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## Equine Client Snatching When people say horrific things...

Peter J. Sacopulos, JD

Heidi Henry loves horses. She has been caring for them since the 1960's. She got her first barn when she was 16-years old. In 1982 she became a professional rider and trainer. Today, she owns and operates an equine facility with indoor arena where she boards and trains horses in Marseilles, Illinois. Her longevity in the business did not come without hard work and bumps along the road. One of the many problems stable owners face is competitors who are out to steal their boarders. This practice is often referred to as "client-snatching" or "boarder-snatching." Heidi has been a victim of border snatching and this article will offer advice in how you and your equine operation can safeguard to prevent such an event.

"There are always going to be people out there who will boost their client level by making somebody else look bad instead of making themselves look good," Henry said.

### Facebook friend or foe

Several years ago Heidi hired a Stable Manager. This Stable Manager had access to all of Heidi's clients contact information. The Stable Manager began to friend Heidi's clients on Facebook. When Heidi was not at the stable she would tell her clients all kinds of horrible things that were not happening at the barn. For example, she told Heidi's borders that their horses were not being provided ample food and water. This all came to light when one of Heidi's long time boarders told her what was being said about her and her stable operation.

"I said it is not true, she said I know it is not true but wanted you to know," Henry said.

The Stable Manager, not surprisingly, denied ever having said such things. The Stable Manager's false statements did more than create a cloud of negativity floating above Heidi's clients. One of her long-term clients, who was behind on board, argued that she need not pay her board expense because of the false allegations and then removed her horse from Heidi's facility.

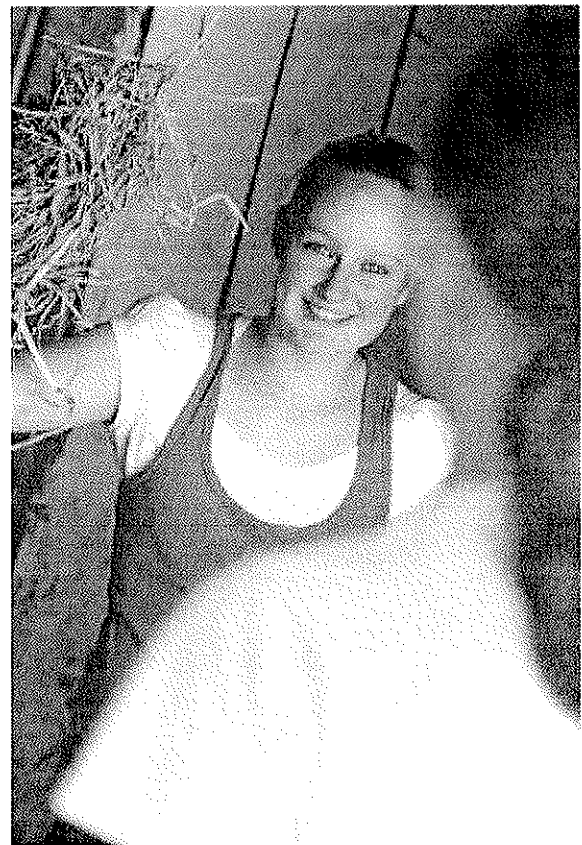
"They left me, via text message, after five years," Henry said.

It was soon learned that the Stable Manager's intention was to redirect Heidi's clients to her own barn down the road.

"I guess it is the cheapest form of advertisement when you do stuff like that. They don't care who they hurt and what the repercussions are," Henry said.

### Protecting equine facility trade secret information

Heidi was a victim of boarder snatching for a second time when she trained a worker to become an assistant trainer. The new trainer then opened a business 30 miles from Heidi's stables. The trainer was having a difficult time soliciting boarders and students and was struggling financially. During the trainer's tough times, Heidi ran into her at a horse show. At this time, Heidi was a new mother and the baby-sitter that she had hired to assist her that day canceled. Heidi had to juggle coaching her students with watching her children. Heidi knew she would not be able to give her students and children the level of attention she normally would so she asked parents of her students to assist at the event. Unknowingly, the trainer that



Heidi had coached told Heidi's clients and their parents that Heidi had "...let them down..." All the while the show went on as planned and Heidi's students performed excellently. Heidi was blindsided by what happened next; several of her boarders as well as students showed up with trailers, loaded their horses and handed Heidi their 30 day notice with board only, not the training fees she expected from them.

"There was a loop hole in my contract that is not there anymore," Henry said.

This hit Heidi at a time when she had finished building an indoor arena to accommodate those clients. She had a large second mortgage and when those clients/students turned in their notice it left Heidi financially stressed. After that experience she went back to coaching and training on the 4-H level because it is consistently a ready market.

"There are always people who have a few thousand to spend but to find people with tens of thousands of dollars in disposable income to train and show, that is hard to find, especially in this economy," Henry said.

Heidi's vindication occurred when several of her clients who had left for the new trainer, ended up with no success. Heidi's years in the business offers important insight and lessons for protecting an equine business against client-snatching/boarder snatching.

Generally, the owner or operator of an equine business must remain vigilant in overseeing the business. Additionally a well-constructed employment contract containing a covenant not to compete and a designation that certain information is trade secret information is very important. Specifically, the owner or operator should do and implement the following points:

- First, the owner/operator of an equine facility is well advised to keep a presence in the barn.
- The owner/operator should also require key employees, those in direct contact with boarders and those with direct access to client contact information, to sign an employment contract containing a covenant not to compete. A covenant not to compete is a clause or provision that prohibits an employee, such as Heidi's stable manager, from leaving an equine facility and going to another taking with them clients/boarders. A covenant not to compete must contain a specific geographic area in which the former employee may not work. Usually this is less than a 50 mile radius. Additionally, a covenant not to compete should establish the time the former worker must refrain from working as a stable manager or trainer, usually 12-18 months. Additionally, the covenant not to compete must state the specific nature of the prescribed work. For example, the former stable manager must be prohibited from working as a stable manager, trainer, or in an equine business within the 12-18 month period in the 50 mile radius.
- A third recommendation is to include, in the key employee's contract, a provision that designates the barns client list, boarder list, supplier list and business contacts as proprietary and trade secret information. This provides a direct statutory cause of action against an employee such as Heidi's stable manager, who attempt or do help themselves to proprietary information.

Establishing and building a reputable stable/boarding operation involves an investment of time, money and effort. Boarders, especially good boarders, are valuable for an operation. Not only do they represent a revenue stream, they often are an excellent source of new business. As the economy sputters there are fewer boarders and even fewer good boarders. Owners and operators of equine facilities must keep a watchful eye and require key employees to sign enforceable contract containing a covenant not to compete and a designation of trade secret information. These practices are critical to the development, success and growth of an equine business.

*Peter Sacopulos owns and operates Green Gables Stud in Clay County, Indiana. In addition, Peter Sacopulos is an Attorney practicing equine law in Terre Haute, Ind., with the firm Sacopulos, Johnson & Sacopulos. Peter may be reached at [Pete\\_Sacopulos@Sacopulos.com](mailto:Pete_Sacopulos@Sacopulos.com).*