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Latham & Watkins team wins \$36M verdict for fashion client

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A co-owner of an online fashion business has been ordered to pay \$36.6 million to his sister after a Long Beach jury found he illegally froze her out of the company and siphoned off millions for personal gain.

“Now that the jury has confirmed our client’s joint control and ownership, in addition to awarding substantial damages, our clients look forward to resuming their leadership roles that took the company to great success before the defendant locked them out two years ago, and to taking the company to even greater heights,” Daniel S. Schechter of Latham & Watkins LLP, attorney for the plaintiff, said in a statement after Tuesday’s verdict.

Schechter was joined by second chair Nima Mohebbi in the six-week jury trial before Los Angeles County superior Court Judge Patrick Madden. The jury ruled the siblings had joint ownership of Gavrieli Brands LLC, awarding \$20.1 million in general damages and \$16.5 million punitive damages to Dikla Gavrieli and her husband Dean Unatin. The jury denied Kfir Gavrieli’s claims he was entitled to 60% percent control of the company.



SCHECTER

The claims the jury found were proven included fraud, breach of contract and conversion.

Through his attorneys Marshall A. Camp and Allison L. Libeu of Hueston Hennigan LLP, Kfir Gavrieli said Dikla falsely claimed she controlled 90% of the company.

“The claim to majority ownership was defeated, and the jury awarded less than 1% of the damages she sought,” wrote Kfir Gavrieli in a statement. “While I am disappointed with the jury’s verdicts regarding some of the remaining claims, and expect they will be significantly reduced or eliminated in future proceedings, I am gratified that Mrs. Unatin’s efforts to

steal control of the company and obtain a massive, windfall damages award have been firmly rejected,” he said.

The siblings had no written agreement but instead operated the company on a 50-50 basis, according to the plaintiff. The trial addressed the California Corporations Code Section 17701.01 under the California Revised Uniform Limited Liability Company Act.

The Latham team argued the brother started becoming secretive about the company’s finances in 2016, dealing exclusively with vendors and accounts and growing psychologically and physically abusive toward his sister. Matters culminated when he drained the company’s account balance of \$5.2 million, the attorneys argued.

By 2017, the plaintiff’s team said Kfir Gavrieli committed over \$10 million of additional funds to other parties. *Gavrieli v. Gavrieli*, BC686856 (L.A. Super. Ct., filed Dec. 13, 2017).

After she filed suit, the plaintiff said her brother continued to thwart her access to the company. A judge previously imposed a temporary restraining order and preliminary injunction stopping him from using company assets for non-business reasons.

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