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Cairns leads buyout of Howe & Rusling

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Employees of Howe & Rusling Inc., led by President Craig Cairns, have agreed on terms to buy the company from Third Security LLC, a private equity firm in Radford, Va.



Craig Cairns

Oct. 31, Cairns said.

"Despite the fact that we have had outside ownership, we have been in charge of the firm," Cairns said. "So nothing much will change in terms of what we do, how we do it and what we deliver."

Howe & Rusling employs 12, compared with 25 in 2000, the year before it was acquired by Third Security. Its assets under management have increased by 38 percent in the last three years, to \$620 million as of Dec. 31, 2005, compared with \$450 million at the end of 2003.

"We were purchased in 2001, and the decision was made to move the operations functions to our parent company's headquarters in Virginia, with the primary focus in Rochester being client servicing and sales," Cairns said. "We became a leaner and more efficient office, which was a positive during the stock market downturn from 2000 to 2002.

"Earlier this year we moved all of the operations functions back to Rochester in anticipation of the ownership change. We also hired an operations manager and will transfer an additional employee to Rochester soon. We also anticipate hiring one additional (staffer)."

Third Security, owned by R.J. Kirk, chairman and senior managing director, acquired Howe & Rusling in December 2001.

"He bought us for an investment," Cairns said. "We've been a very profitable investment for him, but he has been wildly successful in other areas and is focusing on those areas.

"He's been a very good owner and has generously offered a small group of us—a small group of employees and a couple of outside investors—the opportunity to buy

the firm back from him. We're very excited about it. He's been a very good owner, but there's nothing like local ownership."

Cairns will be the majority owner of Howe & Rusling when the buyout is completed. A profile of Cairns appears on page 10.

"Things won't change a whole lot, other than we'll bring a couple of jobs back to Rochester that were out of town," he said.

"Nothing changed when R.J. Kirk bought us, and nothing much will change when we bring the ownership back, other than we're the owners of the firm—which is a big deal—and we'll be in control of our own destiny."

Howe & Rusling, located on East Avenue, was founded in 1930. It serves some 350 clients.

"About 60 percent of our clients are in Upstate New York," Cairns said. "We compete for business where occasionally a client will want a local owner. It's also important to have a stake in what we're doing."

Third Security was founded in 1999 to manage investments in public and private companies. It employs 36.

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