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NEIGHBORHOOD REPORT: CHINATOWN; In the Fray Over Fakes, Landlords on the Line

By JENNIFER BLEYER

The kiosks of Canal Street were typically chaotic last week, laden with chunky silver watches, bright flowing scarves and oversize handbags. On the sidewalks, whispering merchants reeled off the brand names of goods to be procured within: Dolce & Gabbana. Prada. Rolex.

All fakes, of course. Chinatown has a vast industry of counterfeit goods, which has long pitted those whispering merchants against the police. But the battle scene was altered last month with a lawsuit that drew merchants' landlords more fully into the fray.

Eight makers of luxury goods, including Burberry, Givenchy and Marc Jacobs, sued a trust created by the estate of Vincent Terranova in Federal District Court in Manhattan in connection with six Terranova properties in Chinatown. In court documents, the companies claimed that counterfeit merchandise was sold by tenants in the buildings and, among other things, asked the court to direct that those tenants be evicted.

A lawyer for the Terranova estate, Paul Kurland, said that it had cooperated with the plaintiffs and that in fact the parties had recently settled the case. He would not reveal the terms of the settlement but did say, "We're doing our best to rid our properties of any counterfeit sales."

This strategy aimed at landlords is not new; some cases date to the mid-1990s. But the latest lawsuit and some other recent cases indicate that the tactic is growing more common.

Last winter, for example, Louis Vuitton Malletier, the bagmaker, arrived at an important agreement in federal court with the landlords of more than a dozen Canal Street locations, requiring them to take action against counterfeit vendors on their properties.

In these efforts, the companies have an ally in city government, which since 2003 has taken control of 18 large buildings occupied by vendors of counterfeit goods. So far, says John Feinblatt, the city's criminal justice coordinator, nine of the buildings have been returned to legitimate use. "What's new," he said, "is going after the very heart of the business."

Still, some landlords contend that the problem is difficult to control because members of an untraceable network of counterfeiters often sublet from official tenants, pay in cash, set up a business and then disappear within weeks. One such landlord is Lance Steinberg, the president of Raber Management, which manages dozens of Chinatown properties.

In October, Mr. Steinberg said, he received a letter from an attorney for companies including Rolex, Polo Ralph Lauren and Tiffany; they complained about counterfeit trading at 94 Mott Street, a Raber-managed property. By last week, Mr. Steinberg had marched through the building and evicted anyone he found selling counterfeit goods. But he doubted his actions would be effective.

"It's a constant cat-and-mouse fight," he said. "I walk up and down Canal Street chasing them from the front of the buildings. The problem is absolutely out of control." JENNIFER BLEYER