

Going Out Guide

Four big takeaways from Erik Bruner-Yang's lawsuit against Toki Underground

By **Becky Krystal** June 8, 2016

It's been a few months since we learned that **Erik Bruner-Yang** no longer held the title of executive chef at **Toki Underground**, but it's increasingly apparent that the relationship between Bruner-Yang and the people with whom he opened the H Street NE ramen restaurant in 2011 has become toxic.

On Friday, Bruner-Yang filed a civil suit in D.C. Superior Court against his former Toki Underground partners Praveen Goyal and Jeff Jetton, as well as Toki Underground LLC, the company they and others incorporated in 2009. Maketto LLC, the company incorporated to own and operate Bruner-Yang's [restaurant and retail project of the same name](#) on H Street NE, is a co-plaintiff in the suit as well. The suit was first reported by [Washington City Paper](#) and [Washington Business Journal](#) on Monday night.

"This action is brought to say 'no more,'" the suit says. "No more bullying. No more defamation. And no more interference with Mr. Bruner-Yang's business ventures." It requests at least \$2 million in damages.

"We filed the lawsuit to protect Mr. Bruner-Yang's legal rights and business interests," said Jeremy Schulman, the attorney representing Bruner-Yang and Maketto. "We intend to pursue the claims vigorously and fully expect that we will prevail."

Goyal and Jetton declined to comment and referred inquiries to Toki LLC attorney Dirk McClanahan, who was not available for comment. According to the filing, the defendants have 20 days to answer to the complaint.

An initial conference for the case is scheduled for Sept. 9.

We spent almost a full day closely reading the suit. Here are some of the takeaways:

Bruner-Yang's departure as Toki Underground's executive chef was not as smooth as we thought.

When news broke in the second week of April [that Bruner-Yang would be opening a restaurant in the Line Hotel in Adams Morgan](#), Jetton told The Post that Bruner-Yang had stepped away from Toki Underground because "there is only a finite

The situation may have been more complicated than that.

According to Bruner-Yang's filing, on March 22, after being informed of a "desire to embark on a new strategic direction," the chef "was removed from all managerial, employment, creative and/or other operational duties at Toki Underground."

It wasn't the first time that Bruner-Yang claims he had been jettisoned from a position with Toki LLC. In the fall of 2014, Bruner-Yang "was removed as Managing Member of Toki," the suit says, a position which, according to an operating agreement from 2011 (and amended several times since then) also included in the suit, provided the chef with wide authority to manage its day-to-day operations and make decisions with regard to salaries, finances and contracts, among other things.

While Bruner-Yang himself was specified as managing member, he was not personally listed as a member in Toki LLC, according to the suit. Instead, Bruner-Yang was attached to the ownership of Toki as a member of a separate company, the now-defunct Chef Yang Consulting LLC. Chef Yang Consulting had an 11 percent membership interest in Toki LLC, as laid out in the operating agreement.

"Once Mr. Bruner-Yang was removed as Managing Member, his only position in Toki or Toki Underground was that of an employee/executive chef of Toki Underground," the filing states. It asserts that without standing as a managing member or his own membership interest in Toki LLC, Bruner-Yang is not subject to the operating agreement's non-compete clause and does not owe Toki LLC "fiduciary duties."

Bruner-Yang disputes accusations that he used \$150,000 in Toki LLC funds for personal expenses.

Bruner-Yang's filing claims that Goyal and Jetton have harmed him with "false and defamatory statements," especially regarding suggestions that the chef improperly used funds from Toki LLC.

A letter sent by Toki LLC attorney McClanahan to the chef on May 13 ("formal notice of potential litigation"), included in Bruner-Yang's filing, demanded a \$150,000 reimbursement for unauthorized personal and other expenses related to different business ventures. Bruner-Yang's suit calls it "outright extortion," saying McClanahan's letter does not "offer a shred of support for that number, or any other amount of misappropriated funds."

The Bruner-Yang filing also says Jetton "has been spreading these lies about Mr. Bruner-Yang stealing from the Company directly to a reporter at a major Washington-area publication," as well as to Bruner-Yang's current business partners and several Toki Underground employees.

Bruner-Yang is fighting to proceed with several other non-Toki Underground ventures.

Bruner-Yang's suit paints a somewhat complicated picture of the Line Hotel deal. According to the letter from McClanahan included in Bruner-Yang's filing, Toki LLC's team was in negotiations with the Line Hotel's parent company, the Sydeff Group, about the restaurant for a little more than a year beginning in the spring of 2013. The letter accuses Bruner-Yang of "effectively

converting this Toki opportunity for yourself," while Bruner-Yang's filing claims that "the Toki board did not approve the agreement and was unwilling to move forward with the deal" and tried to add new conditions that prompted Sydell to drop the project. According to the filing, more than a year passed before EBY Hospitality Group LLC, of which Bruner-Yang is a member, agreed to its own deal with the hotel. The Sydell Group declined to comment on the suit.

The two sides also disagree about the circumstances surrounding Paper Horse, [the ramen kiosk Bruner-Yang debuted in the Whole Foods Market in Foggy Bottom](#) on May 9, just a few days before McClanahan's letter. The letter claims Paper Horse violates the non-compete clause in Toki LLC's operating agreement, because it serves food similar to that at Toki Underground. It makes a similar allegation with regard to potential additions of ramen and bao to the menu at Maketto. The letter requests that Bruner-Yang and "any affiliate entities" cease and desist "any actions related to" Paper Horse and "disgorge to Toki any and all revenue earned or to be earned from this business venture." As to Maketto, the letter requests Bruner-Yang "cease and desist any and all operations, benefits, or ownership with Maketto" or change the menu at Maketto so that it is not similar to Toki Underground's.

For his part, Bruner-Yang's filing says that a "consent and release" dated Sept. 25, 2015, excluded Toki LLC from any claim on Bruner-Yang's business with the Sydell Group. Furthermore, it says the non-compete clause in the operating agreement did not apply to Bruner-Yang and he "did not owe any fiduciary duties to Toki" since he was no longer its managing member and it was Chef Yang Consulting LLC, not himself personally, that was a member of the Toki LLC group. Additionally, the Maketto menu change "has not even happened."

Alleged email wrongdoing is also at issue.

Bruner-Yang also contends that Jetton and Goyal improperly cut off Maketto's access to its email list and appropriated it for themselves.

While still working for Toki LLC, Bruner-Yang claims that he helped build a list of customer email addresses through email marketing service MailChimp. He also alleges that he later combined that list with a list of customers from Maketto and his Union Market Asian grocery stand, Honeycomb. When Bruner-Yang "separated from Toki Underground, he changed the billing arrangement such that Maketto, rather than Toki, would pay for the MailChimp account" but did not prevent the Toki team from accessing it, according to the filing.

In late May, Bruner-Yang's Maketto partner, Will Sharp, could not send out an email blast about a Memorial Day promotion, because Goyal "had unilaterally cut off" their access to the MailChimp account, the suit says. It adds that not having the ability to send that email hurt Maketto's business.

The suit also alleges that Jetton accessed Bruner-Yang's Toki underground email account to gather information regarding the chef's "personal contacts, business dealings that did not relate to Toki and other valuable trade secret, proprietary and confidential information" -- some of which the suit suggests Jetton used when contacting Whole Foods and the Sydell Group to inquire about their dealings with Bruner-Yang. The suit says Jetton sent at least one email from the account without identifying himself.

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 **3 Comments**

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