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Gibson Dunn Secures $46 Million Verdict for Gala Capital Partners

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A Gibson Dunn team recently secured a $46 million jury verdict in Dallas County on behalf of Gala Capital Partners, LLC and its principal, Anand Gala, in a significant victory that affirms the rights of minority shareholders in joint ventures, particularly within family-run businesses where power imbalances can lead to exploitation. The dispute arose from Mr. Gala's joint investment in Cicis Pizza with his cousin, Sunil Dharod. In early 2021, the pair acquired Cicis' debt, placed the company into bankruptcy, and reorganized it under Smiley Slice, LLC. Mr. Gala contributed 30% of the capital and assumed the role of CEO, leading the business to renewed profitability. In late 2022, Mr. Dharod orchestrated Mr. Gala's removal as CEO and engaged in a series of self-dealing transactions. These included inflating management fees paid to a company solely owned by Mr. Dharod, redirecting funds for personal use, loaning himself money from company accounts, and withholding distributions from Mr. Gala unless he agreed to waive liability claims. Mr. Dharod also amended the operating agreement to restrict Mr. Gala from investing in other restaurant ventures without first offering them to him. Through his company, GCP Cici's, Mr. Gala filed suit against Mr. Dharod and associated entities, alleging breach of contract, breach of fiduciary duty, and conspiracy. Mr. Dharod counterclaimed, accusing Mr. Gala of fiduciary breaches, fraud, and self-dealing. He alleged that Mr. Gala neglected his duties as CEO, usurped corporate opportunities, misled him during the Cicis deal, and improperly directed a point-of-sale contract to a company in which he had a financial interest. After an eight-day trial, the jury found entirely in favor of Mr. Gala and GCP Cici's, holding the defendants liable on every claim and awarding $46 million in damages. The jury also rejected all Mr. Dharod's counterclaims. Gibson Dunn intends to seek attorneys' fees under the prevailing party provisions of the operating agreements, as well as equitable relief, including the imposition of a constructive trust over misappropriated assets and the appointment of a receiver to protect company interests. Following the verdict, Judge Tonya Parker commented, "I can't help but make this comment against the backdrop in which we are all living. I have never felt more proud to preside over a case. This courtroom has represented the diversity of our profession." Our trial team was led by partners Trey Cox, Betty Yang, and Andrew LeGrand. Partner Brad Hubbard led law and motions, and our associates team included Andrew Mitchell, Arjun Ogale, Alexa Acquista, and Hunter Heck.

Related People

Trey Cox

Betty X. Yang

Brad G. Hubbard

Andrew Mitchell

Arjun Ogale

Related Capabilities

Trials

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