

# Judge says ex-Intelligentsia CEO's \$15 million suit can proceed



Customers are seen at an Intelligentsia Coffee shop in downtown Chicago in 2015. A Cook County judge has allowed a former co-CEO of the coffee company to proceed with a lawsuit against Intelligentsia. (Terrence Antonio James / Chicago Tribune)

By **Greg Trotter** · Contact Reporter

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**A** former Intelligentsia Coffee CEO's lawsuit against the Chicago-based coffee company will proceed after a Cook County circuit judge denied a motion to dismiss the suit late last week.

Now Robert Buono's suit appears headed for either trial or settlement. In November, Buono, former co-CEO of Intelligentsia, sued the coffee company and its co-founders Emily Mange and Doug Zell alleging breach of contract and a violation of state law governing wage payment and collection. Buono helped turn around the company and position it for its eventual sale to Peet's Coffee & Tea, which was announced in late October, and is owed some \$15 million in vested interest in the company per his contract, according to his lawsuit.

In a motion to dismiss Buono's claims, William O'Neil, attorney for Mange and Zell, argued — among

other assertions — that the Illinois Wage Payment and Collection Act does not apply to shared profits and that Buono's profit interest was not in Intelligentsia but in a new company that was never formed.

But in his opinion Friday, Cook County Circuit Judge John C. Griffin ruled that Buono had met the necessary standards in his allegations for the case to continue.

"This case is going to be decided on its merits. From our perspective, this is a very important ruling," said P. Andrew Fleming, Buono's attorney with the Novack and Macey law firm.

O'Neil couldn't be reached for comment.

Buono, who's also an attorney, was hired by Intelligentsia in 2010 "to improve the Company's floundering business," according to the lawsuit.

When he was invited to become co-CEO in 2010, he found a company with no online wholesale ordering, no good sales data, supplier data or marketing plans for different market segments, and with underperforming employees, the suit says.

As co-CEO, Buono was to be paid a "modest salary" of \$125,000, plus an annual bonus and "equity-like profits interest," according to court documents. In July 2014, Buono was fired without cause and was not paid his profit share for 2012, 2013 and the pro-rated amount for 2014, the lawsuit said.

And the deal with Peet's should have triggered the full vesting of Buono's interest, the lawsuit said. Terms of the deal weren't disclosed at the time, but Buono's lawsuit said the deal was reported to be valued at about \$100 million, which meant Buono was entitled to about \$15 million.

Those numbers could change, though, as the lawsuit moves forward and the terms of the deal are disclosed in discovery, Fleming said Tuesday.

Peet's was acquired in 2012 by German holding company Joh. A. Benckiser, which has since changed its name to JAB Holding Co., with BDT Capital Partners as a minority investor. In an open letter Oct. 30, Zell told Intelligentsia employees that Zell, Mange and co-owner Geoff Watts would retain a minority stake in the company and continue to be involved in running the business.

A status hearing is scheduled for July 6.

[gtrotter@tribpub.com](mailto:gtrotter@tribpub.com)

Twitter @GregTrotterTrib

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