million settlement in a price-fixing suit against a Korean producer of the food additive monosodium glutamate (MSG) received preliminary approval Friday in U.S. District Court in St. Paul.

The settlement in the class action is with Cheil Jedang Corp.

The total of all settlements reached with MSG producers is now \$123.4 million. Last year settlements were reached with Archer Daniels Midland and three Japanese MSG producers that, along with Jedang, were accused of

conspiring to fix MSG prices.

None of the settlements has required the companies to admit to the allegations.

The food industry operators that were the named plaintiffs in the suit are not from Minnesota, but the suits were consolidated, certified as a class action and heard in St. Paul.

The lead counsels for the plaintiffs were from the Minneapolis law firms of Lockridge Grindal Nauen and Heins Mills & Olson.

Susan Feyder

### RAINBOW from D1

## Purchaser of stores has steered clear of dispute

The union, which is waiting for employee vacation data from Fleming, has until mid-September to file its claim.

Local 789 representatives also intend to visit Rainbow stores next week to discuss the problem with workers, Seaquist said. "One of the lessons here is not to bank much vacation time," he said. "I went through this myself with Country Club when it went through bankruptcy. Two years later, I got a check for about 10 cents on the dollar."

Officials from Fleming were unavailable for comment.

Meanwhile, Roundy's, which bought 31 Twin Cities stores from Fleming, has steered clear of the dispute. "Fleming is responsible for the vacation earned prior to the acquisition," said Dale Riley, the veteran local grocer hired by Roundy's to lead Rainbow. He noted that Roundy's, despite speculation to the contrary, agreed to honor years of service when it bought Rainbow. In many ownership changes, a buyer

rolls back the seniority to zero, forcing workers to begin at the bottom of the vacation scale again.

Under Roundy's ownership, Rainbow will allow workers to take time off this year, but Fleming is responsible for the pay, Riley said. Roundy's will begin paying for vacations next June on the one-year anniversary date of the sale.

The dispute with Fleming over vacation also is causing concerns about health insurance. "Fleming was supposed to make health insurance payments for vacation weeks" but has not done so, Seaquist said. "Most people have an extra eight weeks' grace period, tied to when they started, that they can dip into or make a self-payment," he said. The union hopes to eventually recoup any payments that were made from Fleming.

Ann Merrill is at amerrill@startribune.com.

### NORTHMARQ from D1

## Legg Mason expects to see \$11 million pretax gain

Terms of the deal were not disclosed, though Legg Mason said it would realize an \$11 million pretax gain.

"Our goal is to expand into a national platform and become certainly [among] the top three or four commercial mortgage bankers in the country," said Edward Padilla, NorthMarq's CEO, who will head the combined business. "That brings

some benefits to us as well as our clients." The company will be based in Minneapolis.

Walt D'Alessio, chairman and CEO of Philadelphia-based Legg Mason Real Estate Services, will become vice chairman of NorthMarq and join the NorthMarq board of directors.

Bert Colianni, executive vice president and COO of Marquette Financial, said a number of things made Legg Mason an attractive acquisition, including a respected executive team.

"And they represent clients in the eastern part of the United States where we have no presence," he said. "So our acquisition gives us a coast-to-coast presence."

So far this year, mortgage originations in the Legg Mason division and NorthMarq have been strong, he said. "Our pipeline for loan closings is very strong. Legg Mason's pipeline is very good for loans. Right now we have good growth across the company."

Marquette Financial is a privately held financial services company owned by the Carl Pohlrad family. It owns a portfolio of banks and specialty financial service companies.

Since Marquette acquired NorthMarq — then called Northland Mortgage Company — in 1998, the company has tripled its mortgage servicing business and doubled its production volume through internal growth and two acquisitions.

Julie Forster is at jforster@startribune.com

## EARNINGS

### Broadview Media Inc.

(BDVM) Provides creative services, project management and programming for radio, television and Internet broadcasting.

1st quarter FY2004, 6/30

	2004	2003 % chng.
Revenue	\$886.8	\$1,514.9 -41.5
Income	-304.6	-51.8 —
Earn/share	-0.14	-0.04 —

Figures in thousands except for earnings per share.

### EMC Corp.

(EMCM) Publishes textbooks, audio and video recordings, and software.

2nd quarter FY2003, 6/30

	2003	2002 % chng.
Revenue	\$5,327	\$5,948 -10.4
Cont. ops.	104	57 +82.4
Disc. ops.	0	-7 —
Income	104	50 +109.2
Earn/share	0.05	0.02 +150.0

Figures in thousands except for earnings per share.

### Great Northern Iron Ore Properties

(GNI) Owns mineral and nonmineral lands on Minnesota's Iron Range.

2nd quarter FY2003, 6/30

	2003	2002 % chng.
Revenue	\$3,534.0	\$2,791.8 +26.6
Income	2,984.1	2,335.2 +27.8
Earn/share	1.99	1.56 +27.6

Figures in thousands except for earnings per share.

**5.625% 4.875%**  
**30 YR. 15 YR.**  
**HOME LOANS**  
**Savings Power**

AMERICAN INVESTORS  
 MORTGAGE

Roseville 651-639-0787  
 Burnsville 952-641-3031  
 Woodbury 651-501-4880  
 Edina 952-938-6520

## Harris FloteBote®

### "The Nation's Best Reputation"

....Pontoon & Deck Boat Magazine.

Introducing the Crowne

"The Ultimate in Luxury"

Microwave  
 Blender  
 TV/VCR  
 AM/FM/CD sound system  
 Wet Bar

10 Disk CD changer  
 Champagne bucket  
 Changing Room  
 225hp rated  
 I/O available

**YAMAHA**

Year	Description	Blowout Price
2002	18ft Cruiser (P5744A)	\$7,020
2002	20ft SuperSunliner (P5746A)	\$9,330
2002	226 Superdeck Deck Boat + tandem trailer	\$29,208
2002	22ft classic (5879)	\$13,151
2002	22ft Fisherman (P5743A)	\$9,753
2002	22ft Sunliner (P5242H)	\$7,930
2002	22ft Super Sunliner (5880)	\$9,630
2003	18ft Angler (P6500E)	\$6,493
2003	20ft Angler (P6502)	\$7,980
2003	22ft Angler (P6533F)	\$8,098
2003	22ft Classic (P6535F)	\$12,355
2003	22ft Classic (P6974)	\$11,901
2003	22ft Fisherman (P6532F)	\$9,753

\*All pontoons priced with full cover and carpet upgrade (up to \$1299 value)  
 \*\*All pontoons wheelchair accessible  
 \*\*\*Prices good on instock boats only

**HOOT'S**  
 MARINE

Hwy. 108 / 1 mile E. of Hwy. 78 • Ottertail, MN  
**888-517-BOAT (2628)**  
 Showroom Hours: Mon.-Sat. 9AM - 5 PM  
[www.hootsmarine.com](http://www.hootsmarine.com)