


Aurora sushi restaurant, owner bankrupted by \$3.6M theft verdict

[Justin Wingerter](#)  August 21, 2024  0



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Shoyu Sushi, 3571 S. Tower Road in Aurora, in January 2024. (Courtesy of Xuanzhi Bai)

A former sushi restaurant in Aurora and its owner are bankrupt after a jury ordered them to pay \$3.6 million to two co-founders that they conspired against and stole money from.

Shoyu Sushi, which is closed in Aurora but has an open Parker location, is \$3.8 million in debt and holding zero assets, it told the U.S. Bankruptcy Court in Denver this month. Nearly all of that debt was placed on Shoyu by a unanimous Arapahoe County jury last summer.

In 2018, four friends decided to start Shoyu: Zuoquan Lin, Nengbao Lin, Xuanzhi Bai and Junchen Dai. They filed paperwork, leased a location along Tower Road, hired an architect, acquired a liquor license and, in August 2020, opened their sushi restaurant.

“They knew each other from other sushi restaurants, where they had worked together,” said Kit Davlin, an attorney for Bai and Dai and a partner at Robinson & Henry in Denver.

By all accounts, the restaurant was a fast success, pandemic notwithstanding. Reviews were positive and five-figure profits were being divided among all four partners by October, court documents show. Bai and Dai received \$37,800 in those first seven months.

But, in February 2021, there was a falling out as Bai and Dai began to suspect that Zuoquan Lin was keeping more than his share. By the next month, Lin was instructing them not to talk with Shoyu employees, was refusing to share profits, and denying they were co-owners.

“When they looked at the accounting, they discovered cash withdrawals,” said Davlin, the lawyer for Bai and Dai. “When they asked about the cash withdrawals, they were suddenly barred from the restaurant and told that they won’t ever get any money again.”

“We were both shocked and felt deeply betrayed,” Bai told BusinessDen by email last week. “We had always considered Zuoquan Lin a dear friend, both before and after we started this restaurant, and never imagined he would just use us and then kick us out.”

Lin claimed, first to Bai and Dai and later in court, that Shoyu’s operating agreement had only two members, himself and Nengbao Lin, and that Bai and Dai were investors entitled to payments but not ownership interests. Lin offered them \$150,000 to settle the matter.

Bai and Dai declined. Then, a few months later, they sued both Lin and Shoyu Sushi.



Shoyu Sushi at 10981 S. Parker Rd. in Parker

The plaintiffs claimed that they had spent \$123,000 getting the restaurant up and running but not been fully repaid. Lin also stole their 40-percent stake in the company and all future profits that would have come along with that, Bai and Dai alleged. A jury of seven considered the case during one week in July 2023, then sided with Bai and Dai on every count.

Lin and Shoyu had stolen nearly \$600,000 from each of the plaintiffs, the jury determined. They had also engaged in a civil conspiracy, breached a contract, fraudulently concealed information, breached their fiduciary duties and broken promises, according to the jurors.

Lin and Shoyu were ordered to pay \$1.8 million each to Bai and Dai. Some of that money has been garnished from their bank accounts, as well as an account for Shoyu's location in Parker, but most was not paid before Lin and Shoyu's Aurora restaurant went bankrupt.

"The past three years have been transformative for me, both emotionally and financially," said Bai. "The financial strain has been immense, as Zuoquan Lin continues to operate the restaurant, using the profits that should have been ours to fight us in court. There were times when my account balance was barely enough to cover either my rent or attorney fees."

Lin and Shoyu are appealing the jury's verdict to the Colorado Court of Appeals. They maintain there was no theft, Bai and Dai are entitled only to \$77,000 — the portion of their initial investment that wasn't repaid — and Bai and Dai's attorney was wrongly allowed to tell jurors the supposed value of their stake in Shoyu, despite a lack of valuation.

"The jury award in this case is baseless as it is inconsistent with both the evidence and the law," Lin's lawyer, Charles McIntyre IV of AQMN Law in Lakewood, told BusinessDen.

"Legal errors by both plaintiffs' counsel and the trial court judge in this case permitted a baseless jury verdict to destroy a business, destroy jobs and destroy the finances of a bright, successful business owner," he said. "We are confident the Court of Appeals will reverse the jury's erroneous award and allow Mr. Lin to rebuild what has been taken from him."

In the meantime, Lin is asking the U.S. Bankruptcy Court in Denver to let him dissolve the LLC for Shoyu's former Aurora location and restructure his own debts. He has \$1.3 million in property, namely two homes in Aurora, and nearly \$4.9 million in liabilities.

"We are going to pursue them through bankruptcy," Davlin said. "There are claims here — fraud, civil theft, breach of fiduciary duty — that are generally not dischargeable."

Bai and Dai went back to work at other sushi restaurants after being pushed out of Shoyu. Bai said that throughout her three-year legal battle, she has been inspired by a Chinese proverb: "Good people may not always be rewarded, so how can the wicked enjoy peace?"

"It is deeply disappointing that even after the judgment, Zuoquan Lin does not acknowledge his wrongdoing and continues to engage in illegal activities," she said. "His recent bankruptcy filing appears fraudulent to me." Bai believes Lin closed Shoyu Aurora to avoid paying her.

"We are eager to move on with our lives," she said. "Unfortunately, I am now compelled to remain involved in this case for even longer due to his ongoing illegal activities."



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