

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X Index No.:
CHRISTOS MASTROKYRIAKOS

Plaintiff,

-against-

VERIFIED COMPLAINT

PETROS GALATOULAS AND
SOPHIA BILLIS GALATOULAS,

Defendants.

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Plaintiff, by his attorney, MARC P. GERSHMAN, ESQ., complaining of the Defendants, alleges as follows:

1. At all times hereinafter mentioned, Plaintiff was and still is a resident of the County of Nassau and State of New York.
2. Upon information and belief, at all times hereinafter mentioned, Defendant PETROS GALATOULAS (hereinafter "PETROS") was and still is a resident of the County of Queens, City and State of New York.
3. Upon information and belief, at all times hereinafter mentioned, Defendant SOPHIA BILLIS GALATOULAS (hereinafter "SOPHIA") was and still is a resident of the County of Queens, City and State of New York.
4. Upon information and belief, at all times hereinafter mentioned, Defendants are the sole owners of certain real property commonly known as and located at 23-24 28th Avenue, Astoria, New York, Block 546, Lot 23 (hereinafter "28th Avenue Property").
5. Upon information and belief, at all times hereinafter mentioned the 28th Avenue Property is unencumbered, free and clear of any and liens, security agreements, chattel mortgages and/or financing statements.

6. Upon information and belief, at all times hereinafter mentioned, SOPHIA is the part owner of certain real property commonly known as and located at 21-19 35th Street, Astoria, New York Block 824, Lot 26 (hereinafter "35th Street Property").

7. Upon information and belief, at all times hereinafter mentioned the 35th Street Property is unencumbered, free and clear of any liens, security instruments, chattel mortgages and/or financing statements.

8. Upon information and belief, at all times hereinafter mentioned, Harmonica Navigation Ltd is a foreign corporation, organized under and existing under the Laws of the Republic of the Marshall Islands (hereinafter "Harmonica").

9. Upon information and belief, at all times hereinafter mentioned, Harmonica is in the business of transporting and ferrying cargo and people between Greece and Turkey.

10. Upon information and belief, at all times hereinafter mentioned, PETROS is a majority owner of the shares of stock in Harmonica.

AS AND FOR A FIRST CAUSE OF ACTION

11. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs "1" through and including "10" of the Complaint as if more fully set forth herein.

12. In or about May 2013, PETROS solicited Plaintiff about Plaintiff investing in a business venture.

13. In or about May 2013, PETROS advised Plaintiff that he had established a business in Greece that transported cargo, trailers, and would ferry people between a port in Greece (City of Thessaloniki) and a port in Turkey (Smyrna).

14. PETROS further represented that the business was operational, all established and ready to go.

15. In or about May 2013 PETROS represented to Plaintiff that the company (Harmonica) would have a monthly income of 2,475,000.00 Euros, while expenses only totaled 1,150,000.00 Euros.

16. In or about May 2013, PETROS represented to Plaintiff that for a \$268,000.00 U.S. dollar investment, Plaintiff would be ten (10%) percent owner of Harmonica.

17. In or about May 2013, PETROS further represented to Plaintiff that as a ten (10%) percent owner of Harmonica, Plaintiff's interest would entitle him to 132,500.00 Euros per month.

18. In or about May 2013, PETROS further represented to Plaintiff that the business was all established and ready to proceed, and that they were about to begin operations.

19. In or about May 2013, PETROS further represented to Plaintiff, that Plaintiff would shortly see a return on his investment and would almost immediately begin seeing his monthly income of approximately 132,500.00 Euros.

20. On or about May 22, 2013, based upon the aforementioned representations, Plaintiff wired to and/or for the benefit of PETROS the sum of \$268,000.00 U.S. dollars.

21. In or about June 2013, PETROS advised Plaintiff that he would require additional funds for Harmonica's operations.

22. At that time, PETROS requested that the funds be a loan and not an investment.

23. PETROS represented to Plaintiff that if he loaned PETROS the sum of U.S. \$400,000.00, that PETROS would repay him no later than the first week of August 2013.

24. At that time, PETROS represented to Plaintiff that with this loan, Harmonica would be operating no later than the middle of July 2013 and that it would be generating sufficient income to help repay the loan no later than the first week of August 2013.

25. Based upon the aforementioned representations, on or about June 12, 2013, Plaintiff wired to and or for the benefit of PETROS the sum of U.S. \$400,000.00.

26. In or about the beginning of July 2013, PETROS advised Plaintiff that he was going to Greece and needed further funds.

27. At that time, PETROS further represented that the business would be up and running.

28. PETROS also represented to Plaintiff that he had to locate a new port in Turkey as the old port was closed due to demonstrations.

29. Shortly thereafter, PETROS represented to Plaintiff that he had found a new port, between Igoumenitsa, Greece and Bari, Italy.

30. PETROS further represented to Plaintiff that once he wired the additional funds that Harmonica would be operating immediately.

31. Based upon the aforementioned representations, on or about July 12, 2013, Plaintiff wired to and or for the benefit of PETROS the additional sum of U.S. \$15,000.00.

32. Based upon the aforementioned representation of PETROS, Plaintiff was advised that Harmonica would now commence operations on Friday, July 12, 2013.

33. On or about July 19, 2013, Plaintiff traveled to Greece to meet with PETROS.

34. At the same time, Plaintiff intended to review his investment in Harmonica and PETROS.

35. When Plaintiff arrived in Greece, he attempted to meet with PETROS.

36. For reasons unknown to Plaintiff at that time, PETROS avoided Plaintiff.

37. Plaintiff, while he was in Greece, attempted to contact PETROS for approximately 10 to 12 days.

38. Despite Plaintiff's persistence, PETROS avoided him and refused to accept his telephone calls.

39. In or about August, 2013, Plaintiff located PETROS and set up a meeting.

40. In or about August 2013, Plaintiff met with PETROS in Greece.

41. At the meeting, PETROS advised Plaintiff that Harmonica was experiencing certain obstacles that needed to be overcome, but that he was in the process of rectifying them.

42. PETROS further represented that there were also issues concerning the unloading of trailers.

43. Despite Plaintiff's requests, PETROS refused to show Plaintiff the transport ship or the alleged business operation.

44. In or about the end of August, 2013 Plaintiff demanded the return of all of his money.

45. Based upon the aforementioned representations, Plaintiff did wire to or on behalf of PETROS the sum of U.S. \$683,000.00.

46. That the aforementioned representations by PETROS were false when made and were made solely to induce Plaintiff to wire the funds.

47. More specifically, the alleged business was not operational and it does not or may not exist.

48. The monthly income and monthly expenses for Harmonica were fictitious and created solely to induce Plaintiff to wire the aforementioned sums.

49. Upon information and belief, the money requested by PETROS is part of a Ponzi scheme to repay other investors.

50. If not for the aforementioned representations by PETROS, Plaintiff would not have wired any of the funds.

51. PETROS was aware that the representations being made by him were reckless, untrue and were made with the intention of inducing Plaintiff to wire money for and/or on behalf of PETROS.

52. Plaintiff relied upon the false misrepresentations and in relying upon them, wired the aforementioned sum to and/or on behalf of PETROS.

53. Had Plaintiff been aware of the truth of the representations, Plaintiff would not have wired any of the funds.

54. As a result of PETRO'S fraudulent actions, Plaintiff has been damaged in the sum of \$1,000,000.00.

AS AND FOR A SECOND CAUSE OF ACTION

55. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs "1" through and including "54" of the Complaint as if more fully set forth herein.

56. Following Plaintiff's wiring the sum of \$400,000.00, Plaintiff expressed his concerns that his loan was not secured.

57. On or before June 14, 2013, PETROS caused to be prepared, a mortgage, note and other documents, evidencing the loan by Plaintiff to PETROS.

58. Upon information and belief, the mortgage, note and other documents were prepared by PETROS'S attorney.

59. Upon information and belief, PETROS'S attorney is PETROS'S nephew.

60. Upon information and belief, on or about June 14, 2013, PETROS executed a promissory note in favor of Plaintiff in the amount of \$400,000.00 ("Note").

61. The Note provides for a maturity date of September 13, 2013 and default interest at 16%
62. The Note further provides for waiver of presentment, demand for payment, notice of dishonor, protest or notice of protest of the Note.
63. The Note also provides that PETROS waives any right to file a counterclaim arising in connection with the Note.
64. Upon information and belief, in addition to the Note, PETRO and SOPHIA executed a mortgage, securing the \$400,000.00 debt against the 28th Avenue Property.
65. At no time prior to their execution did Plaintiff and/or his legal representative have an opportunity to review, modify and/or confirm any of the terms of the Note and the Mortgage.
66. At no time has PETROS made any of the required payments under the Note.
67. The Note matured on September 13, 2013 and PETROS failed to make any payment.
68. As a result of the foregoing, PETROS owes Plaintiff the sum of \$400,000.00, plus interest at the rate of 16% per annum, effective September 13, 2013.

AS AND FOR A THIRD CAUSE OF ACTION

69. Plaintiffs repeat, reiterate and reallege each and every allegation contained in paragraphs "1" through and including "68" of the Complaint as if more fully set forth herein.
70. The Note provides that if payment is not made when due that PETROS will be responsible for all collection costs, including reasonable attorney's fees.
71. Plaintiff has or will incur, as a minimum \$7,500.00 in legal fees for this matter.

72. Plaintiff has also expended \$7,335.00 for the recording of the mortgage against the 28th Avenue Property.

73. As a result of the foregoing, PETROS owes Plaintiff, as a minimum, the sum of \$14,885.00 for costs and expenses.

AS AND FOR A FOURTH CAUSE OF ACTION

74. Plaintiffs repeat, reiterate and reallege each and every allegation contained in paragraphs "1" through and including "73" of the Complaint as if more fully set forth herein.

75. As an inducement for Plaintiff not to demand the immediate repayment of all sums wired to and/or on behalf of PETROS, the Defendants entered into a scheme to defraud and delay Plaintiff from proceeding against PETROS for all sums wired.

76. In furtherance of such scheme, they caused to be executed a mortgage and Note against the 28th Avenue Property.

77. In or about September 2013, aware that Plaintiff sought to take legal action against PETROS, they further induced Plaintiff to withhold such action by providing for the ability to file a UCC-1 against real property not owned by PETROS.

78. As part of this inducement, SOPHIA executed a mortgage and promissory note for the sum of \$415,000.00, which mortgage was to be indexed against the 35th Street Property.

79. Despite SOPHIA executing the mortgage and promissory note for the 35th Street Property, Plaintiff was not permitted to record the mortgage until after December 31, 2013.

80. Despite SOPHIA executing the mortgage and promissory note for the 35th Street Property, Defendants refused to pay any of the mortgage tax to record the mortgage.

81. Plaintiff has become advised that the Queens County Clerk/Register Office will not accept for filing a UCC-1 against the 35th Street Property for a \$415,000.00 interest.

82. The Defendants were aware at the time that they were inducing Plaintiff to withhold legal action, that the UCC-1 would not secure any interest for Plaintiff in the 35th Street Property.

83. The Defendants were aware at the time that they were inducing Plaintiff to withhold legal action, that the UCC-1 could not be recorded at the Queens County Clerk/City Register to secure an interest in the 35th Street Property for \$415,000.00.

84. Had Plaintiff been aware that it could not enforce the security instrument, he would not have withheld legal action.

85. Had Plaintiff been aware that he could not perfect his interest at the Queens County Clerk/City Register's Office to secure his lien for \$415,000.00 for the 35th Street Property, he would not have withheld legal action.

86. The representations by Defendants that Plaintiff would be secured were false when made and were made solely to induce Plaintiff to withhold the commencement of legal action.

87. Plaintiff relied on the misrepresentations and inducements and withheld commencing litigation.

88. As a result of Defendants fraudulent conduct, Plaintiffs have sustained damages of \$1,000,000.00.

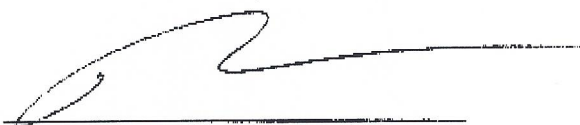
WHEREFORE, Plaintiffs demand judgment against the Defendants as follows:

1. On the first cause of action, against PETROS, a judgment in the amount of \$1,000,000.00;

2. On the second cause of action, against PETROS, a judgment in the amount of \$400,000.00, together with interest at the rate of 16% per annum from September 13, 2013;

3. On the third cause of action, Against PETROS, a judgment in the amount of \$14,835.00;
4. On the fourth cause of action, against each of the Defendants, a judgment in the amount of \$1,000,000.00; and
5. Together with such other and further relief as the Court may deem just and proper, together with the costs and disbursements of this action.

Dated: Mineola, New York
October 24, 2013



MARC P. GERSHMAN, ESQ.

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