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City Agents Shut Down 32 Vendors of Fake Items By CHRISTINE HAUSER

It is a vibrant fixture of Lower Manhattan commerce. Tourists jostle for space at Canal Street's stores and sidewalk kiosks, bargaining with vendors over sparkly watches, handbags and perfumes with fake designer labels that are sold at a fraction of the cost of the genuine item.

But over the past five weeks, like the goods that are not what they appear to be, undercover police officers and city agents fanned out and pretended to be real shoppers in an area the mayor called the "Counterfeit Triangle" — which roughly includes Canal, Walker, Baxter and Centre Streets. They picked up items that included a Prada handbag for \$40; a Patek Philippe watch and a Rolex for \$80, and two pairs of Dolce & Gabbana sunglasses for \$18.

On Tuesday, 32 shops were closed down, a civil lawsuit was filed against the property owner — the estate of Vincent Terranova — and more than \$1 million worth of counterfeit goods were confiscated as a result of the more than 40 undercover shopping sprees.

Mayor Michael R. Bloomberg called the operation one of his administration's "biggest takedowns ever" against the "easy and sleazy" money derived from counterfeit merchandise.

"Whoever you are, wherever you are, we are going to shut you down," Mr. Bloomberg said at a news conference in the lobby of a Canal Street mall that housed some of the shops. Behind him were dozens of clear plastic bags stuffed with hundreds of seized counterfeit products.

Mr. Bloomberg said that the sales of counterfeit goods cheated the city of \$1 billion in sales tax a year and led to money laundering and bloody turf wars. "It is organized crime," he said.

In a statement, Terranova Properties, the owner's managing agent, said: "We have been working together with New York City and will continue to cooperate to the utmost degree with the New York City Police Department and the mayor's office to remedy this situation on Canal Street." The assistant who read the statement, Leah Terranova, declined to comment further.

Police Commissioner Raymond W. Kelly said that in 2007, counterfeit goods worth \$25 million were seized throughout the city, about three times more than in the previous year.

There were no arrests on Tuesday, but as the investigation proceeds, there could be criminal charges. Through the civil suit, a temporary restraining order was imposed to keep the buildings shuttered until the owner can prove there is no more illegal activity. The owner must also pay a fine of \$1,000 a day from the first official notice of illegal activity — in this case, in early January. The city will also ask the State Supreme Court to impose other fines, said Jason Post, a spokesman for the mayor.

The three buildings that were closed have multiple addresses for the shops within them: 224-230 Canal Street; 232 Canal Street, 234-238 Canal Street; 106 Baxter Street; 112-116 Walker Street; 118 Walker Street; 120-124 Walker Street and 152-156 Centre Street. Some of the shops share an address.

The undercover operation started nearly two months ago as a joint effort between the New York Police Department and the mayor's Office of Special Enforcement.

They gained entry using saws and bolt cutters and seized hundreds of items. The city filed the civil lawsuit using the nuisance abatement law against four trustees of the Terranova estate: Robert Becht, Edward T. Borg, George Terranova and Carl Terranova, said Mr. Post, the mayor's spokesman.

Shari C. Hyman, director of the Office of Special Enforcement, said that the city had filed civil lawsuits against the Terranova owners of 234-238 Canal Street in 1999 and against 232 Canal Street in 2003, but that despite the family's agreement to try to curb the counterfeit sales, they resumed.

In late 2006, eight makers of luxury goods, including Burberry, Givenchy and Marc Jacobs, sued a trust created by the Terranova estate in Federal District Court in Manhattan in connection with six properties in Chinatown, asking, among other things, that the tenants of those buildings be evicted. A lawyer for the estate, Paul Kurland, said a short time later that the parties had settled, and said they were doing their best to rid the buildings of vendors of counterfeit items.

Mr. Kurland could not be reached for comment on Tuesday.

"It was the owners' unwillingness to comply with repeated attempts to get counterfeiting activity out of the buildings that made us decide to go against them in this aggressive action," Ms. Hyman said, speaking about the Tuesday events.