

EXHIBIT N

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X

STEVE PAPPAS,

Plaintiff,

-against-

LARRY H. SCHATZ and GRUBMAN,
INDURSKY, SHIRE & MEISLAS, P.C.

COMPLAINT

Defendants.

Index # 650157/13

-----X

PLAINTIFF *Pro Se*, for his Complaint in this action, alleges as follows:

1. PLAINTIFF STEVE PAPPAS (hereinafter referred to as either "PAPPAS" or the "PLAINTIFF") was and is at all times relevant herein a resident of the State of New York, County of New York.

2. Defendant LARRY H. SCHATZ (hereinafter referred to as "SCHATZ") is a duly admitted attorney in good standing licensed to practice law in the State of New York and maintains his office in the County of New York, State of New York.

3. SCHATZ is either employed by or an owner, shareholder of otherwise a participant in the law firm GRUBMAN, INDURSKY, SHIRE &

MEISLAS, P.C. (hereinafter referred to as "GRUBMAN"), a duly formed and authorized Professional Corporation under the laws of the State of New York, doing business in the State of New York and situated in the County of New York.

FACTS

4. PLAINTIFF Pappas, Constantine Ifantopoulos and Steve Tzolis formed and managed a limited liability company Vrahos LLC (hereinafter referred to as "Vrahos") in late 2005, for the purpose of entering into a long-term lease on a building in Lower Manhattan at 68-74 Charlton Street, which deal was consummated thereafter.

5. Pappas and Tzolis each contributed \$50,000 and Ifantopoulos \$25,000, in exchange for proportionate shares in the company.

6. Pursuant to a January 2006 Operating Agreement, Tzolis agreed to post and maintain in effect a security deposit of \$1,192,500, and was permitted to sublet the property. The Agreement further provided at paragraph 11 that any of the three members of the LLC could "engage in business ventures and investments of any nature whatsoever, whether or not in competition with the LLC, without obligation of any kind to the LLC or to the other Members."

7. Disputes among the Vrahos members ensued. In June 2006, Tzolis took sole possession of the property, which was subleased by Vrahos to a company owned by a company owned by Tzolis for \$20,000 per month in addition to rent payable by the LLC under the lease. PLAINTIFF and Ifantopoulos reluctantly agreed to do this, because they were looking to lease the building to a third party tenant and Tzolis was obstructing this from happening. Tzolis not only blocked Pappas's efforts, he also did not cooperate in listing the Property for sale or lease with any New York real estate brokers.

8. Moreover, Tzolis had not made, and was not diligently preparing to make, the improvements required to be made under the Lease. Tzolis was also refusing to cooperate in [Pappas's] efforts to develop the Property. Further, Tzolis's company did not pay the rent due.

9. On January 18, 2007, Tzolis bought PLAINTIFF Pappas' and Ifantopoulos' membership interests in the LLC for \$1,000,000 and \$500,000, respectively. At closing, in addition to an Agreement of Assignment and Assumption, the parties executed a Certificate in which PLAINTIFF and Ifantopoulos represented that, as sellers, they had "performed their own due diligence in connection with [the] assignments . . . engaged [their] own legal counsel, and [were] not relying on any

representation by Steve Tzolis [.] or any of his agents or representatives, except as set forth in the assignments & other documents delivered to the undersigned Sellers today," and that "Steve Tzolis has no fiduciary duty to the undersigned Sellers in connection with [the] assignments." Tzolis made reciprocal representations as the buyer.

10. In August 2007, Vrahos now owned entirely by Tzolis, assigned/sold the lease to a subsidiary of Extell Development Company for \$17,500,000.

11. In 2009 and since, PLAINTIFF and Ifantopoulos came to believe that Tzolis had surreptitiously negotiated the sale with the development company before he bought their interests in the LLC.

12. Extell and Tzolis initially met and outlined the parameters of a deal in principal in the Fall of 2006, before Tzolis made overtures to buyout the other Vrahos members. Defendants were a part of said negotiation.

13. At that time, Extell informed Tzolis that it wanted Pappas and Ifantopoulos out before it would agree to purchase the lease, as well as a 50 year extension on the lease from the building's owner.

14. Upon information and belief, the building's landlord was solicited for an additional 50-year extension in the Fall of 2006 and prior to Tzolis

making overtures to buyout his Vrahos partners. Defendants solicited the building's landlord and were involved in said negotiation.

15. Tzolis' scheme was aided and abetted by Defendants, who misrepresented Tzolis' motives in purchasing the lease to PLAINTIFF in person in telephone conversations wherein they convinced and persuaded PLAINTIFF to sell their interest in Vrahos ostensibly for Tzolis to fulfill his life-long "dream" of creating the best catering hall in New York City (to be named "Talk of the Town"), while knowing of and specifically working on either the brokerage of and/or legal aspects of Extell deal. The misrepresentations about Tzolis' motivations were untrue and known by defendants to be untrue and made to PLAINTIFF and Ifantopoulos by defendants throughout November 2006, December 2006 and up through and including January 18, 2007.

16. In making such misrepresentations, Defendants held themselves out as counsel for Vrahos and provided advice to PLAINTIFF, as they had on other occasions, while actually acting as counsel for Tzolis for the concealed transaction with Extell.

**AS AND FOR A FIRST CAUSE OF ACTION FOR
BREACH OF FIDUCIARY DUTY**

17. PLAINTIFF, reasserts, realleges and reiterates paragraphs 1 through 16, above, as if fully set forth herein.

18. At all times relevant herein, an attorney client relationship existed between PLAINTIFF and/or Vrahos and SCHATZ and his firm and/or employer, GRUBMAN.

19. As attorney for the PLAINTIFF and/or Vrahos, Defendants owed PLAINTIFF a fiduciary duty, including, but not limited to a duty to act and give advice for PLAINTIFF's benefit, to act in good faith and in PLAINTIFF's best interest, to exercise independent professional judgment and undivided loyalty on PLAINTIFF's behalf, to pursue their lawful objectives, to represent no adverse interests and to make full disclosure to PLAINTIFF of all known information that was important and material to PLAINTIFF's affairs.

20. Defendants also had a duty to comply with the rules of professional and ethical conduct applicable to the practice of law in the State of New York.

21. Specifically, Defendants were required to comply with the New York Code of Professional Conduct sections:

- a. DR 5-105- Conflict of Interest- Simultaneous Representation;
- b. DR 5-108- Conflict of interest- Former Client; and
- c. DR 5-109- Organization as Client.

22. Defendants breached their fiduciary duty to PLAINTIFF by:

- a.. knowingly representing clients having conflicting interests;
- b. knowingly representing clients with conflicting interests in the same transaction;
- c. failing to exercise independent judgment and undivided loyalty on behalf of PLAINTIFF and/or Vrahos;
- d. failing to deal honestly with PLAINTIFF and/or Vrahos;
- e. failing to disclose to PLAINTIFF facts and information sufficient to permit PLAINTIFF to appreciate the nature and possible consequences of Defendants' conflict of interest; and

22. Defendants' conduct violated, among other things, DR 5-105, DR 5-108 and DR 5-109 of the New York Code of Professional Conduct.

23. Defendants' knowing concealment from PLAINTIFF of their conflicts of interest was malicious, oppressive, despicable, fraudulent and done with a willful disregard of PLAINTIFF's rights.

24. Defendants understood the impact and were aware of the grave financial and economic consequences of their concealment and in balancing the interests of Tzolis with those of PLAINTIFF and/or Vrahos.

25. Despite this understanding and awareness, Defendants failed to avoid those potential consequences through prompt and full disclosure to

PLAINTIFF and such breach of fiduciary duty was and is a substantial factor causing PLAINTIFF to suffer damage.

26. As a direct and proximate result of Defendants' breach of their fiduciary duty to PLAINTIFF, PLAINTIFF has been damaged in amount equal to the value of the loss, which is in excess of \$6,000,000.00.

**AS AND FOR A SECOND CAUSE OF ACTION
FOR FRAUD (MISREPRESENTATION)**

27 PLAINTIFF, reasserts, realleges and reiterates paragraphs 1 through 26, above, as if fully set forth herein.

28. Defendants made representations of fact to PLAINTIFF as to the motivation of Tzolis in purchasing the leasehold in order to persuade PLAINTIFF to sell his interest to Tzolis.

29. Said representations made in "28", above, were false and known by defendants to be false.

30. Said knowingly false representations made in "28", above, were intentionally made to induce PLAINTIFF to sell his interest to Tzolis.

31. PLAINTIFF relied on said knowingly false representations made in "28", above, in deciding to sell his interest to Tzolis.

33. As a direct and proximate result of Defendants' misrepresentation and fraud, PLAINTIFF have been damaged in amount equal to the value of the loss, which is in excess of \$6,000,000.00.

**AS AND FOR A THIRD CAUSE OF ACTION
FOR NEGLIGENT MISREPRESENTATION**

34. PLAINTIFF, reasserts, realleges and reiterates paragraphs 1 through 33 above, as if fully set forth herein.

35. At all times relevant herein, an attorney client relationship existed between PLAINTIFF and/or Vrahos and SCHATZ and his firm and/or employer, GRUBMAN.

36. Such attorney-client relationship is a special relationship and/or based on privity, imposing a duty on Defendants requiring them to impart correct information to PLAINTIFF.


37. The information Defendants imparted to PLAINTIFF that Tzolis' motives in purchasing the lease from PLAINTIFF was to fulfill Tzolis' life-long "dream" of creating the best catering hall in New York City (to be named "Talk of the Town"), was incorrect and a breach of duty, as Tzolis' motive was to sell the lease to Extell for more money.

38. PLAINTIFF relied on this incorrect representation, which reliance direct and proximately caused PLAINTIFF damage in the sum of \$6,000,000.00.

WHEREFORE, PLAINTIFF demands judgment on each of the first, second and third causes of action cause of action for the sum of \$6,000,000.00 with interest, along with the costs of this action and for such other and further relief the Court deems just and appropriate under the circumstances.

Dated: Brooklyn, New York
November 18, 2013

Yours, etc.



STEVE PAPPAS *Pro Se*
540 Atlantic Avenue, 5th Floor
Brooklyn, N.Y. 11217
917-861-2968

TO: PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
Attn: Gerard E. Harper
Meagan Sway
1285 Avenue of the Americas
New York, New York 10019
Tel: (212) 373-3000
Fax: (212) 757-3990

ELLENOFF GROSSMAN & SCHOLE LLP

Attn: Eric Weinstein
Yong Hak Kim
150 East 42nd Street
New York, New York 10017
Tel: (212) 370-1300
Fax: (212) 370-7889
Attorneys for Defendants Larry H. Schatz and
Grubman, Indursky, Shire & Meiselas, P.C.