

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION

ADAM MEISLIK, AS THE RECEIVER OF  
AIRFASTTICKETS, INC.,

Plaintiff,

-against-

FRANK FERRO, NIKOLAOS KOKLONIS,  
AND ELENI VARELI,

Defendants.

Index No. /2016

Date Purchased: 5/4/2016

**SUMMONS**

Plaintiff Designates  
New York County  
as the Place of Trial

The Basis of the Venue is:  
County of Residence of Two  
of the Defendants; and Location  
of Airfasttickets, Inc.'s Principal  
Office

**TO THE ABOVE-NAMED DEFENDANTS:**

**YOU ARE HEREBY SUMMONED** to answer the Verified Complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiffs' Attorneys within twenty (20) days after the service of this summons, exclusive of the day of service, or within thirty (30) days after the service is complete if this summons was not personally delivered to you within the State of New York. In case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Verified Complaint.

The basis of the venue designated is that: (1) two of the above-named Defendants, Defendants Nikolaos Koklonis and Eleni Vareli, upon information and belief, reside in New York County; and (2) Airfasttickets, Inc. is a foreign corporation authorized to transact business in New York State with its principal office located in New York County.

Dated: New York, New York  
May 4, 2016

ARENT FOX LLP

By: 

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*Attorneys for Plaintiff  
Adam Meislik, the Receiver of  
Airfasttickets, Inc.*

**DEFENDANTS NAMES AND ADDRESSES**

Frank Ferro  
5 Cornell Ct.  
Tinton Falls, NJ 07724

Nikolaos Koklonis  
36 Sutton Place, Apt. 4C  
New York, New York, 10022

Eleni Vareli  
36 Sutton Place, Apt. 4C  
New York, New York

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION

<p>ADAM MEISLIK, AS THE RECEIVER OF AIRFASTTICKETS, INC.,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">-against-</p> <p>FRANK FERRO, NIKOLAOS KOKLONIS, AND ELENI VARELI,</p> <p style="text-align: center;">Defendants.</p>
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INDEX NO.

**VERIFIED COMPLAINT**

Plaintiff Adam Meislik (“Plaintiff”), as the receiver of Airfasttickets, Inc. (“Airfasttickets”), by its undersigned counsel, as for its Complaint against defendants, Frank Ferro, Nikolaos Koklonis, and Eleni Vareli (collectively, “Defendants”), respectfully alleges the following:

**NATURE OF THE ACTION**

1. This is an action against Defendants, former director and officers of Airfasttickets, to recover damages for mismanagement and self-dealing in violation of the fiduciary duties of due care, loyalty, and good faith that Defendants owed to Airfasttickets and its stakeholders, including creditors.

2. At all relevant times, Airfasttickets is a Delaware corporation that had its headquarters in New York, New York and operated a multi-national business, together with several of its wholly owned foreign subsidiaries, Fast Group Deutschland AG (Germany), Airfasttickets, Ltd. (United Kingdom), Air Fast Tickets Spolka z.o.o. (Poland), Air Fast Tickets Ltd. (Hong Kong), and Fast Group S.A. (Greece).

3. At all relevant times, Defendant Nikolaos Koklonis is the controlling (90%) stockholder in Airfasttickets, and Defendant Eleni Vareli is the minority (10%) stockholder in Airfasttickets.

4. At all relevant times, Airfasttickets was managed and controlled by Defendant Nikolaos Koklonis as the President and Chief Executive Officer of Airfasttickets and the sole director and Chairman of the Board of Directors of Airfasttickets.

5. At all relevant times, Airfasttickets was also managed by two officers: Defendant Frank Ferro, the Chief Financial Officer of Airfasttickets, and Defendant Eleni Vareli, the Chief Operating Officer of Airfasttickets.

6. Under Delaware law, each of these Defendants owed fiduciary duties of care, loyalty, and good faith to Airfasttickets and its stakeholders, including creditors, and was required to pursue, and to act in, the best interests of Airfasttickets and its stakeholders, including creditors. The Defendants' fiduciary duties mandate that the best interests of Airfasttickets and its stakeholders, including creditors, take precedence over any personal interests possessed by Defendants.

7. In order to properly conduct Airfasttickets' business in the United States and international markets, Defendants had fiduciary duties, among other things, to comply with rules, regulations, and requirements (including qualification requirements, financial and operating requirements, ethical standards, and disclosures) of the Airlines Reporting Corporation ("ARC") and the International Air Transport Association ("IATA") and to refrain from conduct and omission that would jeopardize ARC's and IATA's accreditation and license agreements.

8. Defendants breached their fiduciary obligations by engaging in improper and unfair conduct, self-dealing, and omissions that caused the IATA to revoke and terminate its

accreditation and license agreements with Airfasttickets and its subsidiaries. Defendants further breached their fiduciary obligations when the Defendants acquiesced to the termination of IATA accreditation and license agreements. Moreover, Defendants breached their fiduciary obligations when they failed to act in good faith, failed to pursue the best interests of Airfasttickets, and failed to provide active and direct oversight and become reasonably informed about the alternatives available to Airfasttickets and its stakeholders, including creditors, after IATA accreditation and license agreements were revoked and terminated.

9. In addition, after Airfasttickets' IATA accreditation and license agreements were revoked and terminated, Defendants further breached their fiduciary obligations by continuing to conduct business of Airfasttickets, without proper accreditation, through affiliated third-party ticket consolidators, which Defendants managed or in which Defendants maintained ownership or significant financial interest – and which caused damages to Airfasttickets' business, significant operational and liquidity issues, and eventual shutdown and bankruptcy of the company.

10. In addition, Defendants breached their fiduciary obligations by engaging in conduct and omissions that caused significant unpaid debts to, among others, ARC on account of ARC's accreditation and pursuant to the Agent Reporting Agreement ("ARA") and related Memorandum Agreement in the amount of no less than \$601,609.04.

11. For Defendants' breaches of their fiduciary duties to Airfasttickets and its stakeholders, including creditors, Plaintiff seeks to recover money damages, plus costs, including attorneys' fees, and pre- and post-judgment interest.

**PARTIES**

12. Plaintiff is the receiver of Airfasttickets, Inc., a Delaware corporation with its principal office located at 875 Third Avenue, New York, New York. Plaintiff was duly appointed as the receiver of Airfasttickets, Inc. by the Court of Chancery of the State of Delaware pursuant to its Order dated July 21, 2015. Under the Order, Plaintiff has all powers available to a receiver under 8 Del. C. § 291, including the power to take charge of the assets, estate, effects, business and affairs of Airfasttickets, Inc.; to collect the outstanding debts, claims and property due and belonging to Airfasttickets, Inc.; and prosecute and defend, in the name of Airfasttickets, Inc. or otherwise, all claims or suits.

13. Upon information and belief, Defendant Frank Ferro is an individual who has a residence at 5 Cornell Ct., Tinton Falls, NJ 07724. At all relevant times, Defendant Frank Ferro was the Chief Financial Officer of Airfasttickets.

14. Upon information and belief, Defendant Nikolaos Koklonis is an individual who has a residence at 36 Sutton Place, Apt. 4C, New York, New York. At all relevant times, Defendant Nikolaos Koklonis is the controlling (90%) stockholder in Airfasttickets and was the President and Chief Executive Officer of Airfasttickets and the sole director and Chairman of the Board of Directors of Airfasttickets.

15. Upon information and belief, Defendant Eleni Vareli is an individual who has a residence at 36 Sutton Place, Apt. 4C, New York, New York. At all relevant times, Defendant Eleni Vareli is the minority (10%) stockholder in Airfasttickets and was the Chief Operating Officer of Airfasttickets.

## JURISDICTION AND VENUE

16. Venue is proper in this Court under Rule 503 of New York Civil Practice Law and Rules.

17. Jurisdiction is proper under New York Constitution article VI, § 1.

## STATEMENT OF FACTS

### Airfasttickets' Business Under the IATA Accreditation and License Agreement

18. At all relevant times, Airfasttickets is a Delaware corporation that had its headquarters in New York, New York.

19. Airfasttickets was formed in 2011 by Nikoloas Koklonis, who served as the corporation's sole director, Chief Executive Officer, and controlling stockholder from its formation until approximately December 2014.

20. Airfasttickets operated a multi-national business, together with several of its wholly owned foreign subsidiaries, Fast Group Deutschland AG (Germany), Airfasttickets, Ltd. (United Kingdom), Air Fast Tickets Spolka z.o.o. (Poland), Air Fast Tickets Ltd. (Hong Kong), and Fast Group S.A. (Greece) (collectively, the "Subsidiaries").

21. To operate its business, Airfasttickets used proprietary software that it developed and owned to help consumers find low cost domestic and international airfares. In that regard, Airfasttickets' business model was similar to the airline ticketing services provided by Expedia.com and other online travel agencies.

22. To operate in this line of business in international markets, Airfasttickets was required to be accredited and licensed by the International Air Transport Association ("IATA"). IATA is the trade association for the world's airlines, representing more than 250 airlines and approximately 85% of the world's total air traffic.

23. At all relevant times, Airfasttickets and its Subsidiaries operated pursuant to accreditation and license issued by IATA.

24. To operate in this line of business in international markets under IATA's accreditation and license agreements, Airfasttickets was required to comply with IATA's rules, regulations, requirements, and accreditation standards, including (a) personnel or competency requirements; (b) locations requirements; (c) financial requirements (e.g., obtain a performance bond or a letter of credit); and (d) "honesty" qualifications (e.g., an applicant is ineligible for inclusion on the agency list where investigation reveals that there is a material misrepresentation or inaccuracy in the application or any attachments thereto, or that the applicant fails to meet the requirements of IATA's agreements, or that the applicant, or any person holding a financial or ownership interest, or any officer of the application, has been convicted of a felony, misdemeanor related to financial activities, or a breach of fiduciary duty involving the use of funds of others).

25. On information and belief, in connection with Airfasttickets' operations in international markets under IATA's accreditation and license agreements, Airfasttickets' customers purchased airline tickets from Airfasttickets' (US) website, www.airfasttickets.com, using IATA account of Airfasttickets, Ltd. (UK), which was issued by IATA in 2012.

26. On information and belief, Airfasttickets issued airline ticket using IATA account of Airfasttickets, Ltd. (UK).

27. On information and belief, Airfasttickets' customers paid for airline ticket using Airfasttickets' (US) accounts, including PayPal and American Express Merchant account.



28. On information and belief, Airfasttickets (US) recorded the revenue and ticket costs and the amount due to Airfasttickets, Ltd. (UK) for its liability to IATA and then transferred funds to Airfasttickets, Ltd. (UK) on a routine basis.

29. By March 31, 2012, Airfasttickets was insolvent, according to the company's financial statements and balance sheet, showing that its total liabilities in the amount of \$15,510,365 exceeded its total assets in the amount of \$14,754,362 by approximately \$756,003 (shareholders' deficit).

**Airfasttickets' Business Under the ARC's Accreditation and Agent Reporting Agreement**

30. To issue documents and other forms used as air passenger tickets by the travel agents to their customers ("Traffic Documents"), Airfasttickets was required to be accredited by, and to enter into a contract with, Airlines Reporting Corporation ("ARC").

31. ARC is a corporation whose stockholders are the principal scheduled airlines of the United States. ARC serves as a national clearinghouse and authorized agent for issuing Traffic Documents. All orders for Traffic Documents are either submitted directly to, or are routed through, ARC for approval before airplane tickets are issued to individuals or entities. ARC governs the issuance of the Traffic Documents and the handling of funds related thereto.

32. At all relevant times, Airfasttickets was on ARC's agency list of persons and entities qualified or accredited to issue Traffic Documents. Airfasttickets and ARC entered into the standard form Agent Reporting Agreement ("ARA"), which each travel agent accredited by ARC was required to enter into.

33. To maintain accreditation and to reflect modifications of the ARA, Airfasttickets was required by ARC to execute a standard Memorandum of Agreement to the ARA. Airfasttickets and ARC entered into the most recent Memorandum Agreement to the ARA,

which was executed by Nikolaos Koklonis as the Chief Executive Officer and President of Airfasttickets on November 2, 2012.

34. To engage in the sale of air transportation under the ARA and Memorandum Agreement, Airfasttickets was required to comply with ARC's rules, regulations, and requirements, including (a) certain financial requirements (e.g., obtain a bond issued by a surety or a letter of credit in the form and in the amount prescribed by ARC); (b) ethical standards (e.g., maintain ethical standards of business in the conduct of the agency and in its dealing with its clients, the public, ARC and carriers at all times); (c) personnel standards (e.g., have at least one person who is a full-time employee of the agent); (d) qualification and other requirements (e.g., be a citizen or national of the United States, or an alien authorized employment, or a foreign corporation authorized to do business in the jurisdiction in which the agent is located).

35. Airfasttickets became indebted to ARC on account of ARC's accreditation and pursuant to the ARA and related Memorandum Agreement in the amount of no less than \$601,609.04.

**Loss of IATA's Accreditation and License Agreement**

36. In 2014, IATA revoked Airfasttickets' accreditation and license agreements because Airfasttickets failed to comply with IATA's rules, regulations, requirements, and accreditation standards by, among other things, failing to remit payment for its ticket sales to the airlines.

37. On information and belief, Defendants acquiesced to the termination of the IATA accreditation and license agreements and failed to restore the IATA accreditation and license agreements.

38. Loss of the IATA accreditation and license agreements, for all intents and purposes, put Airfasttickets and its Subsidiaries out of business as it knew it. Without an IATA accreditation and license agreements, Airfasttickets could not purchase tickets in the international market to resell, and therefore, had no way to earn money.

39. At the time the IATA accreditation and license agreements were revoked and terminated, Airfasttickets or its Subsidiaries owed over \$70 million to over 400 airlines and approximately \$25 million to vendors.

40. Airfasttickets, Ltd. (UK), had an administrator appointed in the United Kingdom in October 2014.

**Airfasttickets' Operations and Business After Loss of the IATA Accreditation**

41. After IATA revoked Airfasttickets' accreditation and license agreements, Defendants continued to operate and conduct business of Airfasttickets, without proper accreditation, through affiliated third-party ticket consolidators.

42. Specifically, Defendants attempted to stay in business by purchasing airline tickets through affiliated ticket consolidators, rather than directly through the airlines. Ticket consolidators typically purchase tickets directly from the airlines at specially negotiated rates and then resell the tickets to customers for less than published fares.

43. On information and belief, some or all of the ticket consolidators used by Defendants, including Worldwide Internet Services Limited, Lockdrive Limited, London Travel & Tours Limited, Amphion Efthymia Ltd., Travelport LP, and Worldspan (collectively, "Ticket Consolidators"), were managed by Defendants, or Defendants maintained ownership or significant financial interest in some or all of the Ticket Consolidators.

44. After IATA revoked Airfasttickets' accreditation and license agreements, and without proper accreditation, Defendants attempted to purchase airline tickets from the Ticket Consolidators at discounted rates and sell airline tickets to customers for a profit.

45. After IATA revoked Airfasttickets' accreditation and license agreements, Airfasttickets was unable to continue operations, suffered from severe liquidity issues, and did not have sufficient funds to pay its employees, vendors, and other creditors.

46. Airfasttickets' insolvency and eventual bankruptcy were precipitated by, among other things, the loss of the IATA's and ARC's accreditation and license agreements and the shutdown of Airfasttickets' operations and business.

### **Bankruptcy Proceedings**

47. On July 27, 2015, certain of the Airfasttickets' creditors filed an involuntary petition against Airfasttickets in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), seeking an order for relief under chapter 7 of title 11 of the United States Code (the "Bankruptcy Code").

48. Under the summons issued in conjunction with the involuntary petition, Airfasttickets had until August 21, 2015 to respond to the involuntary petition. Airfasttickets' time to respond to the involuntary petition was extended through and including September 21, 2015 pursuant to a stipulation filed with the Bankruptcy Court on August 20, 2015.

49. On September 21, 2015, Airfasttickets filed an answer, consenting to the entry of an order for relief under the Bankruptcy Code, and also filed its Motion to Convert Chapter 7 Case to Chapter 11 Pursuant to 11 U.S.C. § 706(a) (the "Motion to Convert") seeking to convert Airfasttickets' case to one under chapter 11 of the Bankruptcy Code.

50. On October 27, 2015, the Bankruptcy Court granted the Motion to Convert and entered an order for relief under the Bankruptcy Code. Thereafter, Airfasttickets has been managing its affairs as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

**FIRST CAUSE OF ACTION**

**(Breach of Fiduciary Duties)**

51. Plaintiff repeats and realleges each and every foregoing allegation set forth above as if set forth at length herein.

52. Since 2012, Airfasttickets had valid, existing, and enforceable accreditation, license agreements, and contractual relationships with IATA and ARC, pursuant to which Airfasttickets was authorized, among other things, to engage in travel agent business and to sell airline tickets.

53. As Airfasttickets was insolvent by March 31, 2012, Defendants, as former directors and officers of Airfasttickets, owed fiduciary duties to act with the outmost good faith, loyalty, fair dealing, and care toward Airfasttickets and its stakeholders, including creditors, under Delaware law.

54. Defendants' fiduciary duties of care, loyalty, and good faith to Airfasttickets and its stakeholders required Defendants to pursue, and to act in, the best interests of Airfasttickets, including protecting and maintaining Airfasttickets' accreditation, license agreements, and contractual relationships with the IATA and ARC and complying with the IATA's and ARC's rules, regulations, requirements, and accreditation standards.

55. Defendants' fiduciary duties mandate that the best interests of Airfasttickets and its stakeholders, including creditors, take precedence over any personal interests possessed by Defendants.

56. Defendants' fiduciary duties mandate that they should not engage in conduct or omissions that would jeopardize Airfasttickets' accreditation, license agreements, and contractual relationships with the IATA and ARC.

57. Defendants' fiduciary duties mandate that they should not engage in conduct or omissions that would cause the IATA and ARC to revoke and terminate their accreditation, license agreements, and contractual relationships.

58. Defendants' fiduciary duties mandate that they inform themselves of all material information reasonably available to them before making business decisions and to advance Airfasttickets' business affairs with an appropriate level of diligence and skill in the best interests of Airfasttickets.

59. Defendants' fiduciary duties mandate that they preserve and maximize the value of Airfasttickets' assets for the benefit of Airfasttickets and its stakeholders, including creditors.

60. Defendants breached their fiduciary duties when they failed to comply with applicable rules, regulations, requirements, and accreditation standards of IATA and such failure resulted in the loss of Airfasttickets' valuable accreditation, license agreements, and contractual relationships with IATA.

61. Defendants breached their fiduciary duties when they failed to protect and maintain Airfasttickets' accreditation, license agreements, and contractual relationships with IATA.

62. Defendants breached their fiduciary duties when they failed to provide active and direct oversight of Airfasttickets and failed to comply with rules, regulations, requirements, and accreditation standards of IATA because IATA accreditation and license agreements were revoked and terminated in 2014.

63. Defendants breached their fiduciary duties when they acquiesced to the termination of IATA accreditation and license agreements and further breached their fiduciary duties by failing to act in good faith and to pursue the best interests of Airfasttickets and its stakeholders, including creditors.

64. Upon termination of IATA accreditation and license agreements, Defendants further breached their fiduciary duties when they failed to become reasonably informed about the alternatives available to Airfasttickets.

65. After Airfasttickets' IATA accreditation and license agreements were revoked and terminated, Defendants also breached their fiduciary duties when they engaged in self-dealing and failed to inform themselves of all material information readily available to them before approving, and engaging in, alternative transactions with certain affiliated third-party Ticket Consolidators.

66. After Airfasttickets' IATA accreditation and license agreements were revoked and terminated, Defendants breached their fiduciary duties when they continued to conduct business of Airfasttickets, without proper accreditation, through affiliated third-party Ticket Consolidators, which Defendants managed or in which Defendants maintained ownership or significant financial interest.

67. After Airfasttickets' IATA accreditation and license agreements were revoked and terminated, Defendants further breached their fiduciary duties by engaging in conduct and

omissions that caused (a) significant liquidity problems to Airfasttickets, (b) an already insolvent Airfasttickets to become further indebted and unable to pay its creditors, and (c) the shutdown of Airfasttickets' operations and business, leading to Airfasttickets' eventual bankruptcy.

68. In addition, as a result of Defendants' conduct and omissions, Airfasttickets became indebted to ARC on account of ARC's accreditation and license agreements (i.e., the ARA and related Memorandum Agreement) in the amount of not less than \$601,609.04.

69. Defendants are not entitled to the protection of the business judgment rule for the breach of their fiduciary duties because Defendants failed to pursue the best interests of Airfasttickets and failed to act in good faith and instead breached their duties of loyalty by acting in their own interests or in the interests of entities which Defendants managed or in which Defendants maintained ownership or significant financial interest.

70. Based on the foregoing, Plaintiff is entitled to recover such money damages as were caused by Defendants, acting both individually and collectively, while Defendants engaged in self-dealing, failed to act in good faith and otherwise breached their respective fiduciary duties.

71. Airfasttickets sustained significant damages due to Defendants' conduct, omissions and breach of fiduciary duties that Defendants owed to Airfasttickets and its stakeholders, including creditors, in an amount to be proved at trial but in excess of \$10,000,000, plus interest, costs and attorney's fees, and plus such additional damages as will be determined at trial.

72. Accordingly, Defendants are liable to Plaintiff in an amount to be determined at trial, plus interest accrued and continuing to accrue thereon, attorney's fees, and collection costs.



**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff requests this Court enter judgment in favor of Plaintiff and against Defendants:

- a. Awarding damages against Defendants in an amount to be determined at trial;
- b. Awarding pre- and post-judgment interest, costs, and disbursements of this action, including reasonable attorney’s fees; and
- c. Granting such other and further relief as this Court may deem just and proper.

Dated: New York, New York  
May 4, 2016

Respectfully submitted,

ARENT FOX LLP


By: 

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(212) 484-3900  
*Attorneys for Plaintiff*  
*Adam Meislik, the Receiver of*  
*Airfasttickets, Inc.*

VERIFICATION

Adam Meislik, being duly sworn, deposes and says:

I am the receiver of Airfasttickets, Inc., Plaintiff in this action. I submit this verification on behalf of Plaintiff. I have read the forgoing Verified Complaint and know the contents to be true based on my personal knowledge, except as to those matters alleged on information and belief. As to those matters, I believe them to be true. The basis of my knowledge is my personal knowledge of this matter and review of the files, books and records of Airfasttickets.

  
Adam Meislik 5/4/16

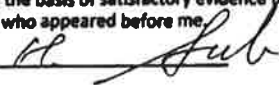
California: SS

Subscribed and Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

  
Notary Public

Commission Expires: 09.30.2018

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California CALIFORNIA JURAT  
County of Orange  
Subscribed and sworn to (or affirmed) before me on this  
4<sup>th</sup> day of May, 2016 by Adam Meislik  
proved to me on the basis of satisfactory evidence to  
be the person(s) who appeared before me.  
  
Notary Public

