

NEW YORK STATE
DEPARTMENT OF ECONOMIC DEVELOPMENT
207 GENESEE STREET
UTICA, NEW YORK 13501

In the Matter

- of -

**the Application of Minority Components Inc. dba Kurrent Technology
for Certification as a Woman-owned Business Enterprise
pursuant to Executive Law Article 15-A.**

NYS DED File ID No. 72150

RECOMMENDED ORDER

-by-



David A. Murad
Administrative Law Judge
February 11, 2025

This matter considers the written appeal by Minority Components Inc. dba Kurrent Technology (“Minority Components” or “applicant”) pursuant to New York State Executive Law Article 15-A and Title 5 of the Official Compilation of Codes, Rules and Regulations of the State of New York (5 NYCRR) parts 140-144, challenging the determination of the Division of Minority and Women’s Business Development (“Division”) of the New York State Department of Economic Development (“DED”) that the business enterprise does not meet the eligibility criteria for certification as a woman-owned business enterprise (“WBE”).

PROCEDURAL HISTORY

1. On March 28, 2024, Ms. Kristina Patsis, as President, applied on behalf of Minority Components for certification as a woman-owned business enterprise (“WBE”) (DED Exhibit 1).
2. On June 28, 2024, the Division denied the application on the following grounds (DED Exhibit 2):
 - (a) Minority group members or women relied upon for certification have not demonstrated having made a capital contribution to the business enterprise proportionate to their equity interest therein, as demonstrated by, but not limited to, contributions of money, property, equipment or expertise, as required under 5 NYCRR § 144.2(b)(2);
 - (b) Minority group members or women must not be encumbered in their ability to realize the benefits of ownership of the business enterprise for which certification is sought, or subject to undue restrictions against alienating such ownership interests, as required under 5 NYCRR §144.2(b)(4);
 - (c) The business enterprise does not operate independently, as required under 5 NYCRR § 144.2(e); and

(d) The business enterprise does not contribute to the New York State economy through payment of taxes, or the purchase of made in New York State products or materials, or by having any payroll in New York State, as required under 5 NYCRR §§144.2(f)(2), 140.1(gg), and 140.1 (hh).

3. Minority Components filed a Request to Appeal on July 3, 2024 (DED Exhibit 3).
4. A notice to proceed via written appeal was sent to Minority Components on July 5, 2024 (DED Exhibit 4).
5. Minority Components filed its written appeal by undated letter with attachments (APP Exhibit A).
6. The Division filed an Affidavit of Matthew LeFebvre, Associate Certification Director, dated January 28, 2025, and a brief of Dennie Byam Esq., counsel for the Division, dated January 29, 2025.

FINDINGS OF FACT

7. Minority Components is engaged in the business of heating, air conditioning, plumbing, and related commercial services. The critical functions of the business are sourcing, procuring, and distributing electronic components, semiconductors, electrical components, electronic parts and wiring, commercial equipment, wireless communications equipment, cables, wires, castings, splitters, diodes computer products, and peripherals. (DED Exhibit 1).
8. Kristina Patsis is the President and has a 100% ownership interest (DED Exhibit 1).
9. Section 1.U. of the application lists Ms. Patsis’ method of ownership acquisition as “Other: Gifted.” Section 2.C. of the application states “Business was owned by Laurie Rogers originally, Laurie gifted the business to Kristina Patsis in 2023.” Section 2.E. lists a \$

cash capital contribution on 10/13/2023. Section 2.F. of the application reflects that Kristina Patsis acquired 100 shares on 10/13/2023 with a purchase price of \$█. (DED Exhibit 1).

10. A Narrative submitted with the application states “Kristina Patsis was gifted the business, Kurrent Technology, by Laurie Rogers on 10.1.2023. Before changing ownership, Kurrent Technology had no active business running it and therefore had no value at the time.” (DED Exhibit 5). A Stock Gift Agreement states that Laurie Rogers’ transfer of 100 shares to Kristina Patsis “is an outright gift, with no repayment expected or implied either in the form of cash or by future services.” (DED Exhibit 7).

11. Minority Components’ 2022 Tax Return, Schedule L lists total assets in the amount of \$█ (DED Exhibit 8).

12. Applicant submitted an “Equity Investment” check in the amount of \$█, with a narrative stating “Capital Contribution made 10.30.2023 by Kristina Patsis to fund the business productions and process orders.” (DED Exhibits 1 and 9).

13. A Sales Agreement between Supply Concepts Inc. and Minority Components was submitted with the application. The Sales Agreement (DED Exhibit 10) provides:

(a) Minority Components is a “non-exclusive sales representative for the Products in the Territory...” and Minority Components’ “sole authority shall be to solicit orders for the Products in the Territory... [Minority Components] shall not have the authority to make any commitments whatsoever on behalf of [Supply Concepts Inc.] without the participation or consent of [Supply Concepts Inc.]”

(b) Minority Concepts “shall neither advertise the Products outside the Territory nor solicit orders from outside the Territory without the prior written consent of

[Supply Concepts, Inc.],” and Minority Concepts “shall not engage in conversation with customers without prior approval by Supply Concepts Inc.”

(c) “During the term of this Agreement, [Minority Components] shall not represent, promote or otherwise try to sell within the Territory any lines or products that, in [Supply Concepts Inc’s] judgment, compete with the Products covered by this Agreement.”

(d) Supply Concepts “shall provide [Minority Components] with copies of its current price lists, its delivery schedules, and its standard terms and conditions of sale, as established from time to time. [Minority Components] shall quote to customers only those authorized prices, delivery schedules, and terms and conditions. [Supply Concepts Inc.] may alter at will the prices, delivery schedules, and terms and conditions...”

14. Section 1.J. of the application lists the Minority Components’ website: <https://www.kurrenttech.com> which provides “Kurrent proudly holds a franchise with Supply Concepts, a leading custom metal and plastic fabricator. This strategic partnership equips us with a robust set of capabilities, expertise, and resources, ensuring that we consistently deliver unmatched value to our customers. Our unique offerings, made possible through this partnership, set us apart in the industry.” The website further provides “We are authorized for Stack Electronics, a leader in the electronic components industry for over 40 years... Over the last several years, we worked closely with Stack Electronics and Supply Concepts researching, vetting, developing, and engaging with potential supply chain partners and enacting procurement strategies to mitigate the global semiconductor shortage.” (DED Exhibits 1 and 2).

15. The New York State Department of State Division of Corporations website lists Steve Patsis as the CEO of Veja Electronics, Inc. dba Stack Electronics and Supply Concepts Inc. (DED Exhibit 2).
16. A Narrative provided with the application states “Veja Electronics, Inc. and Supply Concepts Inc. are Steve Patsis’ businesses. Kristina acted as an assistant for Veja Electronics to help the business with some transactions, sales, and marketing... Upon taking ownership [of Minority Concepts], Kristina switched focus to devote 100% of her time to Kurrent Technology. Kurrent does not share any space, subcontracting, or agreements with Veja or Supply.” (DED Exhibit 11). A further Narrative provided states “Kurrent Technology has a Sales Agreement with Supply Concepts Inc. It is a nonexclusive agreement for Supply Concepts to provide representation for solicitation of orders...” (DED Exhibit 21).
17. Kristina Patsis’ resume reflects that she was employed by Stack Electronics until July 2023 (DED Exhibit 13).
18. A Narrative submitted with the application states “...Kristina’s does not have a W2 or itemized payroll to reflect the compensation she receives from the company.” (DED Exhibit 15). Kristina Patsis is the sole owner and employee of Minority Components. (DED Exhibit 16).
19. In response to requests for proof of contribution to the New York State economy, applicant provided:
 - (a) NYS Filing Receipt dated 7/10/1996 for incorporation of applicant business (DED Exhibit 18);
 - (b) 2022 Federal Tax Return (DED Exhibit 8); and

(c) Request for Six-Month Extension to File New York S Corporation Franchise Tax Return for 2023 (DED Exhibit 17).

APPLICABLE LAW

5 NYCRR §144.2(b)(2) states in relevant part as follows:

Sources of a capital contribution. Minority group members and women relied upon for certification must demonstrate a capital contribution to the business enterprise for which certification is sought proportionate to their equity interest therein.

- (i) Sources of capital contribution. Minority group members and women may demonstrate a capital contribution by providing documentary evidence of, for example and without limitation, one of more of the following:
 - 1. Money;
 - 2. Property;
 - 3. Equipment; or
 - 4. Expertise, provided that the contribution of such expertise must be uncompensated, the expertise must be specialized and directly applicable to one or more critical aspects of the operation of the business enterprise, and a reasonable assessment of the fair market value of the expertise must be clearly documented.

5 NYCRR §144.2(b)(4) states as follows:

Customary incidents of ownership. Minority group members and women relied upon for certification must not be encumbered in their ability to realize the benefits of ownership of the business enterprise for which certification is sought, or subject to undue restrictions against alienating such ownership interests.

5 NYCRR §144.2(e) states as follows:

Independence. Business enterprises for which certification is sought must operate independently. In order to determine whether such business enterprises operate independently, the division shall consider but not be limited to the following criteria:

- (1) Whether the business enterprise shares resources with another entity, including, but not limited to, personnel, equipment, office space, warehouse and other storage space, and yard space;

- (2) Whether the business enterprise transacts business primarily with one other entity; and
- (3) Whether the business enterprise receives tangible benefits as a result of a connection to another entity, and whether such benefits are consistent with standard industry practices.

5 NYCRR §144.2(f)(2) states as follows:

Small business requirement. Applications to certify business enterprises as minority and women-owned business enterprises must satisfy the small business requirement. Any business enterprise for which certification as a majority or woman-owned business enterprise is sought.

5 NYCRR §140.1(gg) states as follows:

Significant business presence. A business authorized to do business in New York State, and that makes a contribution to the New York State economy through payment of taxes, or the purchase of made in New York State products or materials, or that has any payroll in New York State.

5 NYCRR §140.1(hh) states in relevant part as follows:

Small business. A business which has a significant business presence in the State, is independently owned and operated, and is not dominant in its field, but in no event employs more than three hundred people...

STANDARD OF REVIEW

On this administrative appeal, applicant bears the burden of proof to establish that Division staff's determination to deny the application filed by Minority Components for certification as a WBE is not supported by substantial evidence (*see* State Administrative Procedure Act § 306[1]). The substantial evidence standard "demands only that a given inference is reasonable and plausible, not necessarily the most probable," and applicant must demonstrate that Division staff's conclusions and factual determinations are not supported by "such relevant proof as a reasonable

mind may accept as adequate to support a conclusion or ultimate fact.” (*Matter of Ridge Rd. Fire Dist. v Schiano*, 16 NY3d 494, 499 [2011]).

The review is limited to such information that was before the division at the time of the denial determination (5 NYCRR 145.2(b)(1)). Evidence that seeks to clarify and explain previously submitted materials will be considered, however new evidence will not be considered. See *Scherzi Systems, LLC v. White*, 197 A.D.3d 1466 (3d Dept 2021).

DISCUSSION

I. Ownership

The Division interprets 5 NYCRR §144.2(b)(2) to require an applicant to demonstrate that the minority-owner’s contribution came from assets belonging solely to the minority-owner. Given this criterion, the Division consistently denies applications for MWBE certification where, as here, an applicant fails to substantiate the source of the capital contribution by the minority-owner. See *Matter of Otone Mechanical Construction, Inc.*, Recommended Order dated April 24, 2015 (Final Order 17-28, dated May 2, 2017), *Matter of Spring Electric, Inc.*, Recommended Order dated March 17, 2017 (Final Order 17-21, dated March 27, 2017).

The Applicant bears the burden in establishing that he has met this certification requirement. Failure to satisfy this burden is proof that the denial was supported by substantial evidence. See *A.A.C. Contracting, Inc. v. NYS Dept. of Economic Development*, 195 A.D. 3d 1284, 151 NYS 3d 187 (3d Dept. 2021).

It is the responsibility of the applicant “to clearly identify, quantify, and explain on the certification application, what is to be considered a capital contribution.” *Matter of Scherzi Systems*, Final Order 19-16, dated September 6, 2019, *Scherzi Systems, LLC v. White*, 197 AD 3d 1466 (3d Dept. 2021).

Section 1.U. of the application lists Ms. Patsis' method of ownership acquisition as "Other: Gifted." Section 2.C. of the application states "Business was owned by Laurie Rogers originally, Laurie gifted the business to Kristina Patsis in 2023." Section 2.E. lists a \$[REDACTED] cash capital contribution on 10/13/2023. Section 2.F. of the application reflects that Kristina Patsis acquired 100 shares on 10/13/2023 with a purchase price of \$[REDACTED]. (DED Exhibit 1).

A Narrative submitted with the application states "Kristina Patsis was gifted the business, Kurrent Technology, by Laurie Rogers on 10.1.2023. Before changing ownership, Kurrent Technology had no active business running it and therefore had no value at the time." (DED Exhibit 5). A Stock Gift Agreement states that Laurie Rogers' transfer of 100 shares to Kristina Patsis "is an outright gift, with no repayment expected or implied either in the form of cash or by future services." (DED Exhibit 7).

Minority Components' 2022 Tax Return, Schedule L lists total assets in the amount of \$[REDACTED] (DED Exhibit 8).

Applicant submitted an "Equity Investment" check in the amount of \$[REDACTED], with a narrative stating "Capital Contribution made 10.30.2023 by Kristina Patsis to fund the business productions and process orders." (DED Exhibits 1 and 9). This investment was to "fund the business", not in exchange for Ms. Patsis' ownership interest in the business.

The application narratives, Stock Gift Agreement, 2022 tax returns and equity investment check all demonstrate that Ms. Patsis was gifted her shares by Laurie Rogers and Ms. Patsis paid no consideration for her ownership shares (DED Exhibits 1, 5, 7, 8 and 9).

The Division's determination to deny the application on the basis that Minority Components failed to demonstrate that Ms. Patsis made capital contributions to Minority

Components in proportion to her ownership interest, as required under 5 NYCRR §144.2(b)(2), is supported by substantial evidence.

NYCRR §144.2(b)(4) requires that the woman-owner must not be encumbered in her ability to realize the benefits of ownership of the business enterprise and/or be subject to undue restrictions against alienating such ownership interest. See *Photography in New York Incorporated*, Recommended Order dated February 8, 2024, Final Order 24-02, dated May 29, 2024 (upholding the denial based on the Stock Transfer Agreement restricting the majority owner from selling or transferring his shares).

A Sales Agreement between Supply Concepts Inc. and Minority Components was submitted with the application. The Sales Agreement (DED Exhibit 10) provides:

- (a) Minority Components is a “non-exclusive sales representative for the Products in the Territory...” and Minority Components’ “sole authority shall be to solicit orders for the Products in the Territory... [Minority Components] shall not have the authority to make any commitments whatsoever on behalf of [Supply Concepts Inc.] without the participation or consent of [Supply Concepts Inc.]”
- (b) Minority Concepts “shall neither advertise the Products outside the Territory nor solicit orders from outside the Territory without the prior written consent of [Supply Concepts, Inc.]” and Minority Concepts “shall not engage in conversation with customers without prior approval by Supply Concepts Inc.”
- (c) “During the term of this Agreement, [Minority Components] shall not represent, promote or otherwise try to sell within the Territory any lines or products that, in [Supply Concepts Inc’s] judgment, compete with the Products covered by this Agreement.”

(d) Supply Concepts “shall provide [Minority Components] with copies of its current price lists, its delivery schedules, and its standard terms and conditions of sale, as established from time to time. [Minority Components] shall quote to customers only those authorized prices, delivery schedules, and terms and conditions. [Supply Concepts Inc.] may alter at will the prices, delivery schedules, and terms and conditions...”

According to the application and Sales Agreement, Minority Components is a sales representative for Supply Concepts within a specified territory. It’s ability to conduct business with other companies within the territory is limited. Supply Concepts dictates the territory, sales, commissions, and promotional services of Minority Concepts. Minority Components can quote only authorized prices, delivery schedules, and terms and conditions, which Supply Concepts may change (DED Exhibits 1 and 10).

On appeal, applicant argues that Minority Components is an independent business and “does not rely on any other company for operations, management or control.” (APP Exhibit A). However, by Supply Concepts controlling the territory, sales, commissions, and promotional activities of Minority Components, Ms. Patsis is encumbered in her ability to realize the benefits of ownership of Minority Components and is subject to undue restrictions against alienating such ownership interests because Minority Components holds a franchise with and is a sales representative for Supply Concepts.

The Division’s determination to deny the application on the basis that Minority Components failed to demonstrate that Ms. Patsis is not encumbered in her ability to realize the benefits of ownership of the business and/or be subject to undue restrictions against alienating such ownership interest, as required under 5 NYCRR §144.2(b)(4), is supported by substantial evidence.

II. Independence

The Division further found that Minority Components is not an independent business enterprise, as required under 5 NYCRR §144.2(e). This section considers “(1) whether the business enterprise shares resources with another entity, including, but not limited to, personnel, office space, warehouse and other storage space, and yard space; (2) whether the business enterprise transacts business primarily with one other entity; and (3) whether the business enterprise receives tangible benefits as a result of a connection to another entity.”

Section 1.J. of the application lists the Minority Components website: <https://www.kurrenttech.com> which provides “Kurrent proudly holds a franchise with Supply Concepts, a leading custom metal and plastic fabricator. This strategic partnership equips us with a robust set of capabilities, expertise, and resources, ensuring that we consistently deliver unmatched value to our customers. Our unique offerings, made possible through this partnership, set us apart in the industry.” The website further provides “We are authorized for Stack Electronics, a leader in the electronic components industry for over 40 years... Over the last several years, we worked closely with Stack Electronics and Supply Concepts researching, vetting, developing, and engaging with potential supply chain partners and enacting procurement strategies to mitigate the global semiconductor shortage.” (DED Exhibits 1 and 2).

A Narrative provided with the application states “Veja Electronics, Inc. and Supply Concepts Inc. are Steve Patsis’ businesses. Kristina acted as an assistant for Veja Electronics to help the business with some transactions, sales, and marketing... Upon taking ownership [of Minority Concepts], Kristina switched focus to devote 100% of her time to Kurrent Technology. Kurrent does not share any space, subcontracting, or agreements with Veja or Supply.” (DED Exhibit 11). A further Narrative provided states “Kurrent Technology has a Sales Agreement with

Supply Concepts Inc. It is a nonexclusive agreement for Supply Concepts to provide representation for solicitation of orders...” (DED Exhibit 21).

Kristina Patsis’ resume reflects that she was employed by Stack Electronics until July 2023 (DED Exhibit 13).

On appeal, applicant cites the Sales Agreement provision which states “... nothing contained in this Agreement shall be construed to (i) give either party the power to direct and control the day-to-day activities of the other...” However, Minority Concepts’ website and the narrative submitted with the application reveal that it receives tangible benefits as a result of its connection with Veja Electronics, Inc., operating as Stack Electronics, and Supply Concepts, Inc., both companies being owned by Steve Patsis. (DED Exhibits 1, 2, 10 and 21).

The Division’s determination to deny the application on the basis that Minority Components failed to demonstrate that the business operates independently, as required under 5 NYCRR §144.2(e) is supported by substantial evidence.

III. Small Business

The Division denied Minority Components’ application on the basis that Minority Components failed to demonstrate that the business made a contribution to the New York State economy through payment of taxes, or the purchase of made in New York State products or materials, or by having any payroll in New York State. The Division cited 5 NYCRR §144.2(f)(2), which states “Small business requirement. Applications to certify business enterprises as minority and women-owned business enterprises must satisfy the small business requirement. Any business enterprise for which certification as a minority or woman-owned business enterprise is sought must be a small business, as that term is defined in Part 140 of this Title.” The Division further cited 5

NYCRR §§140.1(gg) and 140.1(hh), which define “Significant business presence”, and “Small business”, respectively. (DED Exhibit 2).

5 NYCRR §140.1(hh) states that a small business is “a business which has a significant business presence in the State...”

5 NYCRR §140.1(gg) states a “significant business presence” includes making “a contribution to the New York State economy through payment of taxes, or the purchase of made in New York State products or materials, or that has any payroll in New York State.”

A Narrative submitted with the application states “...Kristina’s does not have a W2 or itemized payroll to reflect the compensation she receives from the company.” (DED Exhibit 15). Kristina Patsis is the sole owner and employee of Minority Components. (DED Exhibit 16).

In response to requests for proof of contribution to the New York State economy, applicant provided:

- (a) NYS Filing Receipt dated 7/10/1996 for incorporation of applicant business (DED Exhibit 18);
- (b) 2022 Federal Tax Return (DED Exhibit 8); and
- (c) Request for Six-Month Extension to File New York S Corporation Franchise Tax Return for 2023 (DED Exhibit 17).

Based on the application, narratives, filing receipt, 2022 tax return and 2023 request for extension, Minority Components has not shown that it makes a contribution to the New York State economy. Ms. Patsis is the sole employee of the business, and the business has no itemized payroll. Minority Components’ 2022 federal tax return shows no gross receipts or sales for 2022. Minority Components’ 2023 extension request to file a New York State S Corporation Franchise Tax Return

showed a \$■ Franchise Tax paid, which is a fixed dollar minimum tax, since there were no proof of sales or gross receipts (DED Exhibits 1, 8, 15, 16, 17, and 18).

The Division's determination to deny the application on the basis that Minority Components failed to demonstrate that the business contributes to the New York State economy through payment of taxes, or the purchase of made in New York State products or materials, or by having any payroll in New York State, as required under 5 NYCRR §§144.2(f)(2), 140.1(gg), and 140.1 (hh), is supported by substantial evidence.

CONCLUSION

Minority Components did not meet its burden to demonstrate that the Division's determination to deny its application for certification as a woman-owned business enterprise with respect to the eligibility criteria at 5 NYCRR §§144.2(b)(2), 144.2(b)(4), 144.2(e) and §§144.2(f)(2), 140.1(gg), and 140.1 (hh), was not based on substantial evidence.

RECOMMENDATION

For the reasons set forth above, I recommend that the Director affirm the Division's determination to deny Minority Components' application for certification as a woman-owned business enterprise.

In the Matter of Minority Components Inc. dba Kurrent Technology
DED File ID No. 72150
Exhibit Chart

Exhibit #:	Description of the Exhibits	Offered (Yes/No)	Admitted (Yes/No)
APP A	Appeal Submission	Y	Y
DED 1	Application for Certification	Y	Y
DED 2	Denial Letter	Y	Y
DED 3	Applicant's Request to Appeal	Y	Y
DED 4	Notice to Proceed Via Written Appeal	Y	Y
DED 5	Gift Valuation of Minority Components Narrative Response	Y	Y
DED 6	History of Minority Components Application Narrative Response	Y	Y
DED 7	Stock Gift Agreement dated October 1, 2023	Y	Y
DED 8	2022 Minority Components Tax Returns	Y	Y
DED 9	Minority Components Equity Investment Check dated October 30, 2023	Y	Y
DED 10	Supply Concepts Inc. Sales Agreement dated December 4, 2023	Y	Y
DED 11	Veja Electronics Inc. and Supply Concepts Inc Application Narrative Response	Y	Y
DED 12	Business Relationship between Veja Electronics Inc. and Supply Concepts Inc. Application Narrative	Y	Y
DED 13	Kristina Patsis Resume	Y	Y
DED 14	2022 Tax Returns for Kristina Patsis	Y	Y
DED 15	Payroll and W2 Explanation for Kristina Patsis Application Narrative Response	Y	Y
DED 16	Duties and Time Devoted Application Narrative Response	Y	Y

DED 17	2023 Tax Return Extension Request to file New York S Corporation Franchise Tax for Minority Components	Y	Y
DED 18	NYS Filing Certificate for Minority Components	Y	Y
DED 19	Stock Ledger for Minority Components	Y	Y
DED 20	Certification Application Affidavit	Y	Y
DED 21	Franchise Letter of Explanation Narrative Response	Y	Y
DED 22	Kurrent Technology Lease Agreement dated September 1, 2023	Y	Y