



The City of New York
BUSINESS INTEGRITY COMMISSION
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**DECISION OF THE BUSINESS INTEGRITY COMMISSION DENYING THE
LICENSE RENEWAL APPLICATION OF ZEUS WASTE MANAGEMENT INC.
TO OPERATE AS A TRADE WASTE BUSINESS**

I. INTRODUCTION

Zeus Waste Management Inc. (“Zeus” or the “Applicant”) (BIC #1809) has submitted to the New York City Business Integrity Commission (the “Commission”) an application to renew its license to operate as a trade waste business (the “Instant Renewal Application”), dated September 8, 2020.¹ Local Law 42 of 1996 authorizes the Commission to review and make determinations on such applications. *See* Title 16-A, New York City Administrative Code § 16-505(a).

After a review of a trade waste license renewal application, if the Commission grants the renewal of the license, the applicant will be issued a license renewal. *See id.* at § 16-505(a). The Commission’s review of an initial license application or a renewal application focuses on determining whether the applicant possesses business integrity, *i.e.*, good character, honesty and integrity. *See* Title 17, Rules of the City of New York (“RCNY”) § 1-09 (prohibiting numerous types of conduct reflecting lack of business integrity, including violations of law, knowing association with organized crime figures, false or misleading statements to the Commission, and deceptive trade practices); Admin. Code § 16-504(a) (empowering the Commission to issue and establish standards for issuance, suspension, and revocation of licenses and registrations); Admin. Code § 16-509(a) (authorizing the Commission to refuse to issue licenses or registrations to applicants lacking “good character, honesty and integrity”).

On March 18, 2021, the Commission’s staff issued and served on the Applicant an eight-page Notice to the Applicant of the Grounds to Deny the License Renewal Application of Zeus Waste Management Inc. to Operate as a Trade Waste Business (the “Notice”). The Applicant was given 10 business days to respond. *See* 17 RCNY § 2-08(a). Before the deadline, the Applicant’s attorney requested an extension of time to respond. *See* March 22, 2021 email from Peter Moulinos to the Commission’s staff. The Commission’s staff granted the extension, to April 9, 2021. *See id.* On April 6, 2021, the Applicant’s attorney informed the Commission’s staff that the Applicant would not submit

¹ “Trade waste” or “waste” is defined at Admin. Code § 16-501(f)(1).

a response to the staff's recommendation, leaving the Notice uncontested. See April 6, 2021 email from Peter Moulinos to the Commission's staff.

The Commission has completed its review of the Instant Renewal Application, having carefully considered the Notice. Based on the record herein, the Commission denies the Instant Renewal Application because the Applicant lacks good character, honesty, and integrity based on the following sufficient ground:

- **George Kalergios, a principal of the Applicant, has been convicted of committing recent criminal acts relating directly to the Applicant's fitness for licensure in the trade waste industry.**

II. BACKGROUND AND STATUTORY FRAMEWORK

Every commercial business establishment in New York City must contract with a private carting company to remove and dispose of the waste it generates, known as trade waste. Historically, the private carting industry in the City was operated as a cartel controlled by organized crime. As evidenced by numerous criminal prosecutions, the industry was plagued by pervasive racketeering, anticompetitive practices and other corruption. See, e.g., *United States v. Int'l Brotherhood of Teamsters (Adelstein)*, 998 F.2d 120 (2d Cir. 1993); *People v. Ass'n of Trade Waste Removers of Greater New York Inc.*, Indictment No. 5614/95 (Sup. Ct. N.Y. Cty.); *United States v. Mario Gigante*, No. 96 Cr. 466 (S.D.N.Y.); *People v. Ass'n of Trade Waste Removers of Greater New York*, 701 N.Y.S.2d 12 (1st Dep't 1999).

The Commission is charged with, among other things, combating the influence of organized crime and preventing its return to the City's private carting industry, including the construction and demolition debris removal industry. Instrumental to this core mission is the licensing scheme set forth in Local Law 42, which created the Commission and granted it the power and duty to license and regulate the trade waste removal industry in New York City. Admin. Code § 16-505(a). This regulatory framework continues to be the primary means of ensuring that an industry once overrun by corruption remains free from organized crime and other criminality, and that commercial businesses that use private carters can be ensured of a fair, competitive market.

Local Law 42 provides that “[i]t shall be unlawful for any person to operate a business for the purpose of the collection of trade waste . . . without having first obtained a license therefor from the [C]ommission.” Admin. Code § 16-505(a). Before issuing such license, the Commission must evaluate the “good character, honesty and integrity of the applicant.” *Id.* at § 16-508(b). The New York City Administrative Code provides an illustrative list of relevant factors for the Commission to consider in making a licensing decision:

1. failure by such applicant to provide truthful information in connection with the application;

2. a pending indictment or criminal action against such applicant for a crime which under this subdivision would provide a basis for the refusal of such license, or a pending civil or administrative action to which such applicant is a party and which directly relates to the fitness to conduct the business or perform the work for which the license is sought, in which cases the commission may defer consideration of an application until a decision has been reached by the court or administrative tribunal before which such action is pending;
3. conviction of such applicant for a crime which, considering the factors set forth in section seven hundred fifty-three of the correction law, would provide a basis under such law for the refusal of such license;
4. a finding of liability in a civil or administrative action that bears a direct relationship to the fitness of the applicant to conduct the business for which the license is sought;
5. commission of a racketeering activity or knowing association with a person who has been convicted of a racketeering activity, including but not limited to the offenses listed in subdivision one of section nineteen hundred sixty-one of the Racketeer Influenced and Corrupt Organizations statute (18 U.S.C. § 1961 *et seq.*) or of an offense listed in subdivision one of section 460.10 of the penal law, as such statutes may be amended from time to time, or the equivalent offense under the laws of any other jurisdiction;
6. association with any member or associate of an organized crime group as identified by a federal, state or city law enforcement or investigative agency when the applicant knew or should have known of the organized crime associations of such person;
7. having been a principal in a predecessor trade waste business as such term is defined in subdivision a of section 16-508 of this chapter where the commission would be authorized to deny a license to such predecessor business pursuant to this subdivision;
8. current membership in a trade association where such membership would be prohibited to a licensee pursuant to subdivision j of section 16-520 of this chapter unless the commission has determined, pursuant to such subdivision,

that such association does not operate in a manner inconsistent with the purposes of this chapter;

9. the holding of a position in a trade association where membership or the holding of such position would be prohibited to a licensee pursuant to subdivision j of section 16-520 of this chapter;

10. failure to pay any tax, fine, penalty, or fee related to the applicant's business for which liability has been admitted by the person liable therefor, or for which judgment has been entered by a court or administrative tribunal of competent jurisdiction; and

11. failure to comply with any city, state or federal law, rule or regulation relating to traffic safety or the collection, removal, transportation or disposal of trade waste in a safe manner.

Id. at § 16-509(a)(i)-(xi). Additionally, the Commission may refuse to issue a license or registration to any applicant who has “knowingly failed to provide information or documentation required by the Commission . . . or who has otherwise failed to demonstrate eligibility for a license. *Id.* at § 16-509(b). The Commission may refuse to issue a license or registration to an applicant when such applicant was previously issued a license which was revoked or not renewed, or where the applicant “has been determined to have committed any of the acts which would be a basis for the suspension or revocation of a license.” *Id.* at § 16-509(c). Finally, the Commission may refuse to issue a license or registration to any applicant where the applicant or its principals have previously had their license or registration revoked. *Id.* at § 16-509(d).

An applicant for a trade waste license or registration has no entitlement to and no property interest in a license or registration and the Commission is vested with broad discretion to grant or deny a license or registration application. *Sanitation & Recycling Industry, Inc.*, 107 F.3d at 995. *See also Daxor Corp. v. New York Dep't of Health*, 90 N.Y.2d 89, 98-100, 681 N.E.2d 356, 659 N.Y.S.2d 189 (1997); Admin. Code § 16-116.

III. FACTS

On or about March 17, 2004, the Applicant applied to the Commission for a trade waste removal license. *See Zeus Application for License as Trade Waste Business*. The Applicant disclosed George Kalergios (“Kalergios”) as the only principal of the business. *See License Application* at 24. Effective June 1, 2004, the Commission granted the Applicant a trade waste license. *See Zeus Licensing Order*, dated May 19, 2004. On or about June 17, 2004, Kalergios signed the Licensing Order on behalf of the Applicant, thereby agreeing to its terms.² *See id.* at 6.

² Among other things, the Applicant agreed, as a condition of being licensed by the Commission, that it would “not violate any law of the United States of America or the State of New York, including, but not limited to,

From 2006 to 2018, Zeus applied to renew its license approximately every two years, and the Commission granted those renewal applications. Kalergios was disclosed as Zeus’s only principal on each of those renewal applications. *See* April 13, 2006 Renewal Application for a License or Registration as a Trade Waste Business at 5; April 28, 2008 Renewal Application for License or Registration as a Trade Waste Business at 5; May 17, 2010 Renewal Application for License or Registration as a Trade Waste Business at 7; April 25, 2012 Renewal Application for License or Registration as a Trade Waste Business at 7; April 30, 2014 Renewal Application for License or Registration as a Trade Waste Business at 7; April 27, 2016 Renewal Application for License or Registration as a Trade Waste Business at 8; August 23, 2018 Renewal Application for License or Registration as a Trade Waste Business) at 8.

On or about September 8, 2020, the Applicant filed the Instant Renewal Application with the Commission. *See* Instant Renewal Application. In the Instant Renewal Application, Kalergios was disclosed as the “President” and 100% owner of the Applicant. Kalergios’ wife, Irene Kalergios, was also disclosed as a principal of the Applicant — the “Vice President” — with no ownership interest. *See* Instant Renewal Application at 8. Irene Kalergios had not been disclosed as a principal of the Applicant in any of its prior applications with the Commission.

On or about February 17, 2021, Kalergios was charged by Information in the United States District Court for the Eastern District of New York with bribery conspiracy and bribery. Specifically, the Information charged that in or about July 2018, a co-conspirator awarded the Applicant a three-year contract that granted the Applicant the exclusive right to remove non-hazardous waste from an unnamed college’s New York City campus.³ Before the contract was awarded, Kalergios and the co-conspirator agreed that, in exchange for the co-conspirator awarding the contract to the Applicant, Kalergios would pay the co-conspirator 10 percent of the total amount paid under the contract by the college to the Applicant and other companies owned by Kalergios. *See* Information at 2.

Pursuant to this agreement, in or about and between June 2018 and March 2019, Kalergios made multiple cash payments to the co-conspirator totaling approximately \$11,095.00. *See id.* This sum represented 10 percent of the amount that Kalergios’ companies received from the college under the contract. *See id.*

In or about early 2019, Kalergios and his co-conspirator discussed the possibility of Kalergios submitting a bid to secure another contract for services to be performed at the college. *See id.* During these discussions, Kalergios and his co-conspirator agreed that Kalergios would pay his co-conspirator 10 percent of the contract price if Kalergios were to be awarded the project. *See id.*

the antitrust laws or other laws concerning unreasonable restraints of trade.” *See* Licensing Order at 3. As described below, the Applicant violated this condition.

³ The Applicant also broke the law when it entered into a three-year contract with a customer. “A contract for the collection, removal or disposal of trade waste shall not exceed two years in duration. All such contracts shall be approved as to form by the commission.” *See* Admin. Code § 16-520(e)(i).

Kalergios pled guilty to the Information on February 17, 2021, before United States District Judge Pamela K. Chen.⁴ *See* February 17, 2021 Transcript of Criminal Cause for Sentencing. In pleading guilty, Kalergios admitted that:

Between June of 2018 and March 2019, I owned several businesses including Zeus Waste Management, which provided waste management and carting services in the New York area. Zeus Waste Management is headquartered in Astoria, Queens.

Around July 2018, I won a contract through Zeus to provide waste management and carting services with a college located in New York City. I got the contract in part because I made an agreement with the director of facilities management of the college that I would pay him approximately 10 percent of the value of the contract.

Over the course of the contract over the next several months, I provided waste management and carting services to the college, and consistent with our agreement, I paid the director of the facilities management approximately 10 percent of the value of the contract. The total amount that I paid him was approximately \$11,095. The total value of the contract was \$110,955.

I know that conduct was wrong and I took these actions knowingly and intentionally. I am pleading guilty today because I am guilty of the charges that are contained in the information. I take responsibility for my actions and I want to apologize to the Court and to law enforcement.

Id. at 27-28.

In addition to this allocution, Kalergios waived his right to appeal his conviction, as long as he is not sentenced to more than 16 months in prison. *See id.* at 24-26. He also consented to the entry of a forfeiture money judgment in the amount of \$110,955. *See id.* at 19. Kalergios is scheduled to be sentenced on June 29, 2021. *See id.* at 32. The Applicant did not dispute any of these facts.

IV. BASIS FOR DENIAL

George Kalergios, a principal of the Applicant, has been convicted of committing recent criminal acts relating directly to the Applicant's fitness for licensure in the trade waste industry.

The Commission may deny an application based on the conviction of the applicant for a crime which, in light of the factors set forth in section 753 of the Correction Law,

⁴ Kalergios also violated the Commission's rules by failing to notify the Commission of the criminal charges and of his criminal conviction. *See* 17RCNY § 2-05(a)(1).

would provide a basis under such law for refusing to issue a license. *See* Admin. Code §§16-501(a), 16-509(a)(iii). As discussed above, Kalergios is a principal of the Applicant and pled guilty in February 2021 to the crimes of bribery conspiracy and bribery in a scheme directly related to the trade waste industry.

The Correction Law factors referred to in Admin. Code § 16-509(a)(iii) are as follows:

- (a) The public policy of this state, as expressed in [the Correction Law], to encourage the licensure . . . of persons previously convicted of one or more criminal offenses.
- (b) The specific duties and responsibilities necessarily related to the license . . . sought.
- (c) The bearing, if any, the criminal offense or offenses for which the person was previously convicted will have on his fitness or ability to perform one or more such duties and responsibilities.
- (d) The time which has elapsed since the occurrence of the criminal offense or offenses.
- (e) The age of the person at the time of occurrence of the criminal offense or offenses.
- (f) The seriousness of the offense or offenses.
- (g) Any information produced by the person, or produced on his behalf, in regard to his rehabilitation and good conduct.
- (h) The legitimate interest of the public agency . . . in protecting property, and the safety and welfare of specific individuals or the general public.

N.Y. Correct. Law §753(1).

Despite the public policy of this state to encourage the licensure of individuals previously convicted of a crime, *see id.* at § 753(1)(a), the Correction Law factors weigh heavily against granting the Instant Renewal Application. The crimes for which Kalergios has been convicted relate directly to the trade waste industry in which the Applicant is seeking to operate, and go to the crux of the Applicant's honesty, character and integrity. *See id.* at § 753(1)(b). The crimes occurred recently: between June 2018 and March 2019. *See id.* at § 753(1)(d). Thus, the criminal scheme ended only approximately two years ago, and Kalergios pled guilty to it only two months ago. When the criminal scheme commenced in 2018, Kalergios was 54 years old – plainly old enough to know what the law required, how to obey it, and to recognize that the schemes in which he was involved were illegal. *See id.* at § 753(1)(e). The crimes that Kalergios committed were serious –

felonies for which he could be sentenced to 10 years imprisonment on the bribery count and five years imprisonment on the bribery conspiracy count. *See id.* at § 753(1)(f).

Kalergios has not provided the Commission with any information regarding his rehabilitation or good conduct. *See id.* at § 753(1)(g). Further, Kalergios' crimes were the result of a series of conscious decisions to violate the law. They demonstrate a distinct lack of fitness for a license that requires applicants to possess good character, honesty and integrity, and also an inability to follow the laws, rules and other requirements imposed on licensees and registrants of the Commission. *See id.* at § 753(1)(c). Given the history of corruption in the trade waste industry, the public has a compelling interest in ensuring that waste hauling services in New York City are provided free of the threat of organized crime and other forms of corruption. *See id.* at § 753(1)(h). Licensing of this Applicant is incompatible with that important objective.

The facts in this case demonstrate that the crimes to which Kalergios pled guilty are so recent, so serious, and so closely related to the purposes for which the license is sought and the duties and responsibilities associated with such license, that they preclude the granting of a trade waste removal license to the Applicant. Moreover, the charges against Kalergios are antithetical to the very purpose of Local Law 42, which is to root out organized crime and other forms of corruption from the carting industry. Kalergios' conviction clearly provides substantial evidence that both he and the Applicant lack good character, honesty, and integrity. Therefore, the Commission denies the Instant Renewal Application based on this ground.

V. CONCLUSION

The Commission is vested with broad discretion to refuse to issue a license to any applicant it determines lacks good character, honesty and integrity. The record as detailed herein demonstrates that the Applicant lacks those essential qualities. Accordingly, based on the ground detailed above, the Commission denies Zeus Waste Management Inc.'s Instant Renewal Application.

This license denial is effective immediately. Zeus Waste Management Inc. may not operate as a trade waste business in the City of New York.

Dated: April 28, 2021

THE NEW YORK CITY
BUSINESS INTEGRITY COMMISSION

**Approved at April 28, 2021
Telephonic Commission Meeting**

Noah D. Genel
Commissioner and Chair

**Approved at April 28, 2021
Telephonic Commission Meeting**

Edward Grayson, Commissioner
Department of Sanitation

**Approved at April 28, 2021
Telephonic Commission Meeting**

Margaret Garnett, Commissioner
Department of Investigation

**Approved at April 28, 2021
Telephonic Commission Meeting**

Lorelei Salas, Commissioner
Department of Consumer and Worker Protection

**Approved at April 28, 2021
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Andrew Schwartz, Deputy Commissioner
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**Approved at April 28, 2021
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John Dusanenko, Captain
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