

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

AMERICAN FRIENDS OF
LUBAVITCH (CHABAD)
2110 Leroy Place NW
Washington, DC 20008

and

LEVI SHEMTOV
2110 Leroy Place NW
Washington, DC 20008

Plaintiffs,

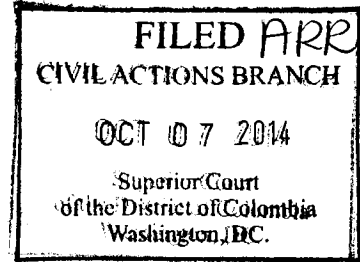
v.

YEHUDA STEINER
2450 Virginia Avenue NW, No. E302
Washington, DC 20037

and

RIVKY (BRIKMAN) STEINER
2450 Virginia Avenue NW, No. E302
Washington, DC 20037

Defendants.



14 - 0006353

CASE NO. _____

COMPLAINT

Plaintiffs, American Friends of Lubavitch (Chabad) and Rabbi Levi Shemtov, by and through their attorneys, bring this Complaint against Defendants, Rabbi Yehuda Steiner and Rivky (Brikman) Steiner, and allege as follows:

OVERVIEW

1. This is a breach of contract action. Defendants were terminated from their employment to serve as Plaintiffs' employees at The George Washington University ("GWU") to



operate Chabad GW activities yet they refuse to leave, choosing instead to still operate as still employed. Defendants' actions are in violation of the contract they signed with Plaintiffs, which requires them "to conclude their operations at GWU peacefully within 30 days of notification [of termination], and without causing any damage or discomfort to [Plaintiffs], or interfering with any arrangement or subsequent decision made by [Plaintiffs] in connection with GWU or any other activities over which [Plaintiffs have] authority."

2. Defendants' refusal to honor the terms of their contract has irreparably harmed Plaintiffs by, among other harm, preventing Plaintiffs from hiring a suitable replacement to operate Chabad GW and allowing Defendants to create a new fiction at GWU which will make it more difficult for Plaintiffs to replace Defendants. Therefore, Plaintiffs seek injunctive relief before this Court to remedy the ongoing and persistent violations by Plaintiffs and compel Defendants to honor their contract.

3. Concurrent with this Complaint, Plaintiffs have filed: (1) a motion for a preliminary injunction to remedy the irreparable harm caused by Defendants' refusal to leave their employment; and (2) a motion to confirm an arbitration award.

THE PARTIES

4. Plaintiff American Friends of Lubavitch (Chabad) is the Chabad-Lubavitch movement's mandated representative entity in Washington, DC It is a registered District of Columbia non-profit corporation, headquartered at 2110 Leroy Place, N.W., Washington, DC 20008.

5. Plaintiff Rabbi Levi Shemtov is the Executive Vice President and Director of the Washington, DC office of Plaintiff American Friends of Lubavitch (Chabad). He is located at 2110 Leroy Place, NW, Washington, DC 20008.

6. Defendants Rabbi Yehuda Steiner and Rivky (Brikman) Steiner were hired by Plaintiffs in 2008 to assist with communal programs of Plaintiffs and, during semesters, to organize campus activities on Plaintiffs' behalf at The George Washington University ("GWU"). They currently reside at 2450 Virginia Avenue NW, No. E302, Washington, DC 20037.

JURISDICTION

7. This Court has subject matter jurisdiction over this matter pursuant to D.C. Code § 11-921, and personal jurisdiction over Defendants pursuant to D.C. Code § 13-423.

FACTUAL ALLEGATIONS

8. Chabad-Lubavitch is a Jewish organization that places an emphasis on education and social services. As part of their operations, Plaintiffs support universities with "Chabad House" activities.

9. Plaintiffs established Chabad GW in 2008 and hired Defendants to operate their activities there.

10. A prior dispute arose between Plaintiffs and Defendants that was resolved by a Psak Din issued on June 15, 2011. A Psak Din is a rabbinical ruling that is binding on the parties both religiously and legally.

11. Under the Psak Din, Plaintiffs and Defendants executed a new contract governing their employer-employee relationship on August 6, 2012 (the "Contract"). A true and correct copy of the Contract is attached hereto as Exhibit 1.

12. Under the Contract, Defendants acknowledged that, as per the Psak-Din, Plaintiff Rabbi Shemtov "has ultimate rabbinic and executive authority over Chabad-Lubavitch activities in Washington, DC—governmental, communal, and local, including the universities." Ex. 1 at 1.

13. The Contract also provided that Plaintiffs

employ[ed] [Defendants], and appoint[ed] them as shluchim [representatives] to the George Washington University (GWU), with the clear understanding that they agree to be subordinate to [Plaintiffs], and decisions of [Plaintiff Rabbi Shemtov] on [Plaintiff American Friends of Lubavitch (Chabad)'s] behalf, **notwithstanding any expression by any entity to the contrary**. . . . While [Defendants'] activities are to be conducted under the name "Chabad GW" . . . it is clearly agreed between the parties that ChabadGW is a part of [Plaintiff American Friends of Lubavitch (Chabad)] and is not, nor is it intended to at any point be or become an independent operation from [Plaintiff American Friends of Lubavitch (Chabad)], fiscally or otherwise. This aspect of the shlichus (independence, including financial independence) is the exclusive prerogative of [Rabbi Shemtov], and [Defendants] agree not to raise or agitate this issue to [Rabbi Shemtov] or others, at any time.

Id. (emphasis added). A "shlichus" is a mission undertaken to help bring Jewish life to a community or to assist an already existing operation.

14. Other provisions of the Contract make clear that Plaintiff Rabbi Shemtov had ultimate authority over Defendants' activities at GWU:

- "As part of the above mentioned campus activities, [Defendants] will work diligently to organize as many programs as possible normally associated with this type of shlichus [L]ike all programs, [they] are to be approved in advance by [Plaintiff Rabbi Shemtov]. . . . The decision by [Plaintiff Rabbi Shemtov] is final, and [Defendants] agree to adhere to this final decision." *Id.* at 1-2.
- "[U]nder no circumstances shall an activity or program which has not been approved by [Plaintiffs] go ahead" *Id.* at 2.
- "[Defendants] commit to carefully coordinate with [Plaintiff Rabbi Shemtov], and in advance, ANY interaction with governmental and official entities, except University entities which will be included in the general communication and reporting, media (including all publicity materials), other organizations, or baalei batim [supporters], to whatever extent, and pledge to be very diligent in this regard. If a 'situation' arises of 'after the fact' and 'inevitability' due to a lack of this coordination, it will be the sole discretion or [Plaintiff Rabbi Shemtov] about how to proceed, and the responsibility of Defendants to properly extricate themselves from said 'situation' and to abide by the decision of [Plaintiff Rabbi Shemtov]." *Id.* at 3.
- "Regarding controversial issues which may arise, either regarding matters of policy, Yiddishkeit [Judaism] (including such matters within Chabad-Lubavitch) political issues, or other communal matters, the position of [Plaintiff Rabbi Shemtov] will be adhered to in all aspects of the shlichus, particularly in the public arena." *Id.*

- “[Plaintiff Rabbi Shemtov] shall receive any and all public communications sent by [Defendants], whether printed or digital, whenever they are sent out.” *Id.* at 4.
- “[Defendants] and [Plaintiff Rabbi Shemtov] shall conduct themselves in a manner which befits shlichim and respects the hierarchy of [Plaintiff American Friends of Lubavitch (Chabad)].” *Id.* at 4.

15. The Contract also specifies that American Friends of Lubavitch (Chabad) controls all property associated with Chabad GWU, except Defendants’ solely private residence:

- “Any property associated with this shlichus (other than a solely private residence) will be rented (or bought) in the name of [Plaintiff American Friends of Lubavitch (Chabad)], who will pay for it.” *Id.* at 5.
- “In order to properly perform their duties, [Defendants] will be privy to proprietary information of [Plaintiff American Friends of Lubavitch (Chabad)]. [Defendants] commit to maintain strict and complete confidence of this information, including terms of their employment, even in the event that their employment relationship with [Plaintiff American Friends of Lubavitch (Chabad)] ends, for whatever reason; this includes databases, financial information (donors and their level of support), modes of operation, contact details, vendors, etc. [Defendants] further agree that any of the above connected to their work remains the property of [Plaintiff American Friends of Lubavitch (Chabad)].” *Id.*
- “All data or equipment associated with the shlichus of [Defendants] remains the property of [Plaintiff American Friends of Lubavitch (Chabad)] and shall be furnished immediately upon request by [Plaintiff Rabbi Shemtov], notwithstanding the reason or circumstances of the request. This includes all databases, computer files, photos, printed materials, passwords, etc.” *Id.*

16. Defendants agreed to submit all donations received in the course of their work under the Contract to Plaintiff American Friends of Lubavitch (Chabad):

In the event [Plaintiff Rabbi Shemtov] approves of a program beyond the scope of Chabad GW activities spelled out above in section A but does not wish to fund it, [Defendants] shall then be authorized to raise funds for that purpose to a maximum of \$36,000 per year, which will be deposited/disbursed promptly with/by [Plaintiff American Friends of Lubavitch (Chabad)]. . . . All other contributed funds received by [Defendants], which are also to be immediately remitted to [Plaintiff American Friends of Lubavitch (Chabad)], are to become part of [Plaintiff American Friends of Lubavitch (Chabad)’s] general funding.

Id. at 4.

17. Defendants further agreed that “[a]ll data or equipment associated with the shlichus of [Defendants] remains the property of [Plaintiff American Friends of Lubavitch (Chabad)] and shall be furnished immediately upon request by [Plaintiffs], notwithstanding the reason or circumstances of the request. This includes all databases, computer files, photos, printed materials, passwords, etc.” *Id.* at 5.

18. Plaintiff American Friends of Lubavitch (Chabad) provided compensation to Defendants so that they could conduct their activities:

In addition to full funding of all approved activities, meals, etc., [Defendants] shall be compensated in a manner which allows a comfortable, presentable (shluchim) lifestyle. As of the date of this agreement, this includes a monthly salary of \$ 4,200.00, in addition to an apartment or other suitable (3BR) residence in proximity to the GW campus. [Defendants] shall receive full medical insurance coverage for the duration of their employment, and shall also receive basic tuition (school, day camp) funding after all scholarship opportunities, etc., have been appropriately applied for. Compensation will be reviewed and adjusted bi-annually to the above standard.

Id. at 6.

19. Section G of the Contract contained detailed provisions governing how Plaintiff Rabbi Shemtov could terminate Defendants’ employment. *Id.* at 6-7. Specifically, the parties agreed to the following terms:

[Plaintiff Rabbi Shemtov] reserves the right to terminate [Defendants] in the following manner. In certain cases, spelled out below, this termination will be immediate after verification by a Zabla of shluchim [peers] – who shall convene within one week of [Rabbi Shemtov] request - of the (significant/continued) breach or violation by [Defendants]. If [Defendants] delays this Zabla by more than one week, he forfeits his right to this verification and the termination will take effect without it. . . .

In the case of termination spelled out above, which shall mean firing (piturin) [Hebrew], [Defendants] shall be given a minimum notice of 30 days and their compensation shall be one month's compensation per year of employment (as of this agreement) but in no case more than a maximum of six months' compensation.

The violations for which [Defendants] can immediately be terminated as above by [Plaintiff Rabbi Shemtov] are:

- 1) Consistent failure to deliver a significant monthly duch [Hebrew for an “accounting”] report (of one page minimum).
- 2) Failure to convey in a reasonable time (within one week) any contributions received by [Defendants]/Chabad GW as outlined above.
- 3) Delaying the immediate transfer of any data requested by [Rabbi Shemtov]. “Immediate” shall mean within one week, or sooner if such delay (which is within the control of [Defendants]) would have any adverse effect on [Rabbi Shemtov].
- 4) The opening, or the causing by [Defendants] to be opened, directly or otherwise, of any legal/organizational entity or organizational (any non-personal) bank account without express prior approval in writing by [Rabbi Shemtov].
- 5) Purchasing, obtaining, or causing the purchase of - or obtaining of - any property, with whatever funds, for the use of Chabad GW activities or similar use without the advance, express, written consent of [Rabbi Shemtov] to its purchase and precise legal ownership, which shall be [American Friends of Lubavitch (Chabad)] or other entity as designated by [Rabbi Shemtov].

Id. at 6-7. “Zabla” is the pronunciation of an acronym for the Hebrew words “Ze Borer Lo Echad” (substituting capital “E” for the letter “aleph” with its diacritical mark, signifying the sound of an “e”); the phrase roughly translates as “each picks his one” (and the third is mutually chosen).

20. An addendum to the Contract dated August 6, 2012 specifies that “[i]n the cases of Zabla decisions, certification/verification in writing by a majority shall suffice, so long as the decision was made in the presence of ALL three together, in person or any other manner as mutually agreed.” That addendum is attached hereto as Exhibit 2.

21. The Contract further provides that, following termination, Defendants must peacefully transition out of their employment and cause no further discomfort to Plaintiffs:

Upon completion of their employment by [Plaintiffs], either due to their own choice or their termination (firing) by [Plaintiff Rabbi Shemtov] in the manner spelled out above, [Defendants] agree to conclude their operations at GWU peacefully within 30 days of notification, and without causing any damage or

discomfort to [Plaintiffs], or interfering with any arrangement or subsequent decision made by [Plaintiff Rabbi Shemtov] in connection with GWU or any other activities over which [Plaintiff Rabbi Shemtov] has authority. In this situation, [Plaintiff Rabbi Shemtov] agree to transition [Defendants] as smoothly as possible, and both parties agree to maintain the dignity and confidentiality of the other. Should this be compromised, [Defendants] will forfeit any severance payment which may be due them.

Ex. 1 at 7.

22. If Defendants fail to abide by these provisions, the Contract empowers Plaintiff Rabbi Shemtov to “use any reasonable and necessary means (not precluded by this contract) to implement the terms of this agreement.” *Id.*

23. Defendants further agreed

that, in the event of termination of employment by [Plaintiff Rabbi Shemtov] for whatever reason, as spelled out above, and which they agree shall include the immediate removal of their status as shlichim, or in the event of the conclusion of their shlichus by their own choice, they will not enter into employment or arrangement - of whatever scope or duration - with any Chabad-Lubavitch entity or any other institution, performing similar work, anywhere in DC, or suburban MD or VA.

Id.

24. On or around July 20, 2014, Plaintiff Rabbi Shemtov determined that Defendants had violated two provisions of the Contract that entitled him to terminate Defendants in accordance with the Contract’s procedures. Specifically, Defendants failed to timely transfer to him data obtained in connection with those services and failed to timely remit to him contributions received by them in the course of their services under the Contract.

25. In accordance with the Contract’s terms, Plaintiff Rabbi Shemtov requested that a Zabla be empaneled, and the members of the Zabla were duly chosen. On August 6, 2014, the Zabla stated:

We Rabbis’ Yaakov Felig, Shaul Wilhelm and Mendel Kaplan were asked by both Rabbis’ Levi Shemtov and Yudi Steiner to convene a Zabla of Shluchim

(their peers) - specifically not in the form of a Din Torah - to analyze the circumstances and allegations regarding violations of their mutually binding contract.

Whilst we do not feel capable of rendering a Pask Din - Legal Ruling, it is our majority opinion that *Rabbi Steiner is in fact in violation of his contractual agreements.*

Further arbitration is beyond the scope of our ability and wherewithal. With this we consider our mandate concluded, and cannot further advise the involved parties on this matter.

A true and correct copy of this August 6, 2014 email is attached hereto as Exhibit 3. Concurrent with this Complaint, Plaintiffs have filed a motion to enforce this August 6, 2014 award.

26. On August 7, 2014, Plaintiff Rabbi Shemtov emailed Defendants to inform them their employment had been terminated. A true and correct copy of this email is attached hereto as Exhibit 4. In accordance with the post-termination provisions of the Contract detailed above, in this August 7 email, Plaintiff Rabbi Shemtov requested that Defendants “conclude [their] work at GWU peacefully within 30 days and without causing any discomfort to [Plaintiffs], and not to interfere with [Plaintiff Rabbi Shemtov’s] decisions regarding Chabad GW or any other matters under [his] jurisdiction” Ex. 4. Plaintiff Rabbi Shemtov also asked Defendants to return credit cards he had provided to them, and reminded them that all equipment and data associated with their employment remained the exclusive property of American Friends of Lubavitch (Chabad). *Id.* Plaintiff Rabbi Shemtov informed Defendants that any settling of accounts and transitional matters would be resolved in the following weeks, in accordance with the Contract. *Id.*

27. Defendants did not respond to this August 7 email. Plaintiff Rabbi Shemtov wrote again to Defendants in a letters dated August 29, 2014 and September 5, 2014, generally

reiterating the requests made in Exhibit 4. True and correct copies of these two letters are attached hereto respectively as Exhibits 5 and 6.

28. Plaintiffs did not respond to either letter. On October 1, Plaintiffs' attorneys sent another letter to Defendants generally repeating the statements of Exhibits 4-6. A true and correct copy of this letter is attached hereto as Exhibit 7.

29. This letter also detailed numerous contractual violations committed by Defendants following their termination, including:

- a. Defendants were still officially and publicly associating themselves with/as Chabad GW, per website screen shots taken from ChabadGW.org.
- b. Defendants were still associating themselves with/as Chabad@GW, a slightly altered name, per website screen shots taken from jewishcolonials.com. The registrant for that website was Defendant Rabbi Steiner.
- c. Defendants were still associating themselves with/as Chabad GW, per screenshots taken from LinkedIn and Facebook accounts.
- d. Defendants had opened up a District of Columbia non-profit corporation, "Jewish GW," per screenshots taken from the District of Columbia's corporate registry website.
- e. Defendants indicated to Plaintiff Rabbi Shemtov in an email that they had opened an account for this entity.
- f. Defendants made requests to Plaintiff Rabbi Shemtov in emails to continue carrying on religious activities at GWU despite their termination.
- g. Defendants, according to emails, have solicited and accepted, and diverted, donations made to Chabad GW/American Friends of Lubavitch (Chabad) so that they can continue their activities at GWU.

Ex. 7.

30. In addition to these activities, Defendants have been attempting to negotiate with other Chabad-Lubavitch and other entities to remain operating at GWU.

COUNT ONE
BREACH OF CONTRACT

31. Plaintiffs repeat and re-allege the allegations of Paragraphs 1-30 as if fully set forth herein.

32. Under the Contract's plain terms, Defendants agreed that, once terminated, they would "conclude their operations at GWU peacefully within 30 days of notification," and that "they will not enter into employment or arrangement—of whatever scope or duration—with any Chabad-Lubavitch entity or any other institution, performing similar work, anywhere in DC, or suburban MD or VA." Ex. 1 at 7.

33. Plaintiffs terminated Defendants, but they continue to breach this contractual provision and others provisions of the Contract prohibiting them, *inter alia*, from continuing their work at GWU, holding themselves out as Chabad GW, continuing to solicit, accept, receive, and divert donations from Plaintiffs, operating independently of Plaintiffs, and/or performing similar work at GWU as Defendants were hired to do on behalf of Plaintiffs. Defendants have thus breached their post-termination obligations under the Contract.

34. Defendants' breaches have irreparably harmed Plaintiffs, preventing Plaintiffs from, *inter alia*: (1) replacing Defendants with other suitable candidates; (2) conducting further operations at GWU; (3) creating a fiction at GWU where it appears that Defendants could remain in operations; (4) interfering with Plaintiffs activities at GWU during the important fall semester when new students are on campus during the busy fall holiday season in the Jewish religion; (5) interfering with Plaintiffs long standing contacts with important members of the GWU community; (6) depriving Plaintiffs of the ability to review programming and control operations at GWU; and (7) operating independently of Plaintiffs despite express contractual provisions prohibiting Defendants from doing so.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand that a judgment be entered in their favor and against Defendants:

- A. Declaring that Defendants have been terminated pursuant to the Contract;
- B. Enjoining Defendants from continuing to breach their contractual obligations not to conduct operations at GWU;
- C. Enjoining Defendants to transfer operations to Plaintiffs peacefully, per the terms of their Contract;
- D. Enjoining Defendants from acting as representatives of any Chabad-Lubavitch or other organization or otherwise perform similar work at, near, or related to GWU;
- E. Enjoining Defendants to return all property to Plaintiffs forthwith; and
- F. Granting such other and further relief as is necessary and appropriate.



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October 7, 2014

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