

2001-2002 ANNUAL REPORT

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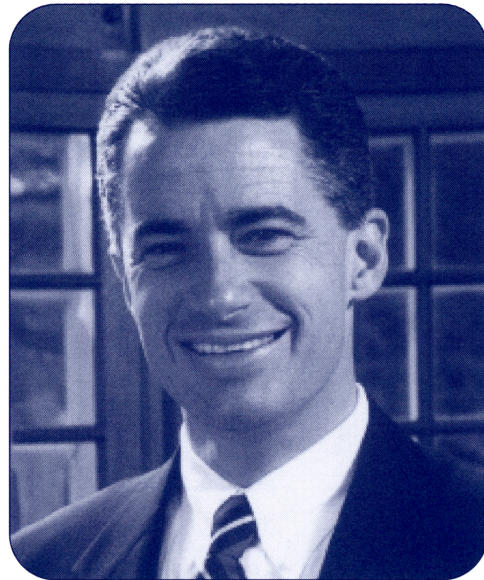
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WATERFRONT
COMMISSION OF
NEW YORK HARBOR



*To the Honorable James E. McGreevey, Governor,
and the Legislature of the State of New Jersey*



*To the Honorable George E. Pataki, Governor,
and the Legislature of the State of New York*

We are pleased to forward the Annual Report of the Waterfront Commission of New York Harbor for its fiscal year 2001-2002. Contained herein are representative activities of the Commission, together with pertinent observations concerning its administration and enforcement of the Waterfront Commission Compact between the states of New York and New Jersey. The Commission has continued to perform its designated responsibilities under the Compact, with particular concern for the improvement of the overall economy and well-being of the bi-state Port.

ANNUAL REPORT

2001-2002



THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

MISSION OF THE WATERFRONT COMMISSION

Under statutory mandate, the mission of the Waterfront Commission of New York Harbor is to investigate, deter, combat, and remedy criminal activity and influence in the Port of New York-New Jersey and to ensure fair hiring and employment practices, so that the Port and region can grow and prosper.

WHY THE COMMISSION WAS CREATED IN 1953

In the early 1950's, an aging freighter, its belly loaded with crates, cartons, barrels and drums, is docked alongside one of the many ancient finger piers jutting into the waters of the Port of New York-New Jersey. At the sound of a whistle blown by a hiring foreman, a semi-circle of apprehensive longshoremen gathers in the hope that they will be selected to unload the vessel.

The foreman, often an ex-felon with a long criminal record, chooses laborers who are willing to "kickback" a portion of their wages for the opportunity to unload the ship, piece by piece. Each hapless dock worker must subject himself to this notorious daily "shape-up" to attain even the possibility of employment. The union, dominated by racketeers and criminals, does little to ease the burden of the rank-and-file worker.

Elsewhere on the pier lurk the loan sharks, all too willing to "assist" the underpaid longshoreman in feeding his family or in supporting his vices. The inability to repay these usurious loans results in violent consequences for the longshoreman-borrower. Bookmaking on the pier increases business for the loan sharks.

Cargo theft and pilferage are rampant. Pier guards are unwilling or unable to contain thievery.

At the foot of the pier, a parasitic "public loader" coerces truckers to employ him to unload and load trucks, even though the "services" of these loaders are not needed or wanted.

In a downtown restaurant, an officer of a stevedoring firm pays a "gratuity" to a waterfront union official to insure "labor peace." "Quickie" strikes are commonplace. The stevedore company official gladly bribes an executive of a steamship company for a lucrative contract.

This pervasive corruption on the waterfront in the Port of New York-New Jersey was documented in the early 1950's by public hearings held by the New York State Crime Commission with the assistance of the New Jersey Law Enforcement Council. As a result, in August 1953, the States of New York and New Jersey, with the approval of the Congress and the President of the United States, enacted a compact creating the Waterfront Commission of New York Harbor.

THE PORT TODAY

Today, the contrast is startling in the 1500-square-mile port district that includes piers and waterfront terminals under the Commission's jurisdiction located within a 25-mile radius of the Statue of Liberty. A state-of-the-art container ship, over three-football-fields long and laden with several thousand containers, is made fast to the string-piece of a container terminal. Cranes, as tall as twelve-story buildings, promptly unload containers onto waiting flat-bed trucks. Giant machines shuttle the containers to the marine terminal yard for pick-up by over-the-road trucks or for placement on rail cars destined to all parts of the country. Similarly, export containers are received at the terminal and are loaded onto a waiting ship. Computer operators process the receipt and delivery of this cargo.

Now, dock workers are carefully screened and licensed by the Waterfront Commission. Under the watchful eye of the Commission's Division of Licensing and Employment Centers, workers are selected for employment by licensed hiring agents, using computers and telephones, in accordance with industry and Commission regulations. Longshorepersons obtain regular employment, earn substantial wages, and are no longer at the mercy of unscrupulous hiring bosses or criminals. The notorious "shape-up" and the "public-loading racket" have been eliminated.

Pier guards, now licensed by the Commission, are required to maintain strict physical and mental standards and must attend training courses administered by the Commission. Convicted criminals are banned from holding office in waterfront unions. Stevedore companies are also licensed by the Commission. Their books and records are audited by the Commission to guard against illegal payoffs and other violations of law. Management and labor are working together for the betterment of the Port and the region.

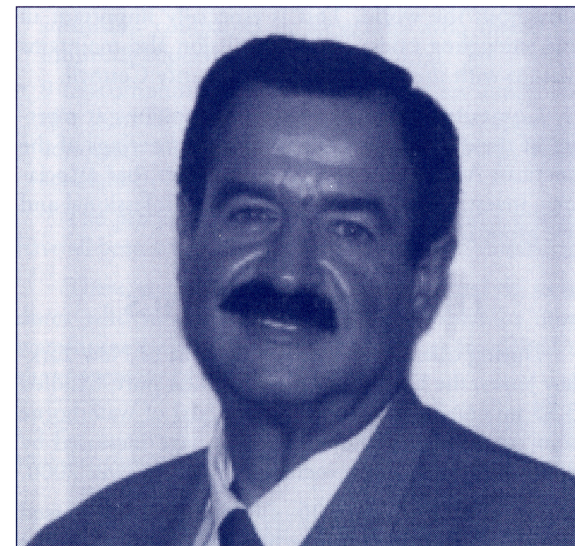
Cargo theft in the Port continues to be closely monitored and has declined. When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments. Detectives continually review security measures in the Port. While the Commission takes great pride in the role it has played with other law enforcement agencies over the past 50 years in reducing crime and in eliminating certain past abuses, old challenges — such as loan sharking, extortion, illegal gambling and larceny — and new challenges face all law enforcement units. Drug smuggling and cargo theft have become very sophisticated, requiring close coordination among all law enforcement agencies active in the Port of New York-New Jersey and adjacent areas. The latest challenge, terrorism, is of paramount concern.

THE COMMISSION

A New York and a New Jersey Commissioner head the Commission. Each is appointed by the Governor of the Commissioner's respective State, with the advice and consent of their State Senate.



Michael C. Axelrod, the New York Commissioner, holds a Juris Doctor from the New England School of Law and an LLM in Labor Law from New York University Law School. A member of the New York and Florida bars, he represents public-safety labor unions in the New York Metropolitan area and arbitrates disputes for the New York State Employment Relations Board.



Michael J. Madonna, the New Jersey Commissioner, holds a Bachelor of Science Degree in Public Safety in 1977 from William Paterson College and an AAS Degree in Police Science from Bergen Community College. Beginning his career as a patrolman with the Oakland, New Jersey Police Department, Commissioner Madonna, now a Detective with the Oakland Police, is currently the New Jersey State PBA President. Prior to being confirmed as the New Jersey Waterfront

Commissioner, he served on the New Jersey Public Employment Relations Commission. He is active in many professional and civic organizations and is the recipient of numerous awards.



Thomas De Maria, the Commission's Executive Director, originally came to the Commission in March 1999 as Administrative Director and Counsel, and was appointed Executive Director in December 2000. He previously served as Assistant Attorney General in Charge of the Nassau Regional Office of the New York State Attorney General's Office, as well as Deputy County Attorney and Chief Lobbyist and Legislative Liaison for Nassau County, New York. Prior to that, Mr. De Maria was engaged in the private practice of law for 15 years. In his community, Mr. De Maria was elected as a Trustee in the Village of Floral Park and Chairman of the state-created Water Authority of Western Nassau County. He is a graduate of Bowdoin College and Brooklyn Law School.

Responsibility for the everyday operations of the Commission lies with the Executive Director who supervises its six divisions:

- **Executive.** The Executive Division is comprised of the Executive Director, the Commission Secretary and the Director of Litigation and Legal Review, the Comptroller and their staff. This Division's responsibilities include: assisting the Commissioners in the making and execution of agency policy; proposing legislation, regulations and resolutions; preparation of annual and special reports; public relations; conducting labor relations with agency unions; formulation of the annual budget, keeping of financial records and administration of group insurance plans; providing legal advice to the Commissioners and conducting agency litigation; initiation of investigations; ordering hearings and maintaining the seal and official records of the Commission.
- **Law.** Under the supervision of its Director, Assistant Counsel in this Division conduct investigations of applicants for licensing and registration to determine

if they meet legal standards set forth in the Compact. These attorneys also investigate persons and companies already licensed to ascertain if they have engaged in any violations of law. Hearings are conducted by the Assistant Counsel to determine whether applications should be granted or denied and whether registrations or licenses should be revoked or suspended. In addition, counsels conduct investigations into waterfront practices throughout the Port of New York District.

- **Police.** This Division is staffed by a Chief, superior officers and detectives, all of whom possess full police powers in both states. These officers investigate criminal activity in the Port and violations of the Compact; analyze organized crime data; perform background checks of individuals and companies that have applied for registrations and licenses; review pier and waterfront terminal cargo protection and security procedures; and maintain the Commission's licensing and investigative files. The Division is also an important participant in joint investigations with federal, state and local agencies.
- **Licensing and Employment Information Centers.** This Division, headed by a Director, processes applications filed by individuals and firms required to be registered or licensed; supervises the hiring of longshorepersons, checkers and pier guards in the Port; makes employment information available to these dock workers; and administers the "decasualization program" which, according to law, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.
- **Audit and Control.** Investigative accountants, under the supervision of a Director, routinely audit the books and records of licensed firms to guard against violations of federal or state laws; and to insure that the Commission's regulatory requirements are followed and that assessment reports are correct. The books and records of potential licensees and other individuals and firms under Commission investigation are also examined by these accountants.
- **Management Information Systems and Administration.** This Division, headed by a Director, provides the agency with important computer, clerical, stenographic, court reporting and other support services and maintains personnel and attendance records. The proper functioning of the Commission's wide and local area computer networks and data bases is entrusted to this Division.

COMMISSION NOT FUNDED WITH TAX DOLLARS

The Commission is not funded with tax dollars. By law, and in lieu of any charges for the issuance of licenses or registrations or for the use of the Employment Information Centers, the Commission's budgeted expenses come from assessments on waterfront employers

of persons registered or licensed by the agency. Employers pay a maximum 2% assessment on their gross payrolls for longshorepersons, checkers, pier superintendents, hiring agents and port watchmen.

During fiscal 2001-2002, the 93-employee Commission operated with a \$7,174,575 budget, which was approved by the Governors of New Jersey and New York.

CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. To safeguard and better manage the Commission's cash and investments, both short and long-term, the Commission maintains most of its accounts in the State of New Jersey's Cash Management Fund and has made other secure investments in order to maximize interest paid for funds on deposit.

MEMBERSHIP IN ORGANIZATIONS

The Commission maintains membership in several law enforcement organizations which routinely network to share information and resources to combat crime. These include the Middle-Atlantic-Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN), which is part of the Law Enforcement Intelligence Unit (L.E.I.U.), and the International Association of Airport and Seaport Police. Membership in the latter enables the Commission to coordinate on an international level with crime fighters throughout the world. This is especially important in drug smuggling cases. The Commission also maintains a liaison with the National Cargo Security Council.

Commission members give presentations at meetings of these organizations as well as at meetings of the American Association of Port Authorities, bar associations, investigators' societies and other professional and civic groups.

THE PORT'S STATISTICS

During calendar year 2001, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 73.55 million long tons (2,240 pounds) of waterborne cargo valued at \$86 billion. The tonnage increased by 13.5% and dollar value increased by 5.1% over 2000.

For 2001, 1,915,306 container units passed through the Port, an increase of 100,506 or 5.5% over 2000. For the same 2001 period, 549,496 vehicles were imported or exported, a decrease of 2.9% or 16,146 over the prior year. Ship arrivals totaled 5,302 during the year, an increase of 148 or 2.9 % over 2000.

The Port's five leading waterborne general cargo exports for the year 2001 (as calculated in millions of dollars) were machinery, motor vehicles, electrical machinery, plastic materials and optical/medical instruments. The five primary imports (also in millions of

dollars) were motor vehicles, machinery, mineral fuel oil, woven apparel and knit apparel.

During the waterfront industry's fiscal year (October 1, 2000 to September 30, 2001), registered "deep-sea"¹ longshorepersons and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$258,440,241 comprising regular and overtime wages, vacation and holiday benefits and guaranteed annual income payments. An average annual salary of \$88,356 was paid to the 2,925 "deep-sea" workers. For the industry's prior fiscal year, the 2,963 workers were paid \$245,147,497 or an average annual salary of \$82,736.

* * *

On June 30, 2002, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 2,050 "deep-sea" longshorepersons including 587 emergency temporary personnel;
- 729 checkers, including 170 emergency temporaries;
- 1,951 workers registered under authority of the 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as warehousing and maintenance work;
- 389 pier guards;
- 177 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 436 pier superintendents (management personnel of steamship companies or stevedores who directly or indirectly supervise registrants' work);
- 9 telecommunications system controllers (employees of a joint labor-management board that operates the computer and telephone system of hiring "deep-sea" labor).

The preceding 5,741 registered or licensed workers have all been screened and evaluated by the Commission.

There were also 74 companies licensed as stevedores who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.

¹ "Deep-sea" longshorepersons are dock workers who move waterborne freight; "deep-sea" checkers are employed to account for or check cargo and to perform other clerical functions.

THE YEAR

(July 1, 2001 to June 30, 2002)

The following represents some of the Commission's activities during the fiscal year:

9/11 and the Commission's Response

From the Commission's downtown New York City headquarters, agency employees bore first-hand witness to the horrific events of 9/11. Luckily, those few Commission employees who staffed the telephonic dock

worker hiring office at 2 World Trade Center and New York Shipping Association employees in that building escaped unharmed. The Commission mourns all those who tragically lost their lives and salutes the valiant police, fire, emergency medical and all other personnel who selflessly participated in the rescue effort.

As a direct result of 9/11, members of the Commission's Police Division worked along with other law enforcement agencies in the maintenance of security throughout the Port. Agency detectives worked around the clock and increased roving patrols of the piers and terminals. The Commission conducted its own investigation into possible terrorist activities in the Port and established itself as a member of the FBI Joint Terrorist Task Force.

In the area of licensing and credentialing, the Commission immediately implemented a new tamper-proof photo identification system (which can accommodate the "smart-chip") for dock workers under its jurisdiction. Except on an emergency basis, the Commission also determined not to issue any new temporary registrations or permits until fingerprint returns were received from appropriate authorities. The Commission also sought to introduce a "live-scan" fingerprint system, which will dramatically reduce waiting time for fingerprint returns. That portion of the agency's data base containing non-citizen dock workers was reviewed by Commission detectives and the intelligence gleaned was shared with and cross-checked by various federal law enforcement authorities.

The Commission has been in the forefront of the port security business for almost 50 years and will gladly assist and continue to share its expertise in this area with all appropriate federal, state and local authorities. The agency has proposed legislation in both Albany and Trenton to augment its licensing authority with regard to port security.

Torpedoing Organized Crime

An eighteen month investigation dubbed "Operation Shout" initiated by the Waterfront Commission and joined by New Jersey's Division of Criminal Justice and the United States Department of Labor, culminated in the arrest and indictment of seven reputed associates of the Genovese Organized Crime family. Those arrested included two licensed hiring agents, three current longshoremen (one of whom was President of an ILA Local union) and two longshoremen whose registrations were previously revoked by the Commission.² The investigation disclosed that one hiring agent was the boss of a criminal enterprise involving the other individuals and that the members of the cabal, through acts of extortion and the withholding of job assignments, demanded "kickbacks" and cash payments from members of an ILA Local union. Those who paid

² The registrations of these two individuals were revoked as a result of their unrelated federal convictions, based upon a Commission investigation, of conspiracy to commit theft from an interstate or foreign shipment (two containers of perfume). The Commission also removed one of these former longshoremen from his union related position.

sought better paying positions and/or job related benefits. Those members of the Local who did not submit to the extortionate demands were denied better paying job opportunities or advanced training.

All of the individuals face New Jersey state charges of racketeering, theft by extortion, commercial bribery and conspiracy. The hiring agent "boss" was charged with being a "leader of organized crime." In a subsequent indictment, several additional counts were added including a second racketeering charge and a theft by deception charge pertaining to two of the original seven and an eighth individual. The Commission granted the petitions of one of the hiring agents and one of the active longshoremen to surrender their respective license and registration with prejudice. The criminal cases against all of the individuals remain pending as do Commission administrative charges against the hiring agent "organized crime boss" and two of the longshore registrants.

* * *

In early 1998, Commission detectives received information regarding organized crime activity on the New York waterfront. Armed with this information, agency detectives conducted numerous surveillances of known organized crime locations throughout the Metropolitan area. The surveillances revealed that a particular crew of the Gambino Organized Crime Family of "La Cosa Nostra" (LCN) had close ties to the waterfront.

A multi-agency federal, state and local task force was created to further investigate. A task force consisting of the Commission, the New York State Attorney General's Office Organized Crime Task Force, the Richmond County District Attorney's Office, the New York City Police Department, the United States Department of Labor, the Federal Bureau of Investigation and the United States Attorney's Office for the Eastern District of New York, gathered sufficient probable cause to obtain several eavesdropping warrants.

These warrants authorized the installation of listening devices inside of a Brooklyn social club, a Staten Island restaurant, a vehicle used by an ILA union official, a Staten Island barber shop as well as the interception of faxes from a machine used by a Gambino LCN soldier and the interception of communications over two cell phones used by Gambino LCN soldiers. For a twenty-six month period, Commission detectives and other law enforcement agents listened in as conversations occurred among numerous waterfront registered and non-registered personnel and organized crime figures, including a Gambino LCN Captain and an ILA union official.

Regular meetings were held by the organized crime figures where they discussed their current waterfront scams. Thousands of dollars were being extorted from a Staten Island trucking company, thousands more from a Staten Island waterfront terminal and even more from the longshoremen's health and pharmaceutical plan.

There was a "price" to get a job on the waterfront and to obtain lucrative union positions.

A portion of these payoffs were funneled to the boss of the crime family as tribute money. On a monthly basis, a soldier would deliver the money to another soldier or captain at a predetermined location. In November 2001, Commission detectives, along with other law enforcement officials, seized \$12,000 from a soldier just minutes after a monthly meeting occurred.

In May 2002, a federal grand jury in the Eastern District of New York indicted seventeen members and associates of the Gambino LCN Organized Crime Family on various charges including, racketeering, extortion, loan sharking, gambling, conspiracy, wire fraud and money laundering. One individual, a former longshoreman, faced state gambling charges.

In June 2002, the task force arrested eighteen individuals including the boss of the Gambino LCN Organized Crime Family, two captains, four soldiers and eleven associates.

The Third Staffing Request Under New Legislation which provides for the Port's Future Labor Needs

As noted in the 1998-1999 Annual Report, as an aftermath of public hearings held in the spring of 1998, the Commission, with the concurrence of management and labor, drafted amendatory legislation designed to streamline and improve the process for adding individuals to the "deep-sea" dock labor force. This legislation, which was enacted by the States of New York and New Jersey in 1999, allows the Commission to "open" the Register upon a showing of need in accordance with established standards. Employer sponsorship of prospective waterfront employees enables the staffing needs of the waterfront industry to be met in a more efficient and expeditious manner. The law permits management and labor to file a joint-recommendation to initiate the process. Similarly, independent stevedores or other non-represented employers of longshorepersons may file petitions to begin proceedings.

In June 2002, the Commission conducted a public hearing to consider a joint-recommendation of the New York Shipping Association-International Longshoremen's Association Contract Board for the addition of 753 persons to the Longshoremen's Register. As a result, the Commission determined to accept applications from 450 persons immediately and 303 applications from longshorepersons and/or checkers upon the submission of proof by the industry that an increase in labor was necessary as a result of dockworker retirements, and/or the addition of or the anticipated addition of new cranes at a waterfront facility and/or as a result of new business at a waterfront facility.

Do Not Interfere!

The Waterfront Commission Compact is clear—an application for a hiring agent's or pier superintendent's license is that of the prospective employer, that is, a stevedore or an ocean carrier.

Commission Regulation 2.9(a) unequivocally states, in part, that:

No person except the employer shall participate in any way, directly or indirectly, in the identification, selection or designation of a person for employment as a pier superintendent, hiring agent...

The reason for this Regulation may be found in the Fourth Report of the New York State Crime Commission, Leg. Doc. No. 70 (1953), which was issued after a sweeping investigation into the festering evils prevalent along the bi-state waterfront prior to the advent to the Commission:

B. The Hiring Foremen Are Often Ex-Criminals Forced Upon the Employer by Union Officials

Under the shape-up the hiring foreman holds the key position on the pier, and has the absolute right to use any method he desires and to employ anyone he wishes. The right, therefore, to select and control the hiring foreman is of vital importance to all concerned.

For the average longshoreman the hiring foreman determines whether the longshoreman and his family shall have the necessities of life. For the employer the hiring foreman symbolizes that all important factor of pier operation, namely "time."

The ILA-NYSA contract recognizes this and provides that the employer, whether it be steamship company or stevedoring company, has the right to select its own hiring foreman. . . . Actually in most instances the employer has little to say in the selection of a hiring foreman.

In almost every instance the selection of the hiring foreman was dictated by ILA officials.

Regulation 2.9 therefore was drafted to prohibit anyone (i.e., the union), other than the employer (the stevedore or ocean carrier), from participating in the selection of a hiring agent or pier superintendent. The Regulation does not distinguish between innocent or "nefarious" participation by one not the employer.

In one case before the Commission, the stevedore-prospective employer applied for a hiring agent's license on behalf of an individual, which is required by statute. The record clearly showed that the President of an ILA Local participated in the selection of the individual by the stevedore. While the sponsored individual was, regrettably, blameless, the Commission properly determined that Regulation 2.9 was violated and denied the company's application on behalf of the individual. The company's selection of him was tainted by the involvement of the local union president.

LICENSING PROCEEDINGS

Longshore, checker and telecommunication system controller registrations are issued without termination dates, but may be terminated for failing to work or to seek work or for loss of employment. Pier superintendent and hiring agent licenses remain in effect for as long as the licensee is employed by the steamship company or stevedore. A pier guard license is of indefinite duration provided the licensee periodically submits updated personal history information, meets physical and mental requirements and takes refresher training courses in accordance with agency regulations. A stevedore's license must be renewed every five years. All registrations and licenses are subject to revocation or suspension for cause.

This year, employees of the Division of Licensing and Employment Information Centers reviewed and processed 501 applications and reapplications for licensing or registration. Included were 376 applications for the registration of longshorepersons, checkers and for the registration of persons performing ancillary warehouse and maintenance work; 81 for pier guard licenses; 36 and six, respectively, for licensing as pier superintendents and hiring agents and two for a stevedore's license. Since the inception of the agency in 1953, approximately 159,136 applications and reapplications have been processed.

* * *

The Compact enjoins the Commission from denying an application for registration or a license without affording the applicant prior notice and an opportunity to be heard at an administrative hearing. Likewise, no existing license or registration may be revoked, suspended or canceled without such a hearing. Revocation hearings may be ordered by the Commission on its own initiative or upon the complaint of any person, agency or public official. If a registrant or licensee is charged with a crime equivalent to a felony, the agency may suspend that person's registration or license, pending the outcome of a hearing.

Hearings are presided over by Administrative Law Judges chosen from a rotating panel of New Jersey and New York attorneys. In accordance with due process, applicants and respondents may be represented by counsel, may adduce testimony and present evidence on their behalf, may cross-examine opposing witnesses and may request the Administrative Law Judge to issue subpoenas for the appearance and testimony of witnesses.

At the conclusion of the hearing, the Administrative Law Judge submits a report containing findings of fact and a recommendation for presentation to the Commissioners. Each party in interest is supplied with a copy of this written report and each is granted the opportunity to submit written exceptions.

After the complete record is reviewed by the Commissioners, a final determination is made and embodied in an order. In accordance with each State's

rules of procedure for reviewing final agency determinations, the courts of New Jersey and New York are granted authority by the Compact to review Commission orders.

The Commission reached determinations in 65 application-revocation proceedings during fiscal 2002. Included in this tally were 20 denied applications for inclusion in the Register. Thirteen of these applications were for longshore registration, two were for checker registration and five were for maintenance/warehouse registration. Three applications for pier guard licenses and one application for a hiring agent's license were also denied.

Eleven longshore registrations were revoked, eight unconditionally and three with leave to reapply after a set period of time. Two checker registrations were revoked unconditionally. Two maintenance-warehouse registrations were revoked, one unconditionally and one with leave to reapply. The licenses of three pier guards were also revoked. The registrations of six longshorepersons and eight maintenance/warehouse workers were suspended for varying periods of time, as was the license of one pier guard. Fourteen of these suspensions arose from summary proceedings during which the respondents chose to forego formal hearings and admitted the charges. Three longshore registrations, two checker's registrations, two hiring agent's licenses and one pier guard's license were suspended pending hearings.

There were 18 petitions considered by the Commission, which denied six and granted twelve. The Commission also rendered determinations in 13 other miscellaneous proceedings.

Since 1953, the Commission estimates that it has revoked, revoked with leave to reapply, or suspended for set periods of time the registrations and licenses of approximately 6,207 persons.

PERSONNEL

The Commissioners, the Executive Director, and all staff members wish former New Jersey Commissioner James H. Wallwork a happy and healthy future. Commissioner Wallwork resigned from his position in December 2001 after seven years of honorable and selfless service to the Commission. He is a graduate of West Point and of the Command and General Staff College, Ft. Leavenworth, Kansas. A former military officer, former State Senator and a former businessman, he wrote for a chain of weekly newspapers and has been active in charitable and civic organizations.

Congratulations and best wishes for the future are also extended to the following retirees:

Ronald Klein served the Commission for 35 years, beginning as a Messenger and retiring as the Supervisor of Mail, Supply, Machine Room, Operator/Maintenance and Craftsman. Aside from his dedication, Ronnie's maintenance and mechanical skills were an invaluable asset to the agency.

Albert Senegeto honorably served the Commission for 35 years. Beginning as an Investigator in the Police Division, he retired as a Captain after holding that post since 1988. He was highly commended for his role in the agency's recovery of a substantial quantity of stolen perfume and the identification of the perpetrators. Captain Senegeto served in the United States Army Reserves from October 1957 through June 1965.

Donald Voorhees gave the Commission 37 years of dedicated service prior to his retirement. First employed as a Validating Clerk in the Commission's Division of Employment Information Centers, Don retired as Manager of the agency's Port Newark Employment Information Center, a position he held since July 1980. His knowledge of hiring procedures for dock workers was unsurpassed. During his tenure with the Commission, he was called to active duty in the United States Naval Reserve for a two year period.

CONCLUSION

In order to continue and preserve the accomplishments of the Commission and the gains realized in the Port of New York-New Jersey under the enforcement of the Waterfront Commission Act, the Waterfront Commission finds and determines that public necessity still exists for the continued registration of longshorepersons, the continued licensing of those occupations and types of employment required to be licensed under the Waterfront Commission Act and the amendments thereto, and the continued public operation of the employment information centers provided in Article XII of the Compact.

Respectfully submitted,

MICHAEL C. AXELROD
Commissioner for New York

MICHAEL J. MADONNA
Commissioner for New Jersey

*Report of Audit
on the
Statement of Cash Receipts
and Disbursements
of the
Waterfront Commission of
New York Harbor
for the
Year Ended
June 30, 2002*



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Westfield 908-789-9300

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INDEPENDENT AUDITOR'S REPORT

The Commissioners
Waterfront Commission of New York Harbor

We have audited the Statement of Cash Receipts and Disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2002. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the Statement of Cash Receipts and Disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2002 on the basis of accounting described in Note 1.

November 12, 2002

WATERFRONT COMMISSION OF NEW YORK HARBOR

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2002

Balance of Funds at Beginning of Year:		
Cash in Checking Accounts and On Hand	\$ 92,312	
Investment in Cash Management Account	<u>1,441,139</u>	
	\$1,533,451	
Less Taxes and Other Withholdings from Employees	<u>18,097</u>	\$1,515,354
Receipts:		
Assessments on Employers of Persons Registered or Licensed by the Commission	\$6,561,045	
Penalties, Fines and Miscellaneous Income	76,772	
Interest	<u>55,235</u>	
		<u>6,693,052</u>
		\$8,208,406
Disbursements:		
Salaries	\$4,218,133	
Retirement, Group Insurance and Social Security Taxes	1,166,808	
Hearing, Audit and Medical	18,883	
Temporary, Clerical and Stenographic	70,808	
Rentals	476,043	
General Insurance	155,093	
Light, Heat and Power	65,499	
Repairs and Maintenance	26,840	
Furniture and Equipment	254,788	
Computer System Development	257,884	
Carfare, Auto and Travel	86,066	
Communications	137,997	
Special Services and Supplies	54,599	
General Office	37,776	
Printing	<u>2,753</u>	
		<u>7,029,970</u>
Excess of Receipts and Balance of Funds at Beginning of Year Over Disbursements -		
Balance of Funds at End of Year Consisting of:		
Cash in Checking Accounts and On Hand	\$ 82,604	
Investment in Cash Management Account	<u>1,116,264</u>	
	\$1,198,868	
Less Taxes and Other Withholdings from Employees	<u>20,432</u>	\$1,178,436

See Accompanying Notes to Statement of Cash Receipts and Disbursements

WATERFRONT COMMISSION OF NEW YORK HARBOR

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JUNE 30, 2002

NOTE #1 — DESCRIPTION OF BUSINESS AND ACCOUNTING POLICY

(a) Description of Business

The Waterfront Commission of New York Harbor (the Commission), a bistate instrumentality, was created in 1953 by joint legislative action of the States of New York and New Jersey. It is vested with broad investigative, licensing and regulatory jurisdiction over the piers and terminals in the Port of New York District. It is not subject to income taxes.

(b) Accounting Policy

It is the policy of the Commission to prepare its financial statement on the basis of cash receipts and disbursements; consequently, revenue and related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

NOTE #2 — RETIREMENT BENEFITS

The Commission has established an Investment Reserve Account to fund its liability for eligible retired employees' medical, dental and life insurance benefits.

As of June 30, 2002 this reserve consisted of the following:

	FAIR MARKET VALUE
New Jersey Cash Management Fund	\$1,467,659
	<u>\$1,467,659</u>

This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #3 — FORFEITURE FUNDS

The Commission has also established an Investment Reserve Account for its share of forfeiture proceeds received from Federal and State Law Enforcement Agencies.

As of June 30, 2002, these reserves consisted of:

New Jersey Cash Management Fund	<u>\$ 423,211</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #4 — UNEMPLOYMENT RESERVE

The Commission by law has established an Investment Reserve Account to fund its liability for unemployment benefits.

As of June 30, 2002, this reserve consisted of the following:

New Jersey Cash Management Fund	<u>\$ 149,479</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #5 — LEASE COMMITMENTS

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) for the next five years as of June 30, 2002 are as follows:

Year Ending June 30:	
2003	\$ 427,434
2004	438,120
2005	466,385
2006	478,045
2007	489,996

COMMISSION DETERMINATIONS

YEAR ENDED JUNE 30, 2002

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshorepersons	13	0	8	3	6	0	3	33
Checkers	2	0	2	0	0	0	2	6
Hiring Agents	1	0	0	0	0	0	2	3
Pier Guards	3	0	3	0	1	0	1	8
Pier Superintendents	0	0	0	0	0	0	0	0
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	5**	0	1	1	8	0	0	15
Telecommunications System Controllers	0	0	0	0	0	0	0	0
Totals	24	0	14	4	15*	0	8	65

*Includes 14 summary proceedings

**Includes 1 denial with leave to reapply

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	0	0	0
Petitions for Leave to Reapply	1	0	1
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	1	1
Petitions to Remove Ineligibility	0	0	0
Petitions for Restoration of Registration/License	3	3	6
Petitions to Vacate Temporary Suspension	0	5	5
Petitions for Retention or Reinstatement	2	0	2
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	3	3
Petitions to Amend Determination	0	0	0
Totals	6	12	18

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	1
Recommendations to Continue Temporary Permits/Registrations	1
Recommendations to Issue Notice of Hearing	9
Recommendations to Amend Notice of Hearing	0
Recommendations to Rescind Notice of Hearing	2
Recommendations to Issue Temporary Permit	0
Totals	13

WATERFRONT COMMISSION
DIVISION OF LICENSING/EMPLOYMENT INFORMATION CENTERS

SHOWING COMPARISON OF HIRINGS FOR THE YEARS ENDING JUNE 30TH, 2001 AND 2002

Piers and Areas	HIRINGS		Increase or Decrease	%	% Share in Port Employment	
	2002-2001	2000-2001			2001-2002	2000-2001
Manhattan	14,782	21,819	-7,037	-32.25%	2.86%	3.36%
Brooklyn & Staten Island	131,644	170,763	-39,119	-22.91%	25.46%	26.33%
Port Newark & Elizabeth	337,067	406,420	-69,353	-17.06%	65.19%	62.66%
Jersey City & Bayonne	33,590	49,618	-16,028	-32.30%	6.49%	7.65%
TOTAL - NEW JERSEY	370,657	456,038	-85,381	-18.72%	71.68%	70.31%
TOTAL - NEW YORK	146,426	192,582	-46,156	-23.97%	28.32%	29.69%
PORT WIDE TOTALS	517,083	648,620	-131,537	-20.28%	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF
LONGSHOREPERSONS AND CHECKERS

	1954(*)	1999	2000	2001
Over \$100,000	(*)	673	862	913
\$75,000 to \$100,000	(*)	460	497	486
\$50,000 to \$75,000	(*)	739	611	603
\$25,000 to \$50,000	(*)	496	468	532
\$20,000 to \$25,000	(*)	114	80	83
\$15,000 to \$20,000	(*)	71	72	89
\$10,000 to \$15,000	(*)	45	62	69
\$5,000 to \$10,000	3,797	102	124	55
Under \$5,000	37,536	252	187	95
TOTAL REPORTED	41,333	2,952	2,963	2,925
Total Earnings	\$102,061,108	\$197,759,874	\$224,731,177	\$235,400,018
Total Hours Worked	37,813,991	6,563,551	7,414,164	7,600,233
% Hours Overtime	24.3%	42.6%	51.5%	52.1%
AVERAGE ANNUAL WAGES **	\$2,469	\$66,992	\$75,846	\$80,479

*Records Incomplete for 1954.
**Does Not Include Fringe Benefits.

NOTE: This table includes craftsmen such as carpenters, coopers, maintenance personnel and miscellaneous personnel required to be registered as longshoremen effective May 27, 1957, but does not include most persons required to be registered as waterfront warehousemen and in other capacities effective September 1, 1969. Similar tables in annual reports prior to 1957-1958 included earnings of longshoremen and checkers only, as reported by the New York Shipping Association. Guaranteed Annual Wage payments to qualifying persons are not included in the above figures.

SOURCE: New York Shipping Association for its fiscal year ending September 30th.

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS
AS OF JUNE 30TH

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Longshore	6,520 a	6,511 a	5,371 a	5,129 a	5,095 a&b	4,822 a&b	4,642 a&b	4,688 a&b	4,479 a&b	4,076 a&b	3,986 a&b	3,868 a&b	3,952 a&b	4,291 a&b	4,001 a&b
Checkers	1,578 b	1,510	1,175	1,200 b	1,107 b	1,053 b	975 b	979 b	946 b	817 b	810 b	766 b	748 b	813 b	729 b
Hiring Agents	233	185	179	173	182	174	170	184	187	186	190	186	188	187	177
Pier Superintendents	302	268	279	278	303	309	329	359	353	394	400	406	397	421	436
Pier Guards	387	343	356	391	392	394	406	429	412	403	412	419	381	377	389
Stevedore Companies	73	71	69	68	71	68	72	75	74	75	75	72	73	73	74
Telecommunications Systems Controllers				14 c	14 c	14 c	12 c	12 c	12 c	9 c	10 c	9 c	9 c	9 c	9 c
TOTALS	9,093	8,888	7,429	7,253	7,164	6,834	6,606	6,726	6,463	5,960	5,883	5,726	5,748	6,171	5,815

- (a) Includes warehousemen, container repairmen, and other persons required to register under amendments to Waterfront Commission Act, effective September 1, 1969.
- (b) Includes persons registered on a temporary basis to meet special and emergency needs.
- (c) Includes persons required to be registered under amendment to Waterfront Commission Act, effective July 9, 1990.

WATERFRONT COMMISSION OF NEW YORK HARBOR

MICHAEL C. AXELROD
Commissioner for New York

MICHAEL J. MADONNA
Commissioner for New Jersey

THOMAS DE MARIA
Executive Director

DAVID B. GREENFIELD
Secretary and Director of Litigation and Legal Review

LAWRENCE H. LEZAK
*Director, Division of Law**

PHILIP C. SPINELLI
Chief of Police

JON S. DEUTSCH
Director and Counsel
Division of Licensing and Employment Information Centers

FRANK J. NASTASI
Director, Division of Audit and Control

MARLENE PAVLOW
*Director, M.I.S. and Administration**

IRVING H. WOLF
Comptroller

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LICENSING & EMPLOYMENT INFORMATION CENTERS

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Port Newark Office

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Iselin, New Jersey Office (Telecommunications Hiring)

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*Retired as of December 31, 2002



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