

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

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ATLANTIC SPECIALTY INSURANCE
COMPANY,

Plaintiff,

COMPLAINT

- against -

Index No.:

VECTOR BUILDING CORP., VECTOR PAINTING
CORP., VECTOR MAINTENANCE CORP.,
ALEXANDER KYRIAZIS and MARIE PAKZAD,

Defendants.

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ATLANTIC SPECIALTY INSURANCE COMPANY (“Atlantic Specialty”), as and
for its Complaint against Defendants, alleges as follows:

PARTIES

1. The plaintiff, Atlantic Specialty, is a corporation organized and existing pursuant to the laws of the State of New York, with its principal place of business at 605 Highway 169 North, Suite 800, Plymouth, Minnesota 55441.

2. Atlantic Specialty is authorized to transact business as a surety in the State of New York.

3. Upon information and belief, defendant Vector Building Corp. is a corporation organized and existing pursuant to the laws of the State of New York, with its principal place of business at 580 Sylvan Ave., Suite 1J, Englewood Cliffs, New Jersey 07632.

4. Upon information and belief, defendant Vector Painting Corp. is a corporation organized and existing pursuant to the laws of the State of New York, with its principal place of business at 580 Sylvan Ave., Suite 1J, Englewood Cliffs, New Jersey 07632.

5. Upon information and belief, defendant Vector Maintenance Corp. is a corporation organized and existing pursuant to the laws of the State of New York, with its principal place of business at 580 Sylvan Ave., Suite 1J, Englewood Cliffs, New Jersey 07632.

6. Upon information and belief, defendant Alexander Kyriazis is a citizen of the State of New York, residing at 250 West Street, Apt 3L, New York, New York 10013.

7. Upon information and belief, defendant Marie Pakzad is a citizen of the State of New York, residing at 250 West Street, Apt 3L, New York, New York 10013.

8. Upon information and belief, at all pertinent times, Alexander Kyriazis was the principal of Vector Building Corp., Vector Painting Corp., and Vector Maintenance Corp.

FACTS

9. To induce Atlantic Specialty to consider executing surety bonds on behalf of Vector Building Corp., on or about December 7, 2018, Defendants executed a General Indemnity Agreement (“the Indemnity Agreement”) in favor of Atlantic Specialty.

10. The Indemnity Agreement contains a number of obligations that Defendants agreed to assume and perform in connection with and as consideration for Atlantic Specialty’s execution of surety bonds on Vector Building Corp.’s behalf.

11. In Paragraph 2 of the Indemnity Agreement, Defendants agreed to:

exonerate, hold harmless, indemnify, and keep indemnified [Atlantic Specialty] from and against any and all liability for losses, fees, costs and expenses of any kind or nature, including but not limited to, court costs, attorney’s fees, accounting, and any other outside consulting fees and from and against any such losses and expenses which Atlantic Specialty may sustain or incur, plus interest thereon, arising out of, directly or indirectly: (1) Atlantic Specialty being requested by [Defendants] to execute or procure the execution of any Bonds; or (2) Atlantic Specialty having executed or procured the execution of any Bonds on behalf of [Vector Building Corp.]; or (3) the failure of [Defendants] to perform or comply with any of the terms and condition of [the

Indemnity Agreement] and/or (4) Atlantic Specialty enforcing any of the terms and conditions of [the Indemnity Agreement].

12. Defendants further agreed in Paragraph 3 of the Indemnity Agreement to deposit collateral security with Atlantic Specialty to protect and secure it against such losses, costs, and expenses:

The [Defendants], upon demand of [Atlantic Specialty], at any time and for any reason . . . shall deliver to [Atlantic Specialty] collateral in the form and amounts acceptable to [Atlantic Specialty] in its sole and absolute discretion. Any acceptable collateral provided to [Atlantic Specialty] by [Defendants] or any third party or the proceeds thereof, in whole or in part, may be held in the name of [Atlantic Specialty] and applied to any obligations of [Defendants] under this [Indemnity Agreement].

13. In reliance upon Defendants' execution of the Indemnity Agreement and the promises they made and obligations they assumed therein, Atlantic Specialty, as surety, executed Bond No. 800033571 in the penal limit of \$612,023.50, on behalf of Vector Building Corp., as principal, to discharge a lien filed by RCRussell, LLC ("the Bond").

14. By letter dated July 9, 2020, Atlantic Specialty demanded that Defendants deposit collateral in the form of cash or a letter of credit with the value of \$315,000.00, as they agreed to do and are obligated to do pursuant to Paragraph 3 of the Indemnity Agreement.

15. Defendants have failed to deposit the collateral security demanded on July 9, 2020, with Atlantic Specialty and otherwise have failed to respond to Atlantic Specialty's demand.

16. Defendants are in breach of the Indemnity Agreement.

17. Defendants' breach has left Atlantic Specialty without the security for which it specifically bargained.

18. Defendants' breach has left Atlantic Specialty to pay costs and expenses relating to the Bond out of its own funds, and has left Atlantic Specialty vulnerable to being compelled to pay any amount due under the Bond out of its own funds.

19. As of the date of this Complaint, Atlantic Specialty has incurred costs and expenses, including but not limited to counsel fees, of \$2,701.50 as a result of having executed the Bond, as a result of Defendants' breach of the Indemnity Agreement, and in protecting and enforcing its rights thereunder.

FIRST CAUSE OF ACTION

20. Atlantic Specialty repeats and reasserts the allegations contained in paragraphs 1 through 19 with the same force and effect as if set forth at length.

21. By letter dated July 9, 2020, Atlantic Specialty demanded that Defendants deposit collateral in the form of cash or a letter of credit with the value of \$315,000.00, in accordance with their obligations under Paragraph 3 of the Indemnity Agreement.

22. Defendants failed to do so.

23. Defendants are in breach of the Indemnity Agreement.

24. Atlantic Specialty is entitled to judgment against Defendants, jointly and severally, in the sum of \$315,000.00.

SECOND CAUSE OF ACTION

25. Atlantic Specialty repeats and reasserts the allegations contained in paragraphs 1 through 24 with the same force and effect as if set forth at length.

26. The Indemnity Agreement is a valid contract between Atlantic Specialty and Defendants.

27. Atlantic Specialty performed thereunder by executing the Bond.

28. Defendants have the ability to perform their obligation to deposit collateral security with Atlantic Specialty as demanded.

29. Atlantic Specialty lacks an adequate remedy at law.

30. Atlantic Specialty continues to face exposure for losses, costs, and expenses in excess of \$315,000.00.

31. Atlantic Specialty is entitled to judgment against Defendants, jointly and severally, compelling them to specifically perform their obligation to deposit cash or other collateral security with a value of \$315,000.00 with Atlantic Specialty.

THIRD CAUSE OF ACTION

32. Atlantic Specialty repeats and reasserts the allegations contained in paragraphs 1 through 31 with the same force and effect as if set forth at length.

33. Atlantic Specialty may incur losses in the future in satisfying claims against the Bond.

34. Defendants are obligated to indemnify Atlantic Specialty for all such losses.

35. Defendants are in breach of the Indemnity Agreement.

36. Atlantic Specialty is entitled to judgment against Defendants, jointly and severally, in the amount of all losses that Atlantic Specialty pays as a result of having executed the Bond, which amount is to be determined.

FOURTH CAUSE OF ACTION

37. Atlantic Specialty repeats and reasserts the allegations contained in paragraphs 1 through 36 with the same force and effect as if set forth at length.

38. In Paragraph 2 of the Indemnity Agreement, Defendants agreed to indemnify Atlantic Specialty for all costs and expenses (including attorney's and consultant's fees) that

Atlantic Specialty pays as a result of having executed the Bond, as a result of Defendants' breach of the Indemnity Agreement, and in protecting and enforcing its rights thereunder.

39. As of November 4, 2020, Atlantic Specialty had incurred costs and expenses of \$2,701.50.

40. Defendants are in breach of the Indemnity Agreement.

41. Atlantic Specialty is entitled to judgment against Defendants, jointly and severally, in the sum of \$2,701.50.

FIFTH CAUSE OF ACTION

42. Atlantic Specialty repeats and reasserts the allegations contained in paragraphs 1 through 41 with the same force and effect as if set forth at length.

43. Atlantic Specialty will continue to incur costs and expenses as a result of having executed the Bond, as a result of Defendants' breaches of the Indemnity Agreement, and in protecting and enforcing its rights thereunder.

44. Defendants are obligated to indemnify Atlantic Specialty for all such costs and expenses.

45. Defendants are in breach of the Indemnity Agreement.

46. Atlantic Specialty is entitled to judgment against Defendants, jointly and severally, in the amount of all costs and expenses it pays as a result of having executed the Bond on behalf of Vector Building Corp., as a result of Defendants' breaches of the Indemnity Agreement, and in protecting and enforcing its rights thereunder, which amount is to be determined.

WHEREFORE, Atlantic Specialty demands judgment against Defendants, jointly and severally, as follows:

(a) on the First Cause of Action, in the sum of \$315,000.00;

(b) on the Second Cause of Action, compelling them to specifically perform their obligation to deposit cash or other collateral security with a value of \$315,000.00 with Atlantic Specialty;

(c) on the Third Cause of Action, in an amount to be determined;

(d) on the Fourth Cause of Action, in the sum of \$2,701.50;

(e) on the Fifth Cause of Action, in an amount to be determined;

(f) all of the above with interest, costs, disbursements, and

(g) awarding Atlantic Specialty such other and further relief as the Court deems just and proper.

Dated: December 14, 2020

CHIESA SHAHINIAN & GIANTOMASI PC
Attorneys for Plaintiff
Atlantic Specialty Insurance Company

By: /s Adam P. Friedman
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