

ANNUAL REPORT

JULY 1, 2002 THROUGH JUNE 30, 2003



**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 2002-2003. 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

July 1, 2002 through June 30, 2003



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 Information 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 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, the General Counsel, 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 2002-2003, the 96-employee Commission operated with a \$7,645,289 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 (MAGLOCLN), 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 2002, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 70.11 million long tons of waterborne cargo valued at \$89 billion. The tonnage decreased by 4.7% and dollar value increased by 3.5% over 2001.

For 2002, 2,200,922 container units passed through the Port, an increase of 247,196 or 12.65% over 2001. For the same 2002 period, 590,777 vehicles were imported or exported, a decrease of 2.7% or 16,146 over the prior year. Ship arrivals totaled 4,998 during the year, a decrease of 304 or 5.7% over 2001.

The Port's three leading waterborne general cargo exports for the year 2002 on a tonnage basis were wood pulp, plastic materials and machinery. The three primary imports on a tonnage basis were beverages, motor vehicles, and furniture.

During the waterfront industry's fiscal year (October 1, 2001 to September 30, 2002), registered "deep-sea" longshorepersons and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$246,100,378 comprising regular and overtime wages, vacation and holiday benefits and guaranteed annual income payments. An average annual salary of \$82,362 was paid to the 2988 "deep-sea" workers. For the industry's prior fiscal year, the 2,925 workers were paid \$235,400,018 or an average annual salary of \$80,479.

* * *

On June 30, 2003, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 2,682 "deep-sea" longshorepersons;
- 844 checkers;
- 2,004 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;
- 479 pier guards;
- 175 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 452 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 6,645 registered or licensed workers have all been screened and evaluated by the Commission.

There were also 75 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, 2002 to June 30, 2003)

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

PORT SECURITY

The U.S. Department of Homeland Security implemented measures designed to protect America's ports from a terrorist attack. With predominately all of America's international cargo carried by ship, port security became critical to our nation's security.

The President, following September 11, 2001, implemented the Maritime Transportation Security Act of 2002. This act required completion of security assessments, development of security plans, and implementation of regulations that will reduce the risk and mitigate the exposure of our ports to terrorist activity.

These regulations require security measures that have three scalable security levels, called "MARSEC Levels." Depending on the MARSEC Level, security measures may include passenger, vehicle and baggage screening, security patrols, access control measures, and installation of surveillance equipment.

An integral part of the Department of Homeland Security is the adoption of Advisory Committees. The Waterfront Commission is proud to be a key member of the Executive Committee, whose membership is composed of executive levels of management from federal, state, and

local law enforcement agencies, who give advice on security measures within the Port of New York. In addition, as a member of the Operations Subcommittee, the Commission offers advice in planning, coordinating and developing strategies to detect terrorist activities.

In addition, in March of 2003, a Commission detective was assigned to a FBI Task Force participating in "round-the-clock" staffing of the FBI Command Center for counter-terrorism, which manages intelligence, a crucial part of the port's and the nation's security.

Port Security at Work

With the Port of New York on a heightened terrorism alert, vigilant security officers on board a cruise ship at the New York City Passenger Ship Terminal in Manhattan, New York, alerted Waterfront Commission detectives that two crew members were apprehended attempting to smuggle marijuana on board the ship. An X-Ray of the sneakers carried onto the ship revealed that the soles of the sneakers had been altered to conceal narcotics. U.S. Customs opened the soles of the sneakers and performed a narcotics field test. The substances tested positive for cocaine and marijuana and the two crew members were arrested.

* * *

In an ongoing investigation into stolen vehicles being exported from the Port of New York, vehicles on board a ship were discovered not to have cleared mandatory U.S. Customs Inspection prior to being loaded onto the vessel. The vessel was boarded by Waterfront Commission detectives and detectives from the NYPD Auto Crime Unit. Two stolen vehicles were recovered, with a value of \$73,812.00.

* * *

The Commission assigns personnel to area task forces which investigate cargo theft and related crimes. One case involved the investigation of a container load of frozen shrimp which was discharged from a vessel at a New York waterfront terminal and transported to a New Jersey trucking complex. The container was stolen while it was stored at the trucker's terminal. The shipment consisted of 3,600 cartons of frozen shrimp valued at \$250,000. Commission detectives obtained the import records from the waterfront terminal and were able to identify the truck driver who originally took delivery of the container and transported it to the trucking company. The Commission detective who was assigned to the task force participated in the investigation. The investigation established that five co-conspirators, including the truck driver, had taken the stolen container to a warehouse in New Jersey and unloaded the stolen cargo. They attempted to sell the stolen shrimp to various diners and restaurants for \$30-\$40 per case, \$20 less than the market price per case. The co-conspirators also arranged to store 1,000 cases of the product at a diner in New Jersey. Several days after the theft, the stolen container was recovered in New York still containing 1,600 cases of the stolen cargo which had begun to defrost. This condition would have made the product dangerous for public consumption. As a result of this investigation, the five co-conspirators were charged with the theft of the interstate shipment.

* * *

In February, 2003, a trucking company executive notified the Commission that his firm was the target of an extortion plot by an employee of a shipping line. The trucker had been told that for a cash payment of \$700.00, the outstanding repair invoices for chassis and container damages would be "cleared up." The trucking company executive had complained that the repair invoices were unfair and illegitimate. He also feared that if the bills were not paid, his company would be "shut out of the pier" on the order of the shipping line. In his conversations with the shipping line representative he was told, "We can work this out, if you know what I mean. I know the bills should not be generated in the first place." The trucker also believed that if the payment was not paid, the line representative would continue to generate additional inflated invoices for minor damages. The Police Division of the Commission initiated an investigation into the allegations. During the course of the investigation, Commission detectives conducted both electronic and physical surveillance when the trucker arranged to meet with the suspect and actually made the "payoff." As a result of this investigation, the suspect was arrested and charged with commercial bribery, a crime in the fourth degree in New Jersey. He ultimately pled guilty to a reduced charge and made restitution to the trucking company. It should be noted that when the shipping line was made aware of the Commission's investigation, it cooperated fully and ultimately terminated the employee.

Torpedoing Organized Crime

As previously reported in the Commission's 2001-2002 Annual Report, Commission detectives, as part of a multi-agency task force, arrested eighteen members and associates of the Gambino Organized Crime Family for their illegal activities on the New York Waterfront. Those arrested included the boss of the crime family, two captains, 4 soldiers and eleven associates.

Seven defendants pleaded not guilty and opted to have the case heard by a jury. In January of 2003, a jury in the United States Court of the Eastern District of New York began hearing the government case. The jury listened to portions of over four hundred audio tapes which were obtained from wire taps and several eavesdropping devices placed in locations throughout New York City, including the vehicle of an ILA official. The jury heard testimony from over thirty government witnesses including Commission detectives who provided damaging evidence against the defendants. An ILA official, who began cooperating with the government after his arrest, testified that he acted as a "bag man" for the mob by accepting cash payoffs from a Staten Island Marine Terminal executive and funneling that money to the mob. The jury also heard from a former ILA Official who testified that he was a "hit man" for the mob and that he had "sit downs" with other mobsters to discuss who would be elected to the Executive Board of the ILA. Numerous photographs were shown depicting meetings between mobsters, ILA officials from several ILA locals and others. After thirty-five days of court proceedings including eight days of deliberations, the jury returned a verdict of guilty on sixty-four of the sixty-six counts charged. The jury found the defendants guilty of Racketeering, Money Laundering, Extortion, Conspiracy, Wire Fraud, Gambling, and other offenses.

The other defendants charged in this case have waived their right to trial and pled guilty before a United States Magistrate. One such defendant pled guilty to defrauding the longshoreman's pharmaceutical plan. Another pled guilty to attempting to extort a Hollywood action film star. Others have pled guilty to operating an illegal gambling business and other offenses. The defendants received terms of imprisonment, probation and/or fines.

No Dice

The Commission is committed to its purpose of eliminating evil and corrupt practices which have been in the past, and still are, pervasive in the port of New York. Illegal Gambling has long been considered such an evil. This year, the Commission revoked outright the registration of an individual who, while working as a longshoreperson, was convicted of participating in a felony racketeering conspiracy involving an illegal gambling operation.

Just Say No

Drugs have infiltrated all aspects of our society, including the piers. The Commission, however, is doing its part to aggressively fight back. This year, the Commission revoked outright the registrations of two individuals involved with drugs: one was dealing cocaine from his home and the other who repeatedly purchased crack cocaine and whose drug use led to an accident on the piers.

Not Here

The Commission's efforts in conducting background investigations on applicants continues to keep potentially dangerous individuals off the piers. This year, for example, the Commission denied the application of an individual who was a recidivist shoplifter, another who participated in a scheme to defraud a major money wiring company, and another, who attempted to defraud his insurance company by claiming his car was stolen.

* * *

The Fourth 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 December of 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 400 persons to the Longshoremen's Register and to allow for the replacement of 415 potential retirees for the period of October 1, 2002 to September 30, 2003. As a result, the Commission determined to accept applications from 252 persons immediately and 148 applications from longshorepersons and/or checkers upon the submission of proof by the industry that an increase in labor was necessary. In addition, the Commission determined to accept application for the replacement of up to 415 retirees for the period of October 1, 2002 to September 30, 2003.

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 2081 applications and reapplications for licensing or registration. Included were 1911 applications for the registration of longshorepersons, checkers, emergency longshoremen, and for the registration of persons performing ancillary warehouse and maintenance work; 128 for pier guard licenses; 30 and 11, respectively, for licensing as pier superintendents and hiring agents and 1 for a stevedore's license. Since the inception of the agency in 1953, approximately 161,217 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 thirty-two application-revocation proceedings during fiscal 2002-2003. Included in this tally were eleven denied applications for inclusion in the Register. Three of these applications were for longshore registration, one was for a hiring agent license, three were for a pier guard license, one was for a pier superintendent license, and three were for maintenance/warehouse registration.

Seven longshoreperson registrations and two maintenance/warehouse workers were revoked, six unconditionally and three with leave to reapply after a set period of time. In addition, the registrations of five longshorepersons and one maintenance/warehouse worker were suspended for varying periods of time, as were the licenses of one pier guard and one pier superintendent. Three longshoreperson registrations and two maintenance/warehouse workers were suspended pending hearings.

There were twenty-one petitions considered by the Commission, which denied eleven and granted ten. The Commission also rendered determinations in twenty-two 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 6,227 persons.

PERSONNEL

The Commissioners, the Executive Director and staff personnel note with sorrow the deaths of Cornelius Ryan and Faranak Fatimi Moir.

Cornelius Ryan served the Waterfront Commission for 41 years, beginning in December 1961 as a Validating Clerk in the Employment Information Centers. In December 1966, he was promoted to Senior Clerk within the same division. In September 1980, Mr. Ryan was again promoted to Assistant Manager. In February 2000, he became Manager, the position he held up until his untimely death on September 3, 2002. Mr. Ryan's knowledge of hiring procedures for dock workers was invaluable to the Commission.

Faranak Fatimi Moir began her employment with the Commission in March 1998 as an Assistant Counsel in the Division of Law. A short time thereafter, she was diagnosed with ALS, commonly referred to as Lou Gehrig's Disease. Despite her condition, Ms. Moir served the Commission proficiently until June 30, 2001, when her disease progressed to such a degree that she was forced to resign. Sadly, one year later in June 2002, Faranak Moir passed away at the young age of 36.

* * *

On August 28, 2002, the Commission adopted the "Retirement Incentive Program" established by Part A of Chapter 69, New York Laws of 2002 for eligible employees, the Commission further resolved that the open period for this program would commence on October 3, 2002 and would terminate on December 31, 2002. The following individuals retired under this incentive. Congratulations and best wishes for the future are extended to them.

Fred Heinrichs served the Commission for 42 years beginning in January of 1960 as a Messenger in the Administration Division. One year later he was promoted to a clerical position in the Division of Police and in June 1963, he was once again promoted to the position of Field Records Examiner. In June 1973, Mr. Heinrichs was promoted to Research Assistant within the same division. In July 1990, he became Supervisory Research Assistant, a position which he held until his retirement on December 30, 2002. Mr. Heinrich played a key role in the investigations conducted by the Police, Law and Licensing Divisions.

Roy Kropp served the Commission for 36 years beginning in July 1966 as a Validating Clerk in the Employment Information Centers. In July 1970, Mr. Kropp was promoted to License Examiner within the same division. In 1972, he was again promoted to the position of Supervising Assistant. In July 2000, Mr. Kropp became the Senior Manager of the Licensing Division and one year later he was promoted to Assistant Director, the position he held until his retirement on December 30, 2002. Mr. Kropp's dedication to the Commission and his unparalleled knowledge of licensing procedures was an invaluable asset to the Commission.

Lawrence Lezak served the Commission for 32 years, beginning in November of 1970 as an Assistant Counsel in the Division of Law. From 1986 to 1992, Mr. Lezak acted as a Special Assistant United States Attorney in a high profile case involving industry corruption. In July 1988, Mr. Lezak was also highly commended for his role as a liaison to the Organized Crime and Racketeering Section of the Strike Force assigned to the matter of the *United States vs. John DiGilio*. In November 1989, he was promoted to Assistant Director of the Division of Law. In March 1999, Mr. Lezak was again promoted to the position of Director of the Division of Law, the position which he held until his retirement on December 30, 2002.

Albert Miller served the Commission for 35 years, beginning in August 1967 as a Messenger in the Administrative Division. In December of the same year, he was promoted to the position of Validating Clerk in the Employment Information Centers. In December 1972, Mr. Miller became a Senior Clerk and a year later, in October 1973, he was promoted to Senior Licensing Examiner within the same division. He held this position until his retirement on November 13, 2002.

Donald Rudakiewich served the Commission for 20 years until his retirement on September 6, 2002. A graduate from the State University of New York with a Bachelor of Science degree, he came into the Commission in April of 1982 as a police officer. In July 1986 his title was changed from Police Officer to Detective-Investigator and in December 1990 he was promoted to Detective. In September 1997, Mr. Rudakiewich, along with other Commission Detectives, was commended by Commissioner Wallwork and

Commissioner Axelrod for his exemplary work in identifying certain individuals associated with organized criminal activities in the Brooklyn waterfront area.

Marlene Pavlow came into the Commission's employ in August 1996 as the Director of Management Information Systems and Administration. Ms. Pavlow held this position until her retirement on December 30, 2002, after serving the Waterfront Commission for six years.

William Schiavo served the Commission for 38 years, beginning in April 1964 as a Validating Clerk in the Employment Information Centers of the Waterfront Commission. In July 1969, he was promoted to Senior Clerk. In July 1989, he was promoted to Supervising Clerk. In February of 2002, he became the Assistant Manager of the Telecommunications Hiring Center, the position he held until his retirement on November 30, 2002.

Patrick Vetrano, a graduate of Fordham University School of Law began his career with the Commission in March 1972 as an Assistant Counsel. Prior to joining the Commission, Mr. Vetrano served two years in the United States Army, from October of 1967 through October of 1969. Patrick Vetrano became a Senior Attorney in July 1986, the position which he held until his retirement on December 20, 2002. Mr. Vetrano was a fixture on the Commission's legal staff where he prosecuted numerous cases and was pivotal in the training of assistant counsels.

Michael Zinnel served the Commission for 20 years, beginning in August 1982 as a police officer. In July 1986, his title was changed from Police Officer to Detective-Investigator and in December 1989 he was promoted to Detective. In December 1994, Mr. Zinnel, along with two other Commission Detectives was commended by then Chief Seidel of the District Attorney of Kings County Organized Crime Bureau for his excellent investigative work of the Gambino Crime Family. In September 1997, he was again commended for his efforts in the identification of individuals associated with organized criminal activities on the waterfront. In January 2000, Michael Zinnel was promoted to the position of Lieutenant and then to Captain in December 2001, the position he held until his retirement on July 19, 2002.

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, 2003



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2003. 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, 2003 on the basis of accounting described in Note 1.

October 30, 2003

Suplee, Clooney & Company

WATERFRONT COMMISSION OF NEW YORK HARBOR

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2003

Balance of Funds at Beginning of Year:

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>	
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\$1,178,436

Receipts:

Assessments on Employers of Persons Registered or Licensed by the Commission	\$7,867,531
Penalties, Fines and Miscellaneous Income	3,996
Other	31,631
Interest	<u>30,496</u>

7,933,654
\$9,112,090

Disbursements:

Salaries	\$4,538,639
Retirement, Group Insurance and Social Security Taxes	1,673,173
Hearing, Audit and Medical	95,189
Temporary, Clerical and Stenographic	28,942
Rentals	469,737
General Insurance	188,956
Light, Heat and Power	80,241
Repairs and Maintenance	31,248
Furniture and Equipment	279,131
Computer System Development	123,667
Carfare, Auto and Travel	122,646
Communications	86,254
Special Services and Supplies	114,824
Alteration and Renovation	248,270
General Office	61,181
Printing	<u>9,918</u>

8,152,016

Excess of Receipts and Balance of Funds at June 30, 2003

Beginning of Year Over Disbursements –

Balance of Funds at End of Year Consisting of:

Cash in Checking Accounts and On Hand	\$ 273,673
Investment in Cash Management Account	<u>694,680</u>
	\$ 968,353

Less Taxes and Other Withholdings from Employees	<u>8,279</u>	
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\$ 960,074

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, 2003

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, 2003 this reserve consisted of the following:

	FAIR MARKET VALUE
New Jersey Cash Management Fund	\$1,990,439
	<u>\$1,990,439</u>

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

NOTE #3 — FORFEITURE FUNDS

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

As of June 30, 2003, these reserves consisted of:

New Jersey Cash Management Fund	<u>\$ 667,839</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, 2003, this reserve consisted of the following:

New Jersey Cash Management Fund	<u>\$ 151,848</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #5 — RENOVATION ESCROW RESERVE

The Commission has established a Renovation Escrow Reserve to pay for the cost of renovating property it expects to lease from the Port Authority of New York and New Jersey.

As of June 30, 2003, this reserve consisted of the following:

New Jersey Cash Management Fund	<u>\$ 225,098</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #6 — LEASE COMMITMENTS

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) for the next five years as of June 30, 2003 are as follows:

Year Ending June 30:	
2004	\$ 438,120
2005	466,385
2006	478,045
2007	489,996
2008	502,246.

COMMISSION DETERMINATIONS

YEAR ENDED JUNE 30, 2003

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshorepersons	3	0	4	3	4	0	3	17
Checkers	0	0	0	0	1	0	0	1
Hiring Agents	1	0	0	0	0	0	0	1
Pier Guards	3	0	0	0	0	0	0	3
Pier Superintendents	1	0	0	0	0	0	0	1
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	3	1	2	0	1	0	2	9
Telecommunications System Controllers	0	0	0	0	0	0	0	0
Totals	11	1	6	3	6*	0	5	32

*Includes summary proceedings and informal hearings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	0	0	0
Petitions for Leave to Reapply	2	0	2
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	2	2
Petitions to Remove Ineligibility	1	2	3
Petitions for Restoration of Registration/License	7	1	8
Petitions to Vacate Temporary Suspension	0	1	1
Petitions for Retention or Reinstatement	0	2	2
Petitions for Stay	1	0	1
Petitions to Surrender Registration	0	1	1
Petitions to Amend Determination	0	1	1
Totals	11	10	21

ADDITIONAL COMMISSION DETERMINATIONS

Recommendation to Authorize an Informal Hearing	4
Recommendations for Permanent Registration/License	2
Recommendations to Continue Temporary Permits/Registrations	6
Recommendations to Issue Notice of Hearing	5
Recommendations to Amend Notice of Hearing	1
Recommendations to Rescind Notice of Hearing	0
Recommendations to Issue Temporary Permit	4
Totals	22

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	
	2002-2003	2001-2002			2002-2003	2001-2002
Manhattan	22,553	14,782	+7,771	+52.57%	3.21%	2.86%
Brooklyn & Staten Island	172,171	131,644	+50,527	+38.38%	24.54%	25.46%
Port Newark & Elizabeth	461,682	337,067	+124,615	+36.97%	68.80%	65.19%
Jersey City & Bayonne	45,213	33,590	+11,623	+34.60%	6.44%	6.50%
TOTAL - NEW JERSEY	506,895	370,657	+136,238	+36.76%	72.25%	71.68%
TOTAL - NEW YORK	194,724	146,426	+48,298	+32.98%	27.75%	28.32%
PORT WIDE TOTALS	701,619	517,083	+184,536	+35.69%	100.00%	100.00%

**COMPARISON OF AVERAGE EARNINGS OF
LONGSHOREPERSONS AND CHECKERS**

	1954(*)	2000	2001	2002
Over \$100,000	(*)	862	913	961
\$75,000 to \$100,000	(*)	497	486	519
\$50,000 to \$75,000	(*)	611	603	573
\$25,000 to \$50,000	(*)	468	532	505
\$20,000 to \$25,000	(*)	80	83	65
\$15,000 to \$20,000	(*)	72	89	40
\$10,000 to \$15,000	(*)	62	69	28
\$5,000 to \$10,000	3,797	124	55	72
Under \$5,000	37,536	187	95	225
TOTAL REPORTED	41,333	2,963	2,925	2,988
Total Earnings	\$102,061,108	\$224,731,177	\$235,400,018	\$246,100,378
Total Hours Worked	37,813,991	7,414,164	7,600,233	7,657,306
% Hours Overtime	24.3%	51.5%	52.1%	54.9%
AVERAGE ANNUAL WAGES **	\$2,469	\$75,845	\$80,479	\$82,362

*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

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Longshore	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	4,686 a&b
Checkers	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	844 b
Hiring Agents	185	179	173	182	174	170	184	187	186	190	186	188	187	177	175
Pier Superintendents	268	279	278	303	309	329	359	353	394	400	406	397	421	436	452
Pier Guards	343	356	391	392	394	406	429	412	403	412	419	381	377	389	479
Stevedore Companies	71	69	68	71	68	72	75	74	75	75	72	73	73	74	75
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	9 c
TOTALS	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	6,720

- (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, Division of Licensing and Employment Information Centers*****

ROY B. KROPP

*Assistant Director, 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

*Retired as of September 30, 2003, replaced by Anne M. Gross, Secretary, and Jon S. Deutsch, General Counsel

**Retired as of December 31, 2002, replaced by Joy M. Kelly

***Retired as of July 30, 2004

****Appointed General Counsel, July 30, 2003, replaced by Peter J. Goldfinger

*****Retired as of December 31, 2002, replaced by Jeffrey R. Schoen

*****Retired as of December 31, 2002

†On August 28, 2002, the Commission adopted the "Retirement Incentive Program" established by Part A of Chapter 69, New York Laws of 2002 for eligible employees. The Commission further resolved that the open period for this program would commence on October 3, 2002 and would terminate on December 31, 2002. These individuals opted to retire under this incentive.

PRINCIPAL OFFICE

39 Broadway, 4th Floor, New York, New York 10006

Telephone (212) 742-9280

LICENSING & EMPLOYMENT INFORMATION CENTERS

Main

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Fax (212) 905-9249

Port Newark Office

117 Tyler Street, Port Newark, New Jersey 07114

Telephone (973) 344-1803 • Fax (973) 344-1801

Iselin, New Jersey Office (Telecommunications Hiring)

100 Wood Avenue South, Iselin, New Jersey 08830-2716

Telephone (732) 321-9295 • Fax (732) 452-6310

POLICE FIELD OFFICES

New York

100 Columbia Street, Brooklyn, New York 11201

Telephone (718) 852-2434 • Fax (718) 596-5306

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