**STYBEL PEABODY/BOARD OPTIONS, INC. - SEAT AT THE TABLE**

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***“WHEN IT RAINS IT POURS” – WHAT TO DO WHEN SEXUAL HARASSMENT***

***AND OTHER ALLEGATIONS ARE MADE AGAINST THE FOUNDER/CEO***

**Background**

The Founder

Seth Peters grew up in Virginia and earned his Bachelor of Science in Culinary Arts from Johnson &Wales in Rhode Island. He spent his twenties working in different kitchens around the country and overseas. He met his wife, Maria, at a restaurant in New York City where he was a line cook and she was a waitress. They married and within a year, had a daughter, Sofia. They moved to Washington, D.C. to be closer to Virginia where Seth’s parents live. With some seed money from family and friends, Seth and Maria opened *Grape Leaf Café*, a Mediterranean style restaurant in the Adams Morgan neighborhood of Washington, D.C. Maria was intimately involved in running the restaurant and instrumental to its success.

The Investor

KLA Equity Partners, Inc., based in Chicago, is a private equity firm with ownership interests in a portfolio of restaurants around the country. KLA owns a family-friendly hamburger restaurant called *Burger Billy’s* with 15 locations mostly in the Midwest, and a healthy salad and grain bowl restaurant called *Nature’s Bounty* with 25 locations in California.KLA was looking to add a new restaurant concept to its portfolio and make inroads in the Northeast. KLA was impressed with the local success of *Grape Leaf Café* and thought with the right financial investment it could be scaled-up and rolled-out on a regional or even national level. KLA also thought that its charismatic Chef/Founder would be a great face for the brand and had the drive to build it. KLA approached Seth (and Maria) and made a pitch to invest in the business and expand its reach. Seth and Maria readily agreed, pinching themselves at their good fortune.

Success and Growth of Grape Leaf Café, LLC

KLA purchased a controlling interest in Grape Leaf Café and, over the past three years, invested tens of millions of dollars in its growth and expansion. Grape Leave Café, LLC currently operates fifteen restaurants along the Eastern Seaboard in MA, NY, VA, and DC. Plans are in the works to open a *Grape Leafe Café* in the new terminal at Boston’s Logan International Airport, which will be a more limited menu traveler-friendly version of the other restaurants. In addition to cooking at the D.C. flagship restaurant, Seth designs the menu, sources the ingredients, and spends a lot of time traveling to the various restaurants and overseeing their quality. Seth has also achieved somewhat of a celebrity-chef status. He has published a successful Mediterranean food cookbook and frequently appears on various media outlets and at charitable events in cities where the restaurants are located.

During this expansion phase of Grape Leaf Café, Seth went from having a single restaurant with approximately 20 employees to running fifteen restaurants employing close to 275 employees. Seth’s wife, Maria, remains active in the restaurant and takes a role in the hiring of staff and has become a de-factor human resource manager. Other members of the Executive Team, which KLA put into place, include Matt Lederman (VP, Finance & Planning), Liz Merullo (Director, Enterprise Operations Systems), and Brendan Coyle (VP, Development and Construction).

Grape Leaf Café, LLC Board of Directors

The Grape Leaf Café, LLC Board of Directors consists of the following:

1. Seth Peters – CEO
2. Joan Kinkaid – KLA Partners and Chair of the Board of Grape Leaf Case.
3. Walter Smith – KLA Partners
4. Doug Donovan – Independent Director (experienced restauranteur)
5. Tom Reynolds – Independent Director (banker)
6. Roger Bickel – Seth’s high school buddy who was an initial investor

Sexual Harassment Lawsuit

Last week a lawsuit was filed against Grape Leaf Café, LLC and Seth Peters, individually, by a former hostess at the New York location, Gabrielle Munroe, alleging sexual harassment, sex discrimination and retaliation. The lawsuit claims that Seth had pressured Gabrielle into having an affair with him and that when she tried to break it off, he told his wife, Maria, to fire her – falsely blaming it on a poor customer interaction which she says Seth made up out of whole cloth. The lawsuit also alleges that Seth often gives female employees unwanted hugs and kisses them on the cheek, but that employees did not complain to management about Seth’s conduct as his wife is the HR Manager and they believed such complaints would be futile. Gabrielle’s lawyer threatens that several additional plaintiffs, all of whom are current employees, may soon be added to the lawsuit.

Black Lives Matter

Proving the idiom “when it rains, it pours,” Grape Leaf Café’s troubles do not stop at sexual harassment allegations. Over the past month, a number of current and former employees have spoken out on the internet about the company’s hiring practices — which in their view are discriminatory against Black people and people of color — as well as alleged racist and anti-Black behavior from people in management, including CEO and founder Seth Peters. Current and former employees have also been critical of Peters’ recent Instagram post regarding the Black Lives Matter movement.

In a letter of resignation posted to Instagram, one former employee, server Jorge Diaz, called Peters’support of Black Lives Matter “performative” and “mediocre,” referencing Peters’ decision to board up windows at various Grape Leaf Café locations despite claiming support for protesters. “The reaction of our supposed ‘leader’ to the Black Lives Matter movement and its work is disturbing, and blatantly racist and anti-Black,” states the letter. The aforementioned Instagram post has provoked more than 100 comments, many of which are critical of Peters and Grape Leaf Café, more broadly.

Diaz has communicated with multiple Grape Leafe Café employees — current and former — who described a toxic work environment, including blatant racism directed toward Black workers and workers of color. Last week, a group of employees filed a Change.org petition detailing a series of critiques regarding Grape Leaf Café’s hiring practices, the makeup of its executive team and human resources department, and its commitment to supporting its Black employees and employees of color, and the Black Lives Matter movement more broadly. According to the petition, Grape Leaf Café has never appointed a Black person or a person of color to its executive team, despite relying on the labor of Black people and people of color in front-of-house and back-of-house roles.

The Board has called a meeting to discuss the situation. You are Joan Kinkaid. Below is the Agenda:

Agenda

1. How to respond to the sexual harassment lawsuit?
2. How to respond to the BLM demands?
3. Whether to keep Seth Peters as the Executive Chef/CEO, fire him or put him in another role?
4. Whether to sell your shares and get out while the getting’s good?
5. Is there any risk of personal liability for the Board Members?