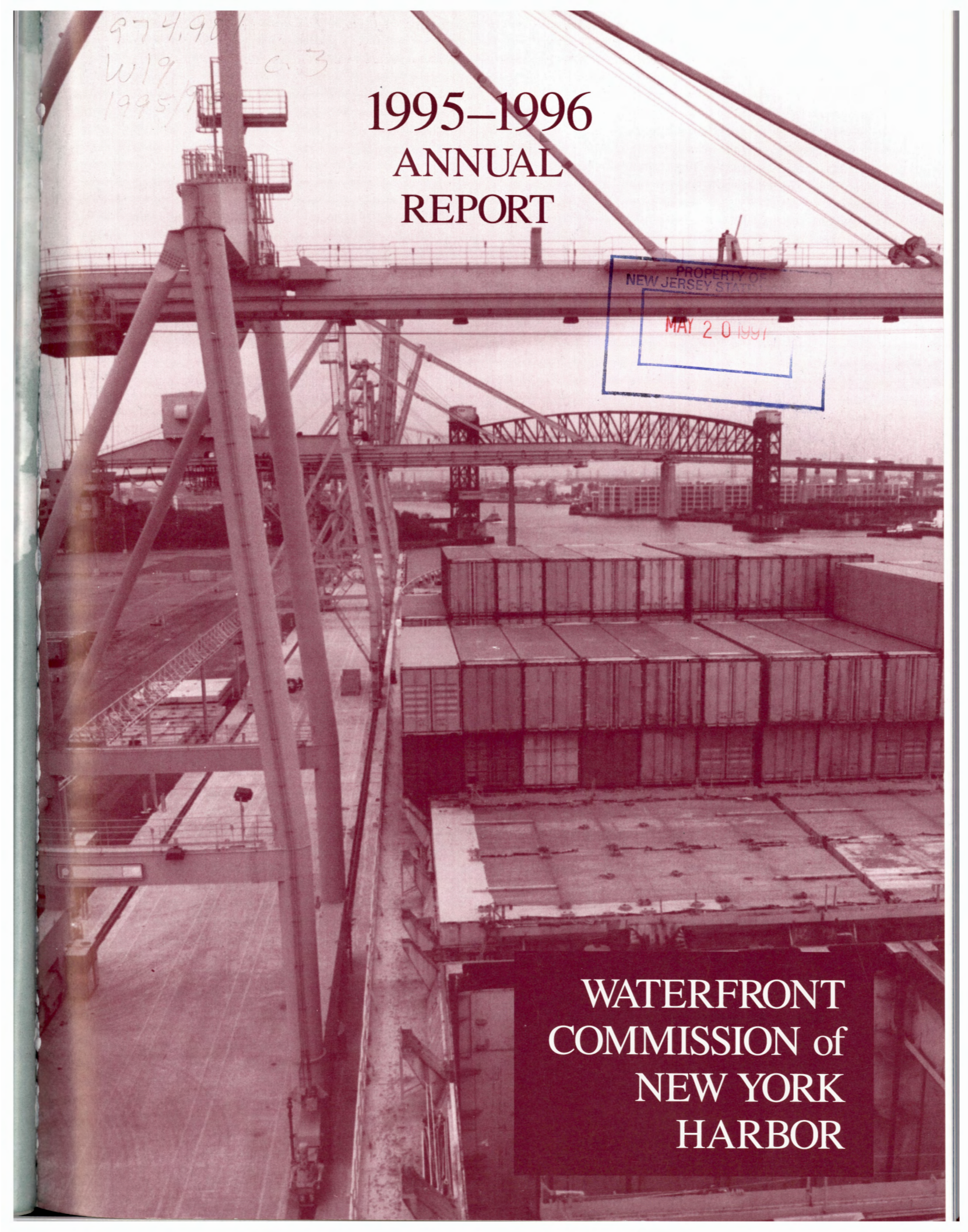


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1995-1996 ANNUAL REPORT

PROPERTY OF
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MAY 20 1997

WATERFRONT
COMMISSION of
NEW YORK
HARBOR



THE WATERFRONT COMMISSION

Public hearings held by the New York State Crime Commission in the early 1950's disclosed an alarming widespread scenario of crime and corruption in the Port of New York-New Jersey which threatened the Port's position as the country's premier shipping center.

The hearings revealed that homicides and other acts of violence were common in the continuing struggle for control of pier operations by racketeers and criminals; that waterfront employers were coerced to hire felons as dock bosses whose loyalty was directed to the unions and not to the employers; that frequent extortionate strikes for illegal demands were the norm; that waterfront employers were coerced to hire phantom employees who did not work and who were used as a conduit for illegal payoffs; that unscrupulous "public loaders" required honest truckers to pay them for the loading and unloading of trucks on the waterfront even though the services of these loaders were not needed or desired; that labor leaders were bribed by the industry to insure labor peace; that steamship executives were bribed by stevedore companies for the awarding of lucrative stevedoring contracts; that criminals dominated the leadership positions in the dock unions and often embezzled union funds; that the waterfront labor force suffered from a vast over supply of casual laborers, resulting in abysmally low wages and the notorious "shape-up" method of hiring, which subjected the oppressed dock labor force to corrupt hiring bosses and the requirement that these workers pay kickbacks, borrow at usurious interest rates from designated loansharks, or pay other forms of tribute as a quid pro quo for obtaining a day's work.

Noting that law enforcement along the waterfront of both states was ineffective and sporadic, the Crime Commission recommended the establishment of one agency to deal quickly and efficiently with the festering problems in the Port. Thus, in 1953 the Governors and Legislatures of New York and New Jersey, with the approval of Congress and the President of the United States, established the Waterfront Commission of New York Harbor and vested it with the responsibility of establishing law and order on the docks and in the bi-state Port "...for the protection of the public safety, welfare, prosperity, health, peace and living conditions of the people of the two states."

As a result, the public loading racket was abolished and the shape-up was replaced by Commission operated Employment Information Centers. Today dock workers are hired by computer and a telephone system under careful Commission scrutiny. The agency has removed criminals from waterfront union offices and has checked the influence of the criminal element in the pier labor force by a comprehensive licensing program and by constant police surveillance and investigation. The size of the waterfront work force has been prudently reduced by the removal from the Longshoremen's Register of those who fail to work or seek work on a regular basis.

The average dockworker today is a proud and productive member of the American workforce. Anarchy long ago ceased to reign on the waterfront in the Port of New York-New Jersey. Management and labor have embarked upon an era of cooperation for the betterment of the Port. Nevertheless, the tasks of the Waterfront Commission remain. Millions of dollars of cargo passing through the Port on a daily basis present a tempting target for criminal elements. Organized crime continues to reach out for ill-begotten profits. Constant scrutiny and investigation by the Commission are necessary to prevent the reoccurrence of the "bad-old days."

ANNUAL REPORT 1995-1996



THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY



To the Honorable Christine Todd Whitman, 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 1995-1996. 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.

THE COMMISSION TODAY

The Waterfront Commission of New York Harbor is a unique bi-state governmental agency, vested with licensing, regulatory, investigatory, and law enforcement powers in the Port of New York-New Jersey.

During fiscal year 1995-1996, the Commission operated with a staff of 94 employees and a budget approved by the Governors of \$6,420,946. A surplus of \$318,738 was realized for the fiscal year.

The agency's budgeted expenses are assessed upon waterfront employers of persons licensed and registered by the Commission. In accordance with the Compact's provisions, each employer is required to pay assessments based upon gross payroll payments made by the employer to longshorepersons, checkers, hiring agents, pier superintendents and port watchmen, at a rate not to exceed two percent.

The Commission's authority and functions include:

The registration and licensing of some 6,389 persons working on the waterfront in the bi-state port as longshorepersons, checkers, pier guards, pier superintendents, hiring agents and telecommunications system controllers and the licensing of 74 companies performing services involving or incidental to the movement of waterborne freight; the regularization of the waterfront labor force by balancing the number of eligible dockworkers with the demand for their services by removing from the Longshoremen's Register those longshorepersons and checkers who fail to work or seek work on a regular basis; the maintenance and supervision of employment information centers to oversee the hiring of longshorepersons, checkers, and pier guards and to make available to them information relating to employment opportunities; the investigation of crime and corruption in the Port and the collection and compilation of data concerning waterfront practices; and the prohibition of persons who have been convicted of serious criminal offenses from holding positions in waterfront unions representing registered workers and on those funds or trusts administered by these unions.

The Commission has two Commissioners, each appointed for a three year term by the Governor of the respective State, with advice and consent of the respective State's Senate.

Under the daily supervision of the Executive Director, the Commission functions with six divisions: Executive (including the offices of the General Counsel, the Secretary and the Comptroller); Law; Police; Licensing and Employment Information Centers; Audit and Control; and Management Information Systems and Administration.

James H. Wallwork, a resident of Far Hills, has been New Jersey's representative on the Commission since November 1994. A graduate of the United States Military Academy at West Point, Wallwork also graduated from the Engineer School, Ft. Belvoir, Virginia, and from the Command and General Staff College, Ft. Leavenworth, Kansas. While on active duty, Wallwork was a Company Commander of a Combat Engineer Company with the Army of Occupation in Germany; he also served in various staff and command positions as a Major in the New Jersey National Guard. Wallwork served 14 years in the New Jersey Senate and 2 years in the New Jersey General Assembly. A businessman, he has been an owner/partner of Wallwork Bros., Inc., a refrigeration, heating and air conditioning wholesale distributor. While involved in charitable and civic concerns, Wallwork also writes "The People's Business" column for a chain of weekly newspapers.

Representing New York is Michael C. Axelrod, a resident of Roslyn, and a member of the New York and Florida Bars since 1973. He graduated from the University of Miami and the New England School of Law in Boston, and was awarded a Masters of Law Degree in Labor Law from New York University Law School. Active in religious and civic groups, he has devoted his legal career to representing public-safety labor unions within the New York Metropolitan area. Axelrod also serves as an arbitrator for the New York State Employment Relations Board.

Executive Director, Carmine A. Cardone, is the agency's chief operating officer and is a member of the New York Bar. Mr. Cardone began his career with the agency in 1961 as an Assistant Counsel. Prior to his appointment as Executive Director, he served as Director of the Division of Licensing and Employment Information Centers and as Deputy Executive Director.

* * *

THE PORT'S VITAL STATISTICS

An essential hub to the economic well being of the nation, the Port in 1995 worked 44.9 million long tons* of waterborne cargo worth \$64.7 billion, a 3% increase in value over 1994. The equivalent of 2,262,792 twenty-foot containers passed through the Port in 1995, 228,913 more than in 1994. There were 399,601 vehicles imported or exported and ship arrivals numbered 4,514 in 1995.

The Port's five leading oceanborne general cargo exports in 1995 (calculated in millions of dollars) included road motor vehicles and parts, general machinery, plastic materials, aircraft and parts and military cargo. In 1995, as in 1994 and 1993, the five main imports were road motor vehicles and parts, clothing, general machinery, alcoholic beverages and footwear.

During the waterfront industry's fiscal year, October 1, 1994 to September 30, 1995, Commission-registered longshorepersons and checkers (excluding those dockworkers registered under 1969 amendatory legislation to the Compact to perform services incidental to the movement of waterborne freight) were paid a total of \$229,402,075 apportioned among regular and overtime wages, vacation and holiday benefits, and guaranteed annual income payments.

During this contract year, the 3,568 registered dockworkers earned an average annual salary of \$64,294. In the prior collective bargaining year, ending on September 30, 1994, the 3,720 registered "deep-sea" waterfront workers were paid \$235,885,112 for an average yearly income of \$63,410.

Generally, "deep-sea" longshorepersons are waterfront workers who are employed to move waterborne freight, and "deep-sea" checkers are pier workers who perform custodial accounting or checking of cargo and various clerical functions.

* * *

At the conclusion of the agency's fiscal year on June 30, 1996, registered and licensed waterfront workers totalled:

- 2,494 "deep-sea" longshorepersons, including 133 emergency temporary registrants;

*A long ton is 2,240 pounds.

- 946 checkers, including 91 emergency temporary checkers;
- 1,985 persons registered pursuant to the 1969 amendments to the Compact to perform services incidental to the movement of waterborne freight such as maintenance work and warehousing;
- 412 pier guards;
- 353 pier superintendents (management employees of stevedores or steamship companies who directly or indirectly supervise the work of registrants);
- 187 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 12 telecommunications system controllers (employees of a joint labor-management board that operates the computer and telephone system for hiring "deep-sea" registrants).

In addition, there were 74 firms licensed as stevedores to move oceanborne cargo or to perform services incidental to such movement.

THE YEAR (July 1, 1995 to June 30, 1996)

Policing the Port

Considered the eyes and ears of the agency, the Commission's Police Division is staffed with detectives, detective-investigators and superior officers who are vested with full police powers in both New York and New Jersey. Working with the Commission's other Divisions, the Police Division is responsible for investigating criminal activity in the Port and violations of the Compact; for compiling and analyzing organized crime data; for checking backgrounds of individuals and companies who have applied for registration or licensure; for reviewing cargo security at the docks and waterfront areas; and for maintaining the integrity of the Commission's investigative and licensing files.

The Police Division also is an integral partner in joint investigations with federal, state and local law enforcement bodies.

Continuing Cocaine Caper

In its 1990-1991 Annual Report, the Commission recounted the involvement of its Police Division in a joint investigation with the

United States Customs Service and the Drug Enforcement Administration into the smuggling of cocaine in shipping containers loaded with bags of coffee beans from South America. Because these illegal shipments of cocaine were placed directly behind the doors at the tail-end of the containers and because dockworkers had access to these containers, and had the ability to remove the cocaine prior to inspection and delivery of the containers to their legitimate consignees, law enforcement officials suspected that a conspiracy involving pier personnel existed.

Commission detectives were assigned to a Customs' task force and were cross-designated as federal agents. This investigation, code-named "Tailgunner", resulted in the arrests and convictions of a coffee business owner and his co-conspirators and the seizure of certain assets. Evidence developed during this investigation also led to the arrest and conviction of an employee of the coffee business for the brutal murder of a mother and daughter.

Nevertheless, "tailgate" loads of cocaine continued to appear in the Port. Following up leads developed in the "Tailgunner" investigation, Commission detectives and federal agents were able to identify three cocaine smugglers: an active longshoreman, a retired longshoreman and a third individual—all friends from the same Brooklyn neighborhood. Operation "Tailgunner II" was thus initiated. Investigation, surveillances and the development of further information from confidential sources and other law enforcement agencies uncovered the participation of additional individuals in the scheme.

The conspiracy originally hatched when an individual from Colombia approached a retired longshoreman and asked if it were possible to access containers when they arrived at the piers. The ex-longshoreman, who had a history of smuggling small quantities of drugs with the assistance of ships' crew members, then discussed the proposed operation with the active longshoreman. The co-conspirators agreed upon the feasibility of the scheme.

The Colombian then returned to his home country, and working with the Cali Cartel, arranged to have kilo packages of cocaine inside duffle bags placed in the rear of coffee-laden shipping containers. These containers were shipped to docks in Port Elizabeth, New Jersey, or Red Hook in Brooklyn.

Whenever the Colombian returned to the

United States, he told the longshoreman the names of the vessels carrying the contraband, the containers' color and numbers and the amount of duffle bags and kilo packages of cocaine. The longshoreman recruited additional co-conspirators, including other registered pier workers, to locate the "cocaine" containers when they were unloaded from the ships and to enter the pier to remove the cocaine. At an opportune time, the containers were moved to locations on the pier where the doors could be opened, the duffle bags of cocaine removed and duplicate seals placed on the containers to foil detection.

On one occasion, the cocaine was passed through a damaged fence at a New Jersey terminal to waiting co-conspirators, placed in a van and driven away. This took place during regular business hours so that the illegal movements would blend in with normal business activity.

Over a two year period, nine loads of cocaine were smuggled by this group through three pier facilities in the Port. The conspirators received hundreds of thousands of dollars and distributed cocaine with an approximate street value of \$40 million.

As a result of this investigation, 17 persons were arrested including active and former Commission registrants and one shipping line employee. 12 pled guilty to federal conspiracy charges. Of that group, two persons also entered guilty pleas to weapons charges and two others additionally pled guilty to the importation and distribution of cocaine and to possessing and distributing a controlled dangerous substance. Five others were found guilty after trial on charges of conspiracy, importation and distribution of cocaine and possession and distribution of a controlled dangerous substance. Administrative charges are pending against three registrants over whom the Commission has jurisdiction.

Rounding up Car Rustlers

Commission detectives, special agents of the United States Customs Service, and City of Newark, New Jersey, detectives joined forces in 1995 under the auspices of a United States Customs Task Force to stem the export of stolen automobiles from Port Newark and Port Elizabeth. The export of stolen vehicles ranks second behind narcotics trafficking in terms of

dollar value. In certain overseas markets, the value of a stolen automobile is double to triple its domestic value.

This ongoing joint operation has recovered approximately 240 vehicles worth in excess of \$6,077,000 and has resulted in the arrest of over 80 persons on a wide variety of state and federal charges. The Task Force has worked on cases with such diverse law enforcement agencies as the Federal Bureau of Investigation, the New York City Police Department, the Bronx County District Attorney's Office, the Nassau and Suffolk County Police Departments, the Union/Essex Auto Theft Task Force, the Miami Police Department, State Police in Maryland, Massachusetts and Pennsylvania and the Toronto Metropolitan Police Force.

* * *

Speedy Recovery

The Commission received word from a Union City, New Jersey detective that a new 1995 Chevy Blazer had been stolen from a Union City car dealer and further that the vehicle was being shipped overseas. Armed with this information, a Commission detective worked with the warehouse manager of a steamship company in the Port. Checking the company's records, the manager verified that the Chevy Blazer was then aboard one of his company's vessels enroute to the Dominican Republic. The Commission detective alerted another Commission detective who had been assigned to the U.S. Customs Task Force. Arrangements were made through Customs to seize the stolen Blazer and to return it to the United States. The recovered vehicle, valued at approximately \$20,000, was then released to the Union City Police for return to its lawful owner.

* * *

Thwarting Thieves

Since inception, the Commission has placed great emphasis upon preventing waterfront thefts and upon apprehending waterfront thieves.

In one particular case, the Director of Security at a Port Elizabeth stevedore operation

requested assistance from Commission police in connection with a theft investigation. The terminal had received a damaged cargo container loaded with footwear. Its contents were removed and placed on a flatbed trailer pending the completion of a loss survey. Members of the terminal's security staff were assigned to guard the trailer around the clock. One security guard was assigned to work the 4:00 P.M. to midnight tour protecting the trailer. The next morning, the day guard informed his superiors that the contents of the trailer appeared to have been disturbed.

Commission detectives responded and found several empty shoe boxes in the immediate area. Two witnesses advised the detectives that they had seen the guard who had worked the 4:00 P.M. to midnight shift on the trailer rummaging through cartons.

The detectives went to the home of the individual, who was a pier guard licensed by the Commission, and found the off-duty guard wearing a pair of shoes identical to those allegedly missing from the damaged container. The individual admitted that he had taken the shoes from the terminal for his personal use and further consented to a search of the premises. Eleven pairs of missing shoes were found along with three cartons of wine, all of which subject admitted taking from his employer. Also recovered were a defaced semi-automatic pistol, a defaced assault rifle, a sound suppressor for the pistol, one pound of marijuana, silver metal knuckles and multiple rounds of ammunition.

The individual was arrested by Commission detectives and charged with multiple offenses, including theft, felonious weapons and drug possession counts. His port watchman's license was suspended pending an administrative hearing and he subsequently surrendered his license with prejudice.

* * *

In another case, a pier guard at a Jersey City waterfront terminal advised the Commission that 16 containers stored in the facility's container field were burglarized. A garbage bag containing cargo from one of the containers was found hidden underneath another container near the terminal's fence line.

Expecting the person responsible for

secretory the cargo to return, Commission detectives established a surveillance. An individual, who was observed inside the fence breaking into containers and removing merchandise, was apprehended. The thief, a local resident not licensed by the Commission, attempted to give a false name on this occasion but Commission detectives recognized him from two prior apprehensions. Merchandise with an estimated value of \$2,000 was recovered and the perpetrator was charged with various crimes.

* * *

In yet another matter, the president of a stevedore company told Commission detectives that he suspected that the evening cleaning crew was stealing money from vending machines located in the terminal's lunch area. A surveillance was conducted and video cameras were set up around the machines. The serial numbers of one dollar bills were recorded and the bills were placed in one of the machine's cash box.

An individual was observed by Commission detectives opening the soda machine door and putting money into his jacket pocket. A search of the thief uncovered dollar bills, including those whose serial numbers had been recorded, as well as a set of keys taken from the president's desk. After the thief admitted taking the keys and using them to open the machine, he was arrested and charged with theft. The thief turned out to be a maintenance worker who had been denied registration by the Commission because of a prior shoplifting conviction but who was working in an unlicensed capacity. He subsequently pled guilty to a theft charge.

* * *

Boots and Booze

Commission detectives received information that a container loaded with boots with a value of approximately \$140,000 was missing from a Port Elizabeth, New Jersey terminal. Fraudulent paperwork was used to effect the theft of the container which was found by the Kearny, New Jersey police devoid of its contents.

Commission detectives learned that boots similar to the stolen items were being sold

at a flea market. Proceeding on this tip, the detectives went to the flea market, verified that boots being sold by two vendors were part of the stolen shipment, and seized 66 cartons of this cargo.

A Newark, New Jersey, warehouse was identified as the source of the stolen boots. A search warrant was obtained and, upon its execution at the warehouse, 210 cartons of boots were recovered together with large quantities of "outdated" alcoholic beverages slated for destruction and other items. Six individuals were arrested and indicted for offenses related to receiving stolen property and violation of the alcoholic beverage laws. Stolen boots valued at approximately \$42,000 were returned to the Port Elizabeth terminal. Five of the individuals pleaded guilty to receiving stolen property. One defendant died during the proceedings.

* * *

Litigation

In enacting the Compact, the States of New York and New Jersey specifically found and declared in the enabling legislation that:

" * * the occupations of longshoremen, stevedores, pier superintendents, hiring agents and port watchmen are affected with a Public interest requiring their regulation and that such regulation shall be deemed an exercise of the police power of the two States for the protection of the public safety, welfare, prosperity, health, peace, and living conditions of the people of the two states."*

To this end, both States prohibited the employment or engagement of unlicensed pier superintendents and hiring agents or unregistered longshoremen and checkers. Also banned were unlicensed stevedoring activities. The intent of this strict licensing scheme is to insulate waterfront companies and their labor force from criminal domination and influence and to promote a climate of job security and economic well-being for labor and management. The enforcement of these licensing provisions resulted in the following civil suits:

Waterfront Commission of New York Harbor v. Construction and Marine Equipment Co., Inc.
United States District Court for the District of New Jersey

The Commission learned that an Elizabeth, New Jersey, concern, located on the Arthur Kill Waterway, entered into an arrangement with a shipping company to load ships chartered by the shipping company with vehicles, foodstuffs and personal effects for shipment to Haiti. On a regular basis, the concern, without being licensed as a stevedore and utilizing unregistered and unlicensed personnel, performed stevedoring services for the shipping company's chartered vessels.

After a thorough investigation by Commission attorneys and police division personnel, the Commission notified the Elizabeth concern that it required a stevedore's license and must employ the services of licensed and registered persons. The company was further advised that since the Longshoremen's Register was closed, registrants (longshorepersons and checkers) must be selected from individuals currently included in the "deep-sea" Longshoremen's Register.

The Register was closed by the Commission in 1966, and except for a brief opening in that year and again in 1968 and 1969, the Register has remained closed. Thus, by way of background, the Commission was authorized by legislation enacted by both States in 1966 to make determinations whether to open and close the "deep-sea" Register of longshorepersons to new applicants. This statutory authority had its genesis in the "container revolution" and the attendant drastic reduction in the need for labor in the Port together with the collectively bargained guaranteed annual income (GAI) program whereby the management association representing Port employers agreed to make GAI payments to available qualified longshorepersons who were unable to find work.

The Elizabeth concern failed to heed the Commission's advice and warnings and continued to perform illegal stevedoring services. As a result, the Commission brought suit against that company seeking to restrain and enjoin it from operating as a stevedore without a license and from using unregistered

and unlicensed personnel. In the meantime and apparently taking their cue from the Elizabeth concern, approximately a dozen instances of unregulated "Haiti" operations mushroomed in the Port. In the face of a myriad of regulatory and constitutional challenges raised by the Elizabeth company, the United States District Court for the District of New Jersey entered a preliminary injunction sought by the Commission against the illegal stevedoring operation. The Court stated:

"...if the Commission could not obtain a preliminary injunction it might suffer much greater injury than CME. As initially noted, the Commission would be unable to execute its statutory mandate. If the Court allowed CME to carry on in a manner that, as the Court has determined, violates the compact, this will encourage similar activities; other companies and laborers could try to avoid obtaining licenses or registration. Indeed, the Commission has presented evidence that this has already happened. Apparently, since the commencement of this lawsuit, almost a dozen companies have been pursuing operations analogous to those challenged here. Such activities handicap the Commission's ability to regularize the supply of waterfront labor and thus fight crime.

* * *

The final element is whether a preliminary injunction would further the public interest. With this action, the Commission pursues an injunction to carry out its responsibilities under the compact. Congress and the states of New Jersey and New York have determined that the compact serves a clear public purpose: so do the Commission's actions. Therefore, the Court determines that the Commission has met its burden for a preliminary injunction."

The District Court's determination was upheld on appeal of the Elizabeth concern by the United States Court of Appeals for the Third Circuit in Philadelphia.

* * *

Waterfront Commission of New York Harbor v. Elizabeth-Newark Shipping, Inc.
United States District Court for the District of New Jersey

The shipping company which had been serviced by the Elizabeth concern subsequently went into business for itself. It began loading vehicles upon chartered ships bound for Haiti utilizing unregistered and unlicensed personnel. The Commission warned the shipping company that this must cease and that company's failure to heed the Commission's warnings caused the agency to once again seek injunctive relief in the United States District Court for the District of New Jersey. Based upon the reasoning set forth in the case against the Elizabeth concern, the District Court also entered a preliminary injunction against the shipping company.

* * *

The Commission is vested by the Compact with extraordinary subpoena and investigative authority. Thus, among its general powers it can:

"By its members and its properly designated officers, agents and employees, ...administer oaths and issue subpoenas throughout both States to compel the attendance of witnesses and the giving of testimony and the production of other evidence;"

* * *

"...make investigations, collect and compile information concerning waterfront practices generally within the Port of New York district and upon all matters relating to the accomplishment of the objectives of ...[the] compact;"

Judicial determinations in both New York and New Jersey upholding the Commission's broad investigatory and subpoena powers are uniform and abundant. The New Jersey Supreme Court in a 1960 case observed that the Commission's investigative authority within its statutory function has been likened to that of a grand jury. The New York Court of Appeals in 1985 reaffirmed that a Commission

subpoena "...is deemed valid if the inquiry sought is reasonably related to the purpose for which the Commission was created" and that the Commission "...has the right to subpoena persons over whom it has no licensing or regulatory jurisdiction if it appears that they may have relevant information respecting a matter properly under investigation." New York's Appellate Division in 1968 observed that "...no less clear is the Commission's authority to investigate suspected waterfront activities of criminal elements pursuant to its duty to promote the orderly conduct of waterfront activities in New York Harbor."

Application of Waterfront Commission of New York Harbor v. Louis A. Saccenti
New York County Supreme Court

The Commission received information that Louis A. Saccenti, who is a registered checker and who is a Vice President of Atlantic Coast District of the International Longshoremen's Association and a Delegate of ILA Local 1, was an associate of the Gambino Organized Crime Family. In a declaration given to the United States Government by Salvatore Gravano a/k/a "Sammy the Bull" (the former underboss of the Gambino Organized Crime Family when John Gotti was the boss), Saccenti was identified as Gravano's driver and bodyguard between 1986 and 1990. Gravano added in his Declaration that Saccenti was an associate of the crew headed by one Louis Vallario, a "capo" in the Gambino Family. Gravano also stated that he was instrumental in having Saccenti appointed to the office of union delegate.

The Commission launched an investigation into the allegations to determine whether Saccenti possesses the requisite good character and integrity for checker registration and to ascertain the nature and extent of his organized crime connections, especially in connection with his waterfront union positions. The Commission's investigation revealed that Saccenti was present on numerous occasions at such infamous Organized Crime meeting places as the Ravenite Club on Mulberry Street in Manhattan, a Gambino Organized Crime Family meeting place; Tali's Restaurant in Brooklyn, Gravano's meeting place; the Bergin Hunt and Fish Club in Queens, John Gotti's headquarters; and various other locations

when Gravano and other Organized Crime figures were also present.

In furtherance of its investigation, the Commission issued a subpoena for Saccenti's testimony. When he failed to appear in response to the subpoena, after requesting and receiving several adjournments, the Commission applied to the New York County Supreme Court to hold him in contempt. Saccenti cross-moved to quash or limit the Commission's subpoena.

In upholding the subpoena and directing Saccenti's appearance before the Commission, the Court stated:

"The Waterfront Commission has the power to issue and enforce a subpoena deemed necessary to effectuate the purpose of ...[the Compact]... One of its purposes is to deal with criminality on the waterfront... the moving papers demonstrate sufficient cause for ...[the Commission to inquire into the individual's activities]."

Saccenti unsuccessfully sought a stay of the New York County Supreme Court's determination before the Appellate Division, First Department. The investigation is continuing.

Gamblers Gone

Several years ago the Commission learned that a registered warehouseman was under investigation by the Somerset County, New Jersey Prosecutor's Office for illegal gambling activity. More specifically, an undercover Somerset County detective placed sports bets with an illegal wireroom in Manhattan at the direction of the warehouseman. The warehouseman would meet the undercover detective at various locations to collect the detective's losses and to pay his winnings. A court authorized wiretap on the warehouseman's telephone revealed that a registered longshoreman was the warehouseman's supervisor in the gambling operation. Investigation by Commission counsel revealed that the longshoreman leased a wireroom in Manhattan.

The warehouseman and the longshoreman were arrested by New Jersey authorities. A search of the warehouseman's person and

home uncovered cash and gambling records. Cash, gambling records and a small notebook containing loansharking entries were found in the longshoreman's home.

Administrative charges were lodged against the warehouseman and the longshoreman by the Commission. At a hearing, the warehouseman admitted that he promoted gambling; that, while aided and abetted by others, he conspired and agreed to promote gambling as part of an illegal organized criminal enterprise; and that he possessed bookmaking paraphernalia. As a result, the Commission revoked by his registration. Following an administrative hearing, the longshoreman's registration was also revoked by the Commission upon findings that: he promoted gambling; he conspired with the warehouseman and agreed to promote gambling; he subtlet and operated a wireroom in Manhattan; he possessed loansharking and bookmaking documents; and he misappropriated salaries from his waterfront employer, in that he was paid overtime while away from the pier conducting gambling business.

Licensing Proceedings

During fiscal 1996, the agency's licensing staff examined and processed 1,035 applications and reapplications for licensing and registration. Included in this number were 617 applications for registration of individuals performing services incidental to the movement of waterborne freight (waterfront warehouse and maintenance personnel) as well as for the registration of temporary emergency checkers, container equipment operators and hustler/car drivers; 23 for hiring agent's licenses; 41 for licensing as pier superintendents; 288 for pier guard's licenses and 66 for stevedore's licenses. Since the Commission commenced operations in 1953, it has processed in excess of 155,000 applications and reapplications.

Longshore, checker and telecommunications system controller registrations are issued without termination dates. Licenses to function as pier superintendents and hiring agents remain in effect as long as the licensee is employed by the sponsoring ocean carrier or stevedoring firm. So long as a licensed pier guard complies with agency regulations mandating the periodic submission of updated

personal history information, the fulfilling of refresher training classes, and meeting physical and mental requirements, the license is of indefinite duration. A stevedore license must be renewed every three years.

* * *

The Compact prohibits the denial of an application for licensing or registration without prior notice and an opportunity for the applicant to be heard at a quasi-judicial hearing. Nor may a registration or license be revoked, suspended or cancelled without the respondent being given the opportunity to answer the charges at an administrative hearing. A revocation proceeding may be held by the Commission on its own initiative or upon the complaint of any person, agency or public official. If a registrant or licensee has been charged with a crime equivalent to a felony, the agency may temporarily suspend the registration or license pending the outcome of an administrative hearing.

A rotating panel of administrative law judges, who are New Jersey or New York attorneys, preside over hearings. The applicant or respondent, at these public hearings, may be represented by an attorney, may elicit testimony and adduce other evidence on his or her behalf, may cross-examine adverse witnesses and may request the administrative judge to issue subpoenas for the appearance and testimony of witnesses.

At the termination of a proceeding, the administrative judge submits a written report to the Commissioners containing findings of fact and a recommended disposition. Each party in interest is provided with a copy of the report and may file written exceptions for consideration by the Commissioners.

Upon review of the entire record of the proceedings, the Commissioners make a final determination which is reflected in an order. The order may be reviewed in the courts of New York or New Jersey in conformity with the law of each state for the review of final administrative determinations. Also, the affected party may petition the agency for rehearing of the matter, reconsideration of the ultimate determination, reapplication for the denied license or registration, or restoration of the revoked registration or license.

* * *

During fiscal 1996, the Commission rendered determinations in 71 administrative proceedings. Inclusion in the Register was denied to 28 applicants; 18 seeking registration in the maintenance/warehouse category, five for longshore registration and one for checker registration. One application for a hiring agent's license was denied as were three pier guard applications. Granted were two applications for pier guard's licenses, two for pier superintendent's licenses and one for maintenance/warehouse registration.

The agency revoked the registrations of 16 individuals, 13 unconditionally and three with leave to reapply after fixed periods of time. One pier guard's license was revoked outright and another was revoked with leave to reapply. Also suspended for various periods were the registrations of eight longshorepersons and one checker, the license of one pier guard, and the registrations of two maintenance/warehouse workers. One pier guard was also reprimanded. The suspensions and reprimand resulted from summary proceedings during which the respondents admitted the charges and waived formal hearings. Two longshore, two checker and two maintenance/warehouse registrations were suspended pending hearings, as was one pier guard's license.

The Commission acted upon 33 petitions, denying 13 and granting 20. Determinations were also reached in 28 miscellaneous proceedings.

* * *

In accordance with its statutory mandate to balance the pier labor force with the staffing needs of Port employers, the Commission removed 149 persons from the Register who, without good cause, failed to work or seek work in accordance with standards established by the agency.

Personnel

The Commissioners, the Executive Director, and all staff personnel note with sorrow the untimely on duty death of Detective Charles J. Meyer, who faithfully and honorably served the Commission for thirty years. He began work in a clerical capacity while pursuing his college degree. Then, after two years of military service, Detective Meyer returned to the

agency as a Special Agent and later became a Detective in the Police Division.

Detective Meyer was assigned to the Howland Hook Terminal in Staten Island and to the Manhattan Passenger Ship Terminal. He served as the agency's Pier Guard Training Officer and in-service Training Officer for the Police Division. In recent years, Detective Meyer was assigned to a joint U.S. Customs Task Force in connection with a long term investigation relating to the smuggling of drugs and was instrumental in the success of the cocaine investigation reviewed in this report.

* * *

The Commissioners, the Executive Director and all staff members note that Melvin Savitt, a Senior Accountant, retired after 18 years of distinguished service with the agency. He served in the United States Navy during World War II and later received a Bachelor's Degree in Accounting from Adelphi College. Prior to his employment with the Commission, Mr. Savitt held positions in the private sector as an accountant, auditor and comptroller. While employed by the Commission, he participated in a Federal Grand Jury investigation into the misuse of ERISA funds by waterfront labor and management officials. This probe resulted in several of these persons pleading guilty to Federal charges.

CONCLUSION

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,

JAMES H. WALLWORK
Commissioner for New Jersey

MICHAEL C. AXELROD
Commissioner for New York

WATERFRONT COMMISSION OF NEW YORK HARBOR Statement of Cash Receipts and Disbursements Year ended June 30, 1996

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	\$ 29,446	
Cash in money market accounts	433,470	
Cash in savings accounts	8,818	
Time certificates of deposit	<u>908,000</u>	
	1,379,734	
Less taxes and other withholdings from employees	<u>5,412</u>	\$ 1,374,322
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	5,785,616	
Penalties, fines and miscellaneous income	84,764	
NYSA settlement (note 4)	450,000	
Interest:		
Time certificates	75,364	
Money market accounts	11,519	
Savings accounts	<u>344</u>	
		<u>6,407,607</u>
		7,781,929
Disbursements:		
Salaries	3,962,235	
Retirement, group insurance and Social Security taxes	1,539,644	
Rentals	501,545	
General insurance	179,545	
Light, heat and power	108,502	
Repairs and maintenance	17,953	
Furniture and equipment	32,529	
Carfare, auto and travel	61,165	
Communications	45,226	
Special services and supplies	60,703	
General office	37,362	
Printing	<u>11,768</u>	
		<u>6,558,177</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	27,903	
Cash in money market accounts	409,761	
Cash in savings accounts	8,726	
Time certificates of deposit	<u>780,000</u>	
	1,226,390	
Less taxes and other withholdings from employees	<u>2,638</u>	\$ 1,223,752

See accompanying notes to statement of cash receipts and disbursements.

KPMG Peat Marwick LLP

New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078

Independent Auditors' 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, 1996. 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 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(b), this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than 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 transactions of the Waterfront Commission of New York Harbor for the year ended June 30, 1996 on the basis of accounting described in note 1(b).

KPMG Peat Marwick LLP

September 19, 1996



COMMISSION DETERMINATIONS

Year Ended June 30, 1996

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshorepersons	5	0	4	1	8	0	2	20
Checkers	1	0	1	0	1	0	2	5
Hiring Agents	1	2	0	0	0	0	0	3
Pier Guards	3	0	1	1	1	1	1	8
Pier Superintendents	0	2	0	0	0	0	0	2
Stevadores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	18	1	8	2	2	0	2	33
Telecommunications								
System Controllers	0	0	0	0	0	0	0	0
Totals	28	5	14	4	12*	1*	7	71

*Includes 13 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	0	0	0
Petitions for Leave to Reapply	1	1	2
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	3	3
Petitions to Remove Ineligibility	0	1	1
Petitions for Restoration of Registration/License	9	2	11
Petitions to Vacate Temporary Suspension	0	8	8
Petitions for Retention or Reinstatement	2	3	5
Petitions for Stay	1	0	1
Petitions to Surrender Registration	0	1	1
Petitions for Waiver	0	1	1
Totals	13	20	33

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	11
Recommendations to Continue Temporary Permits/Registrations	3
Recommendations to Withdraw Notice of Hearing	6
Recommendations to Issue Notice of Hearing	7
Recommendations to Amend Notice of Hearing	0
Recommendations to Deny Appeal	1
Totals	28

DECASUALIZATION OF LONGSHOREPERSONS AND CHECKERS

		Number Decasualized	Remaining Registrants
1st decasualization	June 3, 1955	7,141	31,574 a
25th decasualization	March 31, 1967	1,142	22,100
30th decasualization	October 3, 1969	1,022	20,627 b
40th decasualization	September 26, 1974	271	14,143 b
50th decasualization	September 28, 1979	124	10,956 b,c
60th decasualization	October 4, 1984	88	8,026 b
65th decasualization	April 9, 1987	100	7,159 b,c
70th decasualization	October 5, 1989	126	5,846 b
75th decasualization	April 3, 1992	33	3,941 b
80th decasualization	October 6, 1994	79	3,518 b
81st decasualization	April 1, 1995	60	3,493 b
82nd decasualization	October 13, 1995	89	3,432 b,c
83rd decasualization	April 17, 1996	60	3,344 b,c

(a) Does not include craftsmen whose registrations were required on or after May 27, 1957.

(b) Does not include warehousemen, container repairmen, and other persons required to be registered on or after September 1, 1969.

(c) Includes persons registered on a temporary basis to meet special and emergency needs.

(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.

(2) Retirement Benefits

The Commission has established a reserve account to fund its liability for eligible retired employees' medical, dental and life insurance benefits. As of June 30, 1996, the balance of this account was \$431,000.

(3) Lease Commitments

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 1996 are as follows:

Year ending June 30:	
1997	\$ 460,000
1998	460,000
1999	460,000
2000	483,000
2001	483,000
Total minimum lease payments	\$ 2,346,000

(3) NYSA Settlement

The Commission received \$450,000 in a settlement for estimated assessments owed the Commission from October 1, 1993 to September 30, 1996, regarding payments made by the New York Shipping Association (NYSA) to the NYSA-International Longshoremen's Associations Money Purchase Pension Fund and Plan, which constituted a payment in lieu of wages.

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

As of June 30th

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Longshorepersons	10,289 _{a&b}	9,947 _{a&b}	9,474 _a	8,702 _a	7,955 _a	7,810 _a	6,999 _a	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}
Checkers	2,231	2,084	2,017	1,806	2,065	1,894 _b	1,686 _b	1,578 _b	1,510	1,175	1,200 _b	1,107 _b	1,053 _b	975 _b	979 _b	946 _b
Hiring Agents	327	304	291	279	242	242	229	233	185	179	173	182	174	170	184	187
Pier Superintendents	353	341	325	304	298	317	304	302	268	279	278	303	309	329	359	353
Pier Guards	655	635	560	525	491	455	404	387	343	356	391	392	394	406	429	412
Stevedore Companies	109	110	104	101	87	83	80	73	71	69	68	71	68	72	75	74
Telecommunications System Controllers											14 _c	14 _c	14 _c	12 _c	12 _c	12 _c
TOTALS	13,964	13,421	12,771	11,717	11,138	10,801	9,702	9,093	8,888	7,429	7,253	7,164	6,834	6,606	6,726	6,463

- (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.

EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 1995 and 1996

Piers and Areas	HIRINGS		Increase or Decrease	% Change	% Share in Port Employment	
	1995-1996	1994-1995			1995-1996	1994-1995
Manhattan	20,018	20,026	- 8	- 00.04	02.98%	02.86%
Brooklyn & Staten Island	94,774	89,680	+ 5,094	+ 05.68	14.10%	12.80%
Port Newark & Port Elizabeth	472,944	493,705	- 20,761	- 04.21	70.37%	70.46%
Jersey City & Bayonne	84,343	97,245	- 12,902	- 13.27	12.55%	13.88%
TOTAL—NEW JERSEY	557,287	590,950	- 33,663	- 05.70	82.92%	84.34%
TOTAL—NEW YORK	114,792	109,706	+ 5,086	+ 04.64	17.08%	15.66%
PORT WIDE TOTALS	672,079	700,656	- 28,577	- 04.08	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	1954(*)	1993	1994	1995
Over \$100,000	(*)	345	439	422
\$75,000 to \$100,000	(*)	430	515	521
\$50,000 to \$ 75,000	(*)	971	810	770
\$25,000 to \$ 50,000	(*)	945	863	872
\$20,000 to \$ 25,000	(*)	115	89	115
\$15,000 to \$ 20,000	(*)	104	102	96
\$10,000 to \$ 15,000	(*)	115	157	90
\$ 5,000 to \$ 10,000	3,797	185	235	168
Under \$5,000	37,536	634	510	514
TOTAL REPORTED	41,333	3,844	3,720	3,568
Total Earnings	\$102,061,108	\$183,323,322	\$189,179,353	\$186,259,531
Total Hours Worked	37,813,991	7,029,279	7,149,263	7,050,251
% Hours Overtime	24.3%	38.7%	41.9%	42.6%
AVERAGE ANNUAL WAGES**	\$2,469	\$47,690	\$50,855	\$52,203

* 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.



James H. Wallwork
Commissioner
for
New Jersey



Michael C. Axelrod
Commissioner
for
New York



Carmine A. Cardone
Executive Director

Carmine A. Cardone, *Executive Director*

Gerald P. Lally, *General Counsel*

Curt Masklee, *Secretary*

James J. Challender, *Chief, Division of Police*

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Frank J. Nastasi, *Director, Division of Audit and Control*

Marlene Pavlow, *Director of MIS and Administration*

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