

Bad Blood Simmers In Suit Between Miami Restaurateurs

Florida Business Review (Online)

April 30, 2014 Wednesday

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Length: 743 words

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Seasalt and Pepper has been anointed by foodies and restaurant critics as the next big thing in Miami's food scene, with celebrities flocking to the waterfront bistro and customers lining up to get seats.

The Miami River seafood restaurant was opened in December by designer Stephane Dupoux, who claimed to have a strong hand in discovering Manhattan's Meatpacking District's potential as a club district, and his partner Carlos Miranda. One of the 200-seat restaurant's intended goals was to help revitalize the Miami River district.

But behind the scenes, bitter battles are brewing that could jeopardize the restaurant's existence. A lawsuit filed by Dupoux claims he has been stripped of his management duties and removed as a signatory on the restaurant's bank accounts, and the restaurant is suing its primary lender.

Seasalt's lawyer, Miami attorney Robert Zarco, said he has asked to ban Dupoux from eating at the restaurant, although he has not sought a protective order.

"There are allegations of disruptive behavior by Mr. Dupoux caused whenever he comes in," said Zarco of Zarco Einhorn Salkowski & Brito. "Based on the expressed sentiments of the restaurant's personnel, I would not be surprised if most of the kitchen staff walked out as well as several of the waiters."

Represented by Paul Huck Jr. of Hunton & Williams in Miami, Dupoux filed the lawsuit March 7 in Miami-Dade Circuit Court against Miranda, two other investors and Hemingway's Warehouse LLC, which owns the restaurant. He alleged the "coup" that ousted him was illegal since people who voted to remove him are not members of the company.

Miranda and investors Yunexy Eloy and Alex Jaimes have retained Zarco as corporate counsel for Seasalt.

"Miranda, who by virtue of a resolution purports to have management rights in Seasalt, has made a series of decisions which fundamentally alter the restaurant concept, compromise the restaurant's reputation and image, and undermine the restaurant's future success," Dupoux's lawsuit states.

The suit alleges Miranda unilaterally changed the menu and staff uniforms, abandoned the restaurant's original marketing strategy and fired key employees including the accountant, floor manager and marketing director.

Dupoux claims the restaurant is so successful it is bringing in \$300,000 a week.

The suit seeks the judicial dissolution of Hemingway's Warehouse and a temporary injunction enjoining Miranda, Eloy and Jaimes from taking further action based on the resolution they voted on.

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The suit also seeks a custodian to handle the business affairs of the restaurant as well as a declaratory judgment stating Dupoux holds a 50 percent membership in the company and Eloy and Jaimes are not members.

"Members of the LLC are deadlocked in its management such that no further decisions or progress can be made," states the suit.

Huck declined comment.

Loan Dispute

The war over managerial control is not the only battle involving Seasalt and Pepper. On April 9, the restaurant sued its primary lender, Parallel Fund III (PF3), a California-based private investment club; Jaimes; and Eloy's Tallient LLC. PF3 said it invested \$2.7 million in the eatery while Jaimes and Tallient each contributed about \$50,000 in return for 5 percent stakes.

Because Seasalt wasn't open by the time the short-term loan came due, PF3 called the loan, increased the interest rate from 9 to 25 percent and demanded a 30 percent stake in the restaurant, according to the suit.

PF3 is relying on a confidential private offering memorandum that was not signed by any of the principals, according to the suit.

"Seasalt vehemently disputes PF3's position and contends that its reliance on the confidential private offering memorandum is wholly unjustified," the lawsuit stated. "Seasalt contends that PF3 is entitled to repayment of the unpaid principal balance plus any unpaid accrued interest and nothing more."

The suit seeks a declaration that the loan documents are the only documents governing the financial relationship between PF3 and Seasalt and the offering memo was a nonbinding solicitation by PF3, which is represented by Greenberg Traurig.

It also calls into question the assertion that Jaimes and Tallient own 5 percent of the eatery and seeks a declaration resolving the "doubt surrounding the equity stake purportedly held by Jaimes and Tallient."

Both suits were sent to Miami-Dade Circuit Court's complex business litigation division, where Judge John Thornton presides.