

**STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT COURT**

SANTA FE BREWING COMPANY,

Plaintiff,

v.

CASE NO.: D-101-CV-2025-01205

Case assigned to Sanchez-Gagne, Maria

JARRETT BABINCSAK

Defendant.

**COMPLAINT FOR BREACH OF CONTACT, FRAUD,
AND FRAUD IN THE INDUCEMENT**

For its Complaint against Defendant Jarrett Babincsak, Plaintiff Santa Fe Brewing, by and through its attorneys of record, states and alleges as follows:

Preliminary Statement

1. This action arises from Defendant Jarrett Babincsak's fraudulent inducement to enter into a contract with Plaintiff Santa Fe Brewing Company and Defendant Babincsak's breach of that contract. With full intention to leave Santa Fe Brewing Company and to purchase an interest in a competitor, Mr. Babincsak, under false pretenses, presented Santa Fe Brewing Company with a Severance Agreement pursuant to which he would provide consulting services and would resign from his position as Senior Vice President of Sales to help the company in exchange for a monetary sum. Instead, Mr. Babincsak resigned days after receiving payment, used the money that he received as severance to purchase an interest in Marble Brewery, and used his inside knowledge to harm Santa Fe Brewing Company.

Parties, Jurisdiction, and Venue

2. Plaintiff Santa Fe Brewing Company ("SFBC") is a New Mexico corporation, with its principal place of business in Santa Fe County, New Mexico.

3. Defendant Jarrett Babincsak is a resident of New Mexico.

4. The Court has jurisdiction over the parties and the subject matter herein, and venue is proper in Santa Fe County, New Mexico.

Factual Allegations

5. In July 2021, Jarrett Babincsak entered into an Executive Agreement with SFBC. His position was Vice President of Sales and Marketing. The Agreement set the terms of Defendant Babincsak's employment with SFBC, including compensation, bonus structures, benefits, and termination provisions. The Agreement also included confidentiality provisions, non-disparagement, a restricted period of non-interference with customer relationships, and a provision prohibiting solicitation of employees to terminate their relationship with SFBC.

6. The Agreement had an initial term of one year. Further, it stated that if there was not an agreement on restructuring the terms of the Agreement, then the terms would remain unchanged. The terms of the agreement remained unchanged until the day Defendant Babincsak left SFBC.

7. In 2024, Defendant Babincsak informed SFBC President Brian Lock that he was interested in an equity interest with SFBC. Mr. Lock informed him that the business was thriving and that he was not interested in selling an interest in the business.

8. Defendant Babincsak again approached Mr. Lock near the end of 2024 and said that he thought it was in the best interests of SFBC if he resigned. Defendant Babincsak presented a Severance Agreement which had been drafted for him by a third-party.

9. The Severance Agreement, which was executed on December 19, 2024, included payment for employment through January 2, 2025, and for consulting services through February 28, 2025.

10. Mr. Babincsak did not inform Mr. Lock or SFBC that he was actively in the process of purchasing an equity interest in Marble Brewery. Nor did Defendant Babincsak inform SFBC that the sale of Marble Brewery to his group would be announced with a press release noting that:

The group is being led by Jarrett Babincsak, the former vice president of sales and marketing at Santa Fe Brewing Company, and Bert Boyce, the former “Santa Fe Brewmaster.”

11. The press release was issued on January 3, 2025, *one day* after the end of Defendant Babincsak’s full time employment ended according to the Severance Agreement.

12. Defendant Babniscak had intentionally induced SFBC to pay him a significant amount as a purported severance benefit at the same exact time that he was purchasing one of SFBC’s competitors, knowing full well that he had no intention of fulfilling the terms of the Severance Agreement.

13. Additionally, during the two months in which Defendant Babincsak was contractually required to provide consulting services to SFBC, he was actively involved in soliciting employees of SFBC to leave their employment and work for Marble Brewery and also actively interfering with SFBC’s customer relationships.

Count I – Breach of Contract

14. Plaintiff incorporates herein all of the foregoing allegations as though set forth in full.

15. Defendant Babincsak breached the terms of the Severance Agreement when he failed to acknowledge that he was actively engaged in purchasing an interest in SFBC’s competitor, when he demanded payment before it was due so that he could do a press release announcing his group’s purchase of Marble Brewery, and when he induced SFBC under false pretenses to enter into a Severance Agreement that included consulting services, with full knowledge that for the entirety of the consulting period he would be an owner of SFBC’s

competitor, Marble Brewery.

16. Defendant Babincsak had a duty to operate in good faith and fair dealing, which he failed to uphold.

17. Defendant Babincsak breached the duty of good faith and fair dealing by virtue of his false inducement to SFBC to enter into the Severance Agreement. Additionally, he breached the Severance Agreement because he never intended to comply with its terms, and because SFBC only agreed to enter into the contract under the false pretenses offered by Defendant Babincsak.

18. As a result of Defendant Babincsak's breach of contract and breach of the duty of good faith and fair dealing, SFBC has suffered damages, which will be proven at the time of trial.

Count II – Fraud and Fraud in the Inducement

19. Plaintiff incorporates herein all of the foregoing allegations as though set forth in full.

20. On December 19, 2024, Defendant Babinscak presented SFBC with the Severance Agreement. The Severance Agreement claimed that Defendant Babinscak would remain an employee of SFBC until January 2, 2025 and would provide consulting services to SFBC through February 28, 2025.

21. Prior to and at the time of execution of the Severance Agreement, Defendant Babinscak knowingly and intentionally made material misrepresentation and omissions of facts to SFBC, including but not limited to the following:

- a. Defendant Babincsak would remain a full-time employee until January 2, 2025.
- b. Defendant Babincsak would provide consulting services through February 28, 2025.
- c. Failing to disclose that at the time of signing the Severance Agreement,

Defendant Babincsak was actively working with Marble Brewery, had an agreement to purchase an equity interest in Marble Brewery, and was already carrying out Marble Brewery business.

- d. Failing to disclose that at the time of signing the Severance Agreement, Defendant Babincsak had been in discussions with other SFBC employees, including Bert Boyce, about leaving SFBC to join Defendant at Marble Brewery.

22. At the time these statements were made, Defendant Babincsak knew them to be false or made them with reckless disregard for their truth or falsity.

23. Defendant Babincsak made these misrepresentations with the intent to induce SFBC to rely upon them and to execute the Severance Agreement.

24. SFBC reasonably and justifiably relied on Defendant Babincsak's misrepresentations in deciding to sign the Severance Agreement.

25. As a direct and proximate result of SFBC's reliance on Defendant Babincsak's fraudulent statements, SFBC suffered damages, including but not limited to, the payments it made to Defendant Babincsak and other damages to be proven at trial.

26. Had SFBC known the true facts, SFBC would not have entered into the Severance Agreement.

27. Due to the fraudulent, reckless and malicious conduct on the part of Defendant Babincsak, punitive damages are warranted.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff SFBC asks for the following:

- a. recovery of a judgment for actual and compensatory damages resulting from Defendant's actions as established at the trial in this matter;
- b. recovery of a judgment for pre-judgment and post-judgment interest;
- c. recovery of punitive damages; and
- d. for such other and further relief to which it may be entitled under New Mexico law and the circumstances of this case.

Respectfully submitted,

HUNT LAW FIRM

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