



The City of New York
Department of Investigation

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**DOI UNDERCOVER OPERATION EXPOSES ILLEGAL, BLACK MARKET TRAFFICKING IN
MOBILE FOOD VENDING PERMITS AND RESULTS IN THE ARREST OF SIX INDIVIDUALS**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced six arrests resulting from a wide-ranging and complex undercover investigation that revealed a lucrative underground market in mobile food vending permits. DOI's investigation began after it was notified by the City Department of Health and Mental Hygiene ("DOHMH") that it suspected that some mobile food vending carts were being used as fraudulent stand-ins for other carts in order to pass inspection at its Maspeth, Queens inspection facility. DOHMH issues mobile food vending permits and requires that mobile food vending carts be inspected annually or biennially, depending on the type of permit issued.

A DOI investigator posed as a DOHMH inspector at the Maspeth, Queens facility, tracking the carts brought in for inspection and finding that many carts were repeatedly presented by brokers who falsely represented that the carts were owned by different applicants. Sometimes the same cart was presented more than once a day to pass inspection and obtain a permit that was then affixed to another cart that had not been inspected and, in some cases, would not have passed inspection. DOI's investigation also found that documents called "commissary letters" were submitted to DOHMH falsely indicating that certain carts were stored at DOHMH-regulated commissaries and vendors purchased their food from approved depots. In addition, DOI's investigators discovered that a notary public fraudulently signed and notarized blank and pre-signed renewal applications for mobile food vending licenses. As part of this investigation, DOI tracked hundreds of cart inspections, executed search warrants, reviewed numerous DOHMH permit applications and inspection documents and interviewed numerous witnesses.

The office of Queens County District Attorney Richard A. Brown is prosecuting five of the six cases, and the office of New York County District Attorney Robert M. Morgenthau is prosecuting the remaining case.

Four business owners, an employee of one of the businesses, and a notary public have been charged with a variety of crimes including: Criminal Possession of a Forged Instrument in the Second Degree, a class D felony; Offering a False Instrument for Filing in the First Degree, Falsifying Business Records in the First Degree and Issuing a False Certificate, class E felonies; and Criminal Facilitation in the Fourth Degree and Falsifying Business Records in the Second Degree, class A misdemeanors. Upon conviction, a class D felony is punishable by up to seven years in prison, a class E felony is punishable by up to four years in prison and a class A misdemeanor is punishable by up to a year's incarceration.

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DOI Commissioner Rose Gill Hearn said, "DOI set out to learn how this illegal market functioned from the ground up. We found and exposed six individuals who prospered by engaging in fraud in the City's food vending process. This case is also about the violation of health laws intended to ensure sanitary conditions for what is a popular way by which many New Yorkers purchase, consume and enjoy food. I commend the Department of Health for bringing this matter to our attention."

Queens District Attorney Richard A. Brown said, "Buying such street fare as the ubiquitous hot dog from a sidewalk vendor has long been a New York City tradition. However, when individuals attempt to circumvent government's efforts to protect the health and safety of New Yorkers, violators will find themselves in hot water."

New York City Health Commissioner Dr. Thomas Farley said, "The Health Department is committed to ensuring that mobile food carts operate in a safe and sanitary manner in order to protect people's health. We condemn any illegal activity and I thank our staff for partnering with DOI in this investigation. Recently, we strengthened the Health Code on mobile food vending and we will be pursuing additional steps to prevent fraud."

Under current City regulations, it is illegal for a mobile food vending owner to sell or transfer a permit to another person. A mobile food vending cart must display a DOHMH permit in order to operate in the City. The permits carry a unique sequence of numbers that are used by DOHMH inspectors to identify carts during regulatory and enforcement activities. Filing fees to acquire a six-month or two-year permit do not exceed \$200, while DOI's investigation found that a permit purchased illegally can cost up to \$2,000 for a six-month permit or up to \$15,000 for a two-year permit.

DOI is discussing with DOHMH improvements that would eliminate the criminal conduct found in the investigation, including the creation of a competitive, sealed bidding process to, in essence, replace the illegal payments with legal payments. Currently, DOHMH issues mobile food vending permits through a lottery system. A competitive bidding process could be modeled after the process used to issue taxi medallions, and would create a vested interest for owners to follow City regulations and establish a thriving, legitimate business. In addition, a bidding process could generate significant revenue for the City.

City regulations also mandate that mobile food carts must be stored at DOHMH-licensed commissaries to ensure that the carts are maintained in a safe and sanitary environment. To obtain a permit, vendors must submit to DOHMH a "commissary letter" from the commissary company indicating their cart is housed at the DOHMH-regulated establishment and that the food sold is obtained from such an establishment.

According to the criminal complaints:

DOI's investigation found that SOTIRIOS "STEVE" ECONOPOULY and FERNANDO QUESNAY, both employed at a business known as Sage Enterprises Inc./Steve's Sheet Metal Co. Inc., located at 53-04 Roosevelt Avenue in Woodside, Queens brokered and facilitated the illegal sale and transfer of permits.

In June 2007, ECONOPOULY, who owns that business, illegally obtained a six-month permit for a DOI undercover investigator for \$2,750. As part of that transaction, ECONOPOULY arranged for two fraudulent documents to be submitted to DOHMH, a letter falsely stating that the undercover investigator's mobile food cart was being stored at an approved commissary operated by another defendant, JACOB SHIMON, and a receipt falsely stating that the undercover investigator was purchasing food for the cart from an authorized vendor.

ECONOPOULY is also charged with a second illegal transaction in which an individual in December 2007 told ECONOPOULY that he wanted to obtain a permit for his cart, which would not pass inspection. For \$500, ECONOPOULY furnished his own a cart as a fraudulent stand-in for the individual's cart and then

arranged for the illegal transfer of the permit from his own successfully inspected cart to the individual's cart, which had not been inspected. In connection with that transaction, ECONOPOULY brokered a meeting with another defendant in this case, ADAMADIA ARABATZIS, who submitted a forged and fraudulent letter to DOHMH, falsely explaining that the permit originally affixed to the individual's cart had been removed prior to inspection because "it was not in shape to be transported to the inspection site". However, the investigation found that the explanation was false and the individual who purportedly signed the letter never saw or signed it.

DOI's investigation found that for over 10 years ECONOPOULY acted as a broker in this illegal market and that he routinely charged \$6,000 for a two-year permit, giving \$5,000 to the real permit owner and keeping \$1,000 for himself. The investigation found that ECONOPOULY purchased "commissary letters" from SHIMON, former owner of Jacob Shimon Enterprises. At the time of inspection, these letters were filed with DOHMH falsely representing that the cart in question was being stored and food obtained from a DOHMH-regulated commissary.

Between October and November 2006, QUESNAY, an employee of ECONOPOULY, brought a single cart to DOHMH's Maspeth inspection facility for inspection on four occasions falsely identifying it as a different cart in each instance and that it belonged to four different applicants when, in fact, the cart belonged to ECONOPOULY. In addition, QUESNAY filed "commissary letters" and related documents with DOHMH, which also falsely stated that the carts presented for inspection belonged to the named applicants and were stored at an approved location and that the food was obtained from an approved facility.

Between January 2003 and June 2007, SHIMON sold blank "commissary letters" to ECONOPOULY in batches of 10 for approximately \$50 per letter. The investigation found that SHIMON sold approximately 100 blank "commissary letters," and that the letters bore SHIMON's signature and corporate seal, even though SHIMON had no contact with the applicants. On June 5, 2007, one of the 100 blank letters sold to ECONOPOULY was filed on behalf of a mobile food vendor applicant with DOHMH and the investigation found SHIMON did not have any contact with the applicant.

DOI's investigation also found that between January 2007 and September 2008, IFIGENIA ("EFFIE") TSATSARONIS, the owner and operator of Manhattan Food Vendors in Long Island City, assisted in the illegal sale and acquisition of mobile food vending permits; that in January 2007 an undercover DOI investigator paid TSATSARONIS \$1,000 as a down payment for a permit and a "commissary letter"; that in May 2008, another undercover DOI investigator renewed the same permit, paying TSATSARONIS \$1,750 for the renewal and a "commissary letter". In addition, the investigation found that TSATSARONIS indicated that it did not matter where the cart was stored, even though it indicated in the letter that the cart had to be stored at a regulated commissary.

DOI's investigation also led to the arrest of NIKHIL DHAMELIYA, a notary public who operates out of a newsstand in the lobby of 42 Broadway in Manhattan, the same building where the City Department of Consumer Affairs ("DCA"), which processes application for the renewal of mobile food vending licenses for DOHMH, is located. The investigation found that DHAMELIYA illegally notarized 30 blank and pre-signed DOHMH application documents presented by a DOI undercover investigator and indicated that his stamp was valid for filings in Queens County.

The individuals have been charged as follows:

- SOTIRIOS "STEVE" ECONOPOULY, 71, of Roslyn, N.Y., and owner of Steve's Sheet Metal - Sage Enterprises, Inc., in Woodside, Queens, is charged with two counts each of Offering a False Instrument for Filing in the First Degree, Tampering with Public Records in the First Degree, Falsifying Business Records in the First Degree, and Criminal Facilitation in the Fourth Degree.

- FERNANDO QUESNAY, 52, of Corona, N.Y., an employee of Steve's Sheet Metal, is charged with four counts each of Offering a False Instrument for Filing in the First Degree, Falsifying Business Records in the First Degree and Criminal Facilitation in the Fourth Degree.
- IFIGENIA "EFFIE" TSATSARONIS, 40, of Long Island City, N.Y., and owner of Manhattan Food Vendors in Long Island City, is charged with Criminal Possession of a Forged Instrument in the Second Degree and Falsifying Business Records in the Second Degree.
- JACOB SHIMON, 46, of Whitestone, N.Y., and former owner of Jacob Shimon Enterprises in Queens Village, N.Y., is charged with Criminal Possession of a Forged Instrument in the Second Degree and Falsifying Business Records in the Second Degree.
- NIKHIL DHAMELIYA, 23, of Woodside, Queens, a notary public who operates VMS Candy & Cigar Corporation, a newsstand located in the lobby of 42 Broadway, N.Y., is charged with 30 counts of Issuing a False Certificate.
- ADAMADIA ARABATZIS, 48, of Astoria, Queens, owner of Vendors Help Center in Astoria, is charged with Criminal Possession of a Forged Instrument in the Second Degree.

DOI also gathered evidence that indicates more than 500 mobile food vending permit holders may have illegally sold their permits on the black market. DOI has referred this information to DOHMH for their use in any administrative action deemed appropriate, including permit revocation.

Commissioner Gill Hearn thanked the former and current DOHMH Commissioners, Drs. Thomas R. Frieden and Thomas Farley, respectively; Queens County District Attorney Richard A. Brown; DCA Commissioner Jonathan Mintz; New York County District Attorney Robert M. Morgenthau, and their staffs, for their assistance in these investigations.

These investigations were conducted by DOI's Office of the Inspector General for DOHMH, including Inspector General Christopher Staackmann, Deputy Inspector General Stephan Zander, Assistant Inspector General Byron Biggerstaff and Investigators Danielle Caruso, John Eleftheriades and Indira Jhurani.

The prosecution of these cases has been assigned to Assistant District Attorney Daniel O'Leary of the Queens District Attorney's Office.

Criminal complaints are accusations. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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