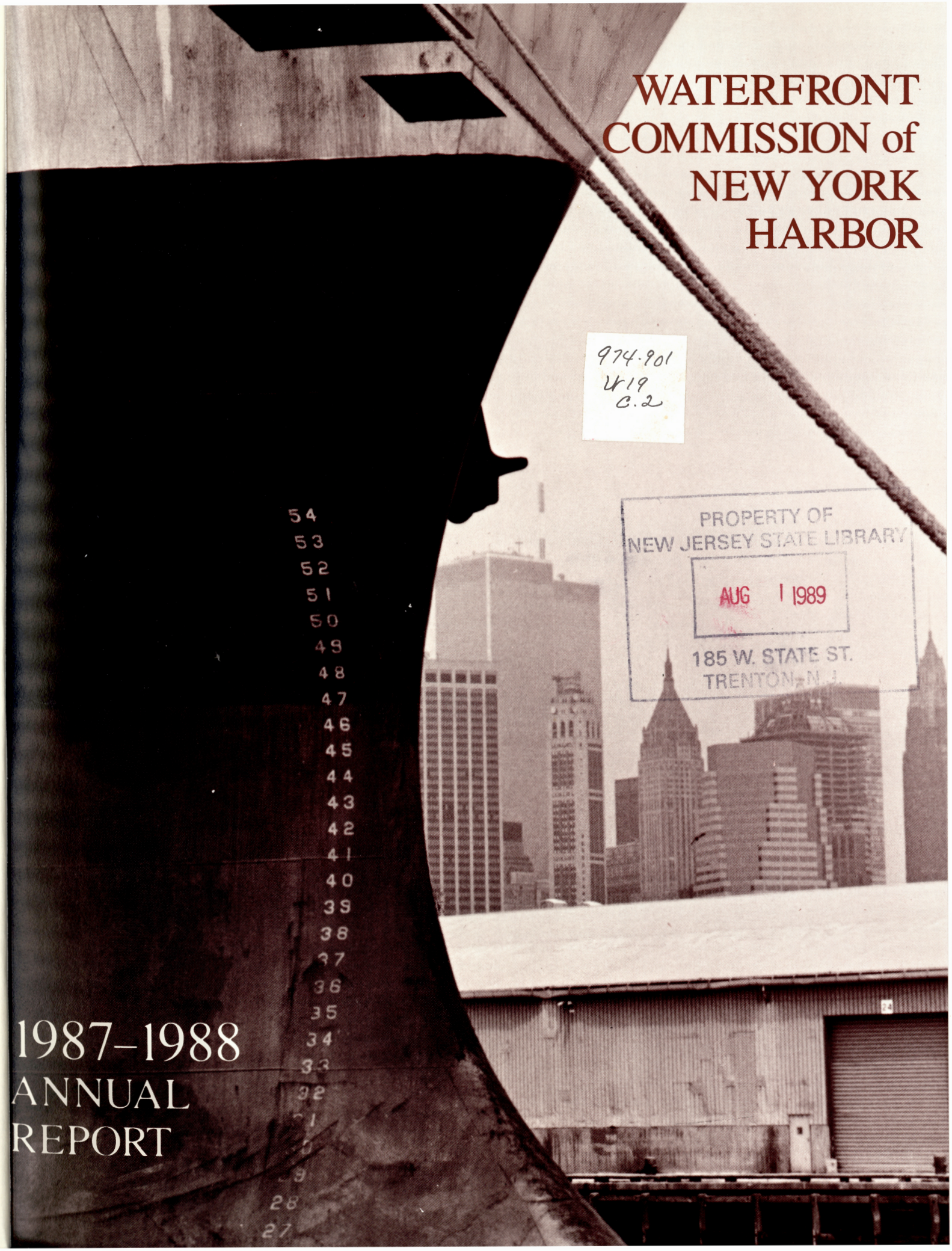

WATERFRONT COMMISSION of NEW YORK HARBOR

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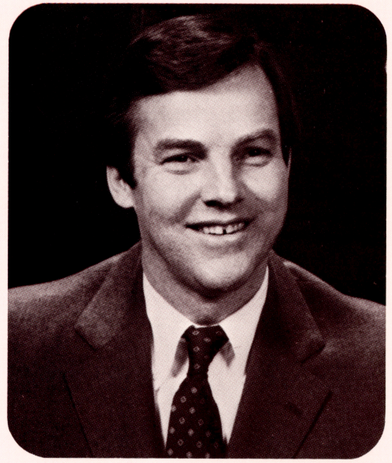
1987–1988 ANNUAL REPORT



To the Honorable Thomas H. Kean, Governor, and the Legislature of the State of New Jersey



To the Honorable Mario M. Cuomo, 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 1987-1988. 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
1987–1988

THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

THE COMMISSION

Created in 1953 by joint legislative action of the States of New York and New Jersey, the Waterfront Commission of New York Harbor is a unique bi-state instrumentality. It is vested with broad investigative, licensing and regulatory jurisdiction over the piers and terminals in the l,500 square mile Port of New York District.

The Waterfront Compact between the States was part of an omnibus program to deal with crime and corruption in the Port exposed by the New York State Crime Commission in 1952, after an extensive two-year investigation of harbor conditions with the cooperation of New Jersey law enforcement agencies. The evil conditions disclosed by the Crime Commission, which included corrupt conduct on the part of longshore union leaders, stevedore companies and steamship officials, affected not only the dock workers but also the millions of other persons whose livelihoods were directly or indirectly dependent upon the prosperity of the Port.

The Compact was enacted into law by both states on June 30, 1953, received Congressional approval one month later, and was signed into law by then President Dwight D. Eisenhower on August 12, 1953.

The bi-state legislation empowers the Commission to:

- investigate criminal activity in the harbor and collect and compile information concerning waterfront practices generally;
- register and license longshoremen, stevedore companies, hiring agents, pier superintendents, and pier guards;
- operate employment information centers to oversee the hiring of longshoremen and port watchmen and provide them with data concerning opportunities for employment;
- regularize the longshore work force by balancing the number of eligible dock workers with the demand of stevedores and waterborne carriers for their service and by periodically removing from the longshoremen's register those pier employees who fail to work or seek employment on a regular basis;
- prohibit persons with serious criminal convictions from holding positions in unions representing registered or licensed dock workers or in welfare funds or trusts administered by such labor organizations;
- make reports and recommendations to the governors and legislatures for the improvement of the conditions of waterfront labor and for the effectuation of the purposes of the Compact;
- appoint police officers; issue subpoenas throughout both states to compel the attendance of witnesses, the giving of testimony and the production of other evidence; administer oaths; confer immunity from criminal prosecution; promulgate rules and regulations; and to receive from other governmental agencies such data and assistance as will enable the Commission to properly perform its functions.

In addition, and at the heart of the remedial legislation, was the abolition of the daily pier "shape-up," which for decades had enabled mobsters to control the employment and livelihood of pier workers. Under the shape-up, when work was available at a particular pier, longshoremen would form in a semicircle around the hiring boss in all weather conditions. The foreman, as often as not an ex-convict, would make his selections without regard to any form of seniority. Oftentimes kickbacks, favors or borrowing from designated loan sharks was the price paid by the dock worker to obtain a job. If a longshoreman was passed over, it was too late for him to seek work at any other pier. Men traveled considerable distances to shape, without any assurance of employment. An individual or gang may have worked for years at a particular pier but yet could be refused employment at any time at the whim of the hiring boss. The shape-up produced a large surplus of longshoremen, with most workers earning low annual wages. Finding that the shape-up method of hiring resulted in "vicious and notorious abuses," of which longshoremen were the principal victims, the Legislatures eliminated the practice and mandated governmental regulation of the hiring process.

* * *

The Commission, established as a body corporate and politic of both States, is composed of two Commissioners, one appointed by the Governor of each State, with the advice and consent of the respective State Senate. The term of office for each Commissioner is three years and the compensation is determined by the appointing Governor. The agency is required to act only by the unanimous vote of both members.

Among the agency's general powers are the authority to sue and be sued, to administer and enforce the provisions of the Waterfront Compact,

to have for its members and employees full and free access to all vessels, piers and other waterfront terminals in the Port District for inspection and enforcement purposes, and to advise and consult with representatives of labor and industry and with other public agencies concerning the effectuation of the Compact.

Nicholas Scoppetta, a member of the New York and Federal Bars, has represented the State of New York on the Commission since May, 1979. Commissioner Scoppetta entered public service in 1962, when he was appointed as an Assistant District Attorney in New York County. He also served as Associate Counsel to the Knapp Commission in its investigation of police corruption in New York City, Special Assistant United States Attorney in the Southern District of New York, Commissioner of Investigation for the City of New York under two mayors, as well as Deputy Mayor of New York City for Criminal Justice. He was also Director of the Institute of Judicial Administration and a Professor of Law at the New York University School of Law.

The New Jersey Commissioner, appointed in December, 1983, is Conrad N. Koch of West Orange, New Jersey. He is a member of the New Jersey and Federal Bars. A graduate of Seton Hall University and Columbia University Law School, Commissioner Koch has been practicing law since 1959. His public service includes being the attorney for the West Orange Zoning Board and prosecutor for the Township of East Hanover in New Jersey.

Day-by-day administration of the Commission, pursuant to the policies established by the Commissioners, is under the jurisdiction of Leonard Newman, the agency's Executive Director. Mr. Newman has been serving in that capacity since July, 1976. A member of the New York and Federal Bars, Director Newman served as an Assistant District Attorney in New York County for 32 years, the last eight as Chief of the District Attorney's Fraud Bureau. His public service also included the position of First Deputy Commissioner of New York State's Division of Criminal Justice Services where he was directly in charge of the Office of Special Services. As such, he supervised the State's Prosecutorial Technical Assistance Unit, the Bureau of Municipal Police and the Juvenile Justice Institute.

* * *

The Commission's functions and responsibilities are administered through six divisions, all under the general supervision of the agency's Executive Director.

The Executive Division executes the policies determined by the Commissioners. This Division formulates the agency's budget, which by statute is submitted to the Governors of the two States for review. The budgeted expenses are assessed upon the employers of those waterfront workers who are licensed and registered by the Commission. The assessment is limited to a maximum of two percent of the gross payroll payments made by such employers to longshoremen, checkers, pier superintendents, hiring agents and port watchmen. By statute, the assessment is in lieu of any other charge or fee for the issuance of licenses or registrations or for the use of the Commission's Employment Information Centers.

In addition, the Executive Division prepares and reviews proposed legislation, contracts, leases and regulations; handles public relations; prepares the annual and other reports to the Governor and Legislatures; and does legal research and litigation. Included in the Division are the General Counsel and Comptroller sections of the agency.

The Division of Law, with the support of agency detectives and accountants, probes violations of criminal and other statutes pertaining to the Port. The attorneys assigned to this division conduct administrative hearings held to determine whether persons and companies licensed by the Commission have committed any illegal or improper activity and, if so, what disciplinary action should be taken.

Together with personnel of other divisions, the Law Division will also conduct public hearings to ascertain, among other things, whether additional remedial legislation is needed to achieve the objectives of the Compact.

The Division of Licensing and Employment Information Centers, recently merged from two separate divisions, is charged with (1) the processing of the applications submitted by those waterfront crafts and companies required to be registered or licensed by the agency, (2) overseeing the industry's hiring of longshoremen, checkers and port watchmen and (3) the administration of the statutory procedures designed to balance the waterfront work force by removing those waterfront workers who, without good cause, fail to work or seek work with regularity. Assistant Counsel assigned to the Division conduct administrative trials to determine whether the applications for licenses and registration submitted to the agency should be granted or denied.

The agency's Division of Police investigates criminal activity in the harbor, provides background checks of prospective licensees and registrants, and patrols the docks and terminals in the port

area. Its force of detectives, detective-investigators and waterfront intelligence analysts also interpret and maintain waterfront organized crime data, survey and evaluate the cargo protection facilities of stevedores and shipping lines, and secure the investigative and licensing files of the Commission. Members of the Division participate in the federal task forces operating in the Eastern and Southern Districts of New York and in Newark, New Jersey.

The Division of Audit and Control, performing an important function in the enforcement activities of the agency, scrutinizes the records and books of persons and firms under Commission investigation. Its staff of accountants also check the financial and corporate records of companies applying for licensing as stevedores and audit the books of those firms already licensed to verify compliance with the agency's record-keeping requirements and the accuracy of assessment reports.

The Division of Administration provides the other divisions with support staff, including stenographic, clerical, court reporting, library and messenger services. It also maintains the personnel and other records of the agency.

During the fiscal year ending June 30, 1988, the Commission operated with a staff of 139 employees. As approved by both Governors, its budget was $6,959,133. In performing its mandated functions, the agency spent $6,439,879, or $519,254 under its budget.

THE PORT

The Port of New York-New Jersey is one of the greatest assets of not only the two surrounding states but also of the United States. It handles more general cargo than any other single port in the nation and is the leading American port for imports.

The Port District encompasses some 1,500 square miles and 234 municipalities. It has an immediate market of over 15 million consumers, which increases to 72 million by overnight truck and rail delivery. An estimated $14 billion annually in regional economic benefits is attributed to the Port's commercial activities.

During 1987, the Port handled 53.8 million long tons of general and bulk cargo. Bulk cargo consists of commodities that are normally shipped in large quantities, such as ores, petroleum, grain and asphalt, while general cargo is the total of all other oceanborne exports and imports. A long ton is 2,240 pounds.

While the 53.8 million long tons was a decrease of 5.7 per cent from the prior year, the dollar value of the cargo handled increased almost one per cent from $49.9 billion in 1986 to $50.3 billion in 1987.

Total general cargo decreased 6.1 per cent from 13,888,608 long tons in 1986 to 13,046,335. The dollar value of general cargo remained at about the same level as the prior year, $44.6 billion. General cargo exports were valued at $9.6 billion; imports at $35 billion. Almost 10 percent of the general cargo tonnage handled at the nation's 188 ports came through the Port of New York-New Jersey. The Port's share of cargo moving through North Atlantic harbors was over 42 percent.

The Port handled 1.23 million containers in 1987. This was a decrease of approximately 10 percent from the previous year.

In dollar value, the leading oceanborne general cargoes exported through the Port were general machinery, photo supplies, plastic materials and road motor vehicles. The primary general cargoes imported consisted of road motor vehicles, clothing, general machinery and footwear. Over 544,000 vehicles were imported through the harbor, an increase of some 2 percent from 1986.

The Port's principal markets for oceanborne exports, in terms of value, were Japan, the United Kingdom, West Germany and France. Its chief trading partners for imports were Japan, West Germany, the United Kingdom and Taiwan.

The harbor serviced almost 400,000 cruise line passengers during the year, with 244 cruise departures.

* * *

During the waterfront industry's collective bargaining contract year of October I, 1986 through September 30, 1987, 7,028 "deep-sea" longshoremen and checkers registered by the Commission (exclusive of those dock workers registered under amendments to the Compact to perform services incidental to the actual movement of waterborne cargo) received a total of $299,690,072 in regular and overtime wages, guaranteed annual income payments, and vacation and holiday compensation.

This represented average annual earnings for the 7,028 pier workers of $42,641. In the previous contract year (ending September 30, 1986), 7,438 such registered employees received $327,598,939, for an average annual income of $44,044.

* * *

As of the close of the agency's fiscal year, June 30, 1988, the Port's licensed work force consisted of 4,600 "deep-sea" longshormen, I,578 cargo checkers, 1,920 persons registered to perform services incidental to the movement of waterborne freight (such as the warehousing of cargo, the repairing of containers and the weighing of merchandise), 387 port watchmen, 302 pier superintendents and 233 hiring agents. In addition, 73 firms were licensed under the Compact to act as stevedores in the movement of waterborne freight for carriers or to engage in services incidental to such movement.

THIS YEAR

This past year, the United States Department of Justice congratulated the Waterfront Commission for its "exceptionally significant role" in a major criminal prosecution of one of the most important longshore union officials in the nation and several waterfront organized crime figures. The Commission was described by the Justice Department as "a full partner in the prosecution" whose "contribution was essential" to the convictions for extortion and racketeering of the union officer and the owner of a trucking firm associated with a member of an organized crime family.

The trial emanated from a federal indictment charging various defendants, including the union official and the trucking concern owner, with participating in a waterfront racketeering enterprise and conspiracy to commit extortion. In addition, three high officers of a stevedore firm, no longer licensed to operate in the Port, were accused of racketeering, making unlawful payments to the union official, and mail fraud.

The defendants were accused of partaking in a scheme in which the stevedoring company made some $175,000 in payoffs in connection with the stripping of cargo containers it handled for one of the largest world-wide cargo shipping companies at a waterfront terminal in Bayonne, New Jersey. Since the union leader controlled the Bayonne dock labor locals, the stevedore was assured of labor peace. These payoffs were concealed as payments of "bills" for fictitious container movements submitted by a company dominated by the owner of the trucking firm.

Evidence introduced during the trial established that the union official shared in payments made on each of some 6,000 cargo containers stripped by the stevedore. In return, the union leader sanctioned the use by the stevedore of ILA warehousemen to do some of the container work, rather than the higher-paid "deep sea" ILA longshoremen. The shipping line was nevertheless paying the stevedore company for its services specifically based on the use of such deep-sea longshoremen. Indeed, the then-President of the International Longshoremen's Association testified at the trial that he had every expectation that the work at Bayonne would be done by the dock workers, and not by warehousemen.

Electronically intercepted conversations introduced during the prosecution demonstrated that the union official was under the control of an organized crime figure alleged to dominate the Bayonne section of the Port on behalf of the Genovese crime family.

During the course of the trial, a coded slip of paper, previously seized by the Federal Bureau of Investigation at the home of the union leader, was introduced as evidence of the payoffs. The Commission's Director of Audits, called as a witness for the federal government, testified that his analysis of billing records for the stripping of containers over a two-month period and the coded slip of paper revealed that the ILA officer was receiving payments for each of the containers the stevedore handled for the shipping company.

In addition to the Commission's chief auditor, the agency's Director of its Licensing Division testified, supplying the court and jury with background information on the handling of containers and the labor operation in the Port of New York-New Jersey. Several Commission detectives, accountants and attorneys also participated in the case. Moreover, the prosecution, in cross-examination, was able to contradict the direct testimony of several defense witnesses, by utilizing prior statements given by such witnesses during the course of investigations conducted by the Commission.

The union leader who, in addition to ruling the Bayonne locals of the International Longshoremen's Association, became the General Organizer and Executive Vice President of the International, was sentenced to seven years in prison and fined $20,000 for his role in the scheme. Upon his conviction, the Waterfront Commission barred him for life from holding waterfront union office under a section of the Waterfront Commission Compact empowering the agency to ban persons convicted of felonies, misdemeanors involving moral turpitude and certain other crimes from serving as officers, agents or employees of unions representing waterfront workers licensed or registered by the Commission. As the Executive Vice President, he was the second highest ranking official of the International Longshoremen's Association.

The owner of the trucking firm convicted in the

case received a twelve-year prison term.

The Bayonne organized crime figure, also tried in the case, was acquitted of racketeering charges. Several weeks after the verdict, his body was found stuffed in a plastic bag in a New Jersey river. He had been shot several times in the head.

The cases against the stevedore officials were severed from the other defendants. Two of the officers later pleaded guilty to misdemeanor violations of the Taft-Hartley Act for making unlawful payments to the union leader. The case against the third official is pending.

After the trial, the Chief of the Organized Crime and Racketeering Section of the Department of Justice stated that the "Commission's cooperation and invaluable assistance [in the prosecution] have been in all respects a model for professional law enforcement."

* * *

While not directly related to the federal racketeering prosecution, the Commission this year denied a petition by a former longshoreman to return to waterfront employment for, among other reasons, his association with the Bayonne organized crime figure.

Finding that the dock worker's presence at the piers was a danger to the public peace and safety, the agency had revoked his longshore license several years earlier after determining that he had participated in the misappropriation of 300 cases of whiskey valued at $12,000 and 4 cartons of clothing from the Bayonne waterfront terminal, and that he also been convicted for being on the roof of a Bayonne building with the intent to steal.

Referring to his long relationship with well-known mobsters and, particularly, his close alliance with the Bayonne organized crime figure, including acting as his driver, the Commission ruled that the one-time longshoreman was not a person who should be relicensed and allowed to return to the piers.

* * *

Stevedore Investigations

Finding that the conditions under which dock labor was employed in the Port were depressing and degrading to such labor and that the occupation of longshoremen was affected with a public interest requiring its regulation, the two States directed that all longshoremen be registered by the Commission and that no person employ another to work in the Port as a longshoreman unless he is so registered.

All persons desiring to be registered are required to file applications for registration and to furnish such facts and evidence as the Commission may require to establish the person's identity, background, and criminal record, if any. The agency's licensing and police divisions thoroughly investigate and screen each such applicant. Moreover, the employment by stevedore companies of all persons registered is scrutinized by the agency to fulfill its mandate to eliminate oppressive hiring practices.

* * *

As reported last year, after an extensive investigation by Commission attorneys and accountants, the agency instituted an administrative hearing to determine whether or not to renew the license of a stevedore concern. The company, one of the largest in the harbor performing cargo storage, warehousing and the preparation of imported automobiles for car dealers, was alleged in a statement of charges to have employed persons as longshoremen who were not registered and screened by the Commission; to have exploited a segment of its labor force, many of whom as recent immigrants were not conversant with English, by paying these workers less than was called for under their collective bargaining agreement; to have failed to maintain employee time cards as mandated by the New Jersey Wage and Hour Law; and to have disregarded the Compact's requirement that a licensed stevedore keep accurate records of its receipts and disbursements arising out of its activities in the Port District.

In addition, a company pier superintendent and hiring agent was accused of employing over 60 unregistered persons to work as longshoremen during a year period.

Waiving their right to a hearing on the issues, the company and its superintendent-hiring agent pleaded guilty to the charges.

In its determination of the case, the Commission found, among other violations, that in a one-year period the firm employed 68 unregistered persons in capacities requiring registration for a total of almost 43,000 hours; that some l8 employees were not paid their guaranteed eight hours after being ordered for employment; and that approximately 3l workers did not receive their required overtime rates when they worked weekends.

The agency ordered that the stevedore's permit to operate be cancelled, with an option granted the company to pay a fine of $l00,000 in lieu of the revocation, in yearly installments of $20,000. The Commission also directed the corporation to cease and desist from the illegal practices set forth in the notice of hearing and to make restitution to those employees who were underpaid. A procedure was established for the filing and monitoring of claims submitted by longshoremen for reimbursement.

It took Commission accountants approximately a year to reconstruct the stevedore's books after the company claimed that its records were lost when it was evicted from its former place of business.

* * *

In a similar case, the Commission this year initiated a disciplinary hearing against a stevedore seeking renewal of its license to operate in the harbor. The firm, which stores coffee, spices and other imported general cargo, is alleged to have employed, during an eight-month period, over 30 longshoremen who were not registered by the Commission.

One of the unregistered longshoremen had been a waterfront checker whose registration was revoked by the Commission after his federal conviction for extortion and a finding by the agency that he had fraudulently collected wages from another stevedore for time not worked at the pier.

Another of the unregistered longshoremen had previously been denied a license by the Commission because he had been convicted of conspiring to violate New Jersey narcotic laws and for participating in a gambling operation.

* * *

One of the conclusions of the New York State Crime Commission resulting from its investigation of the Port in the early 1950's was that corrupt conditions existed in the stevedoring and steamship industry. Thus, the Crime Commission found instances of collusion between steamship and stevedoring companies on the one hand and union officials on the other; that it was not unusual for some stevedores to make payments to shipping line officials to gain or continue contracts for the loading and unloading of cargo; and that many stevedores expended large amounts of cash for which they were unable to account, with some firms altering their records to conceal payments made to longshore union leaders and others.

While urging stevedoring and steamship companies to demand that their officials act in accordance with fundamental standards of business morality, the Crime Commission also prevailed upon the States of New York and New Jersey to enact legislation to license and supervise stevedores. Among the basic recommendations for governmental regulation of stevedores was that such firms be required to maintain a complete set of books and records showing income and disbursements.

The Compact, as passed by the two States, adopted a broad regulatory program designed to curb abuses and illicit activities by stevedores. As originally passed, the Act required the licensing of all firms whose function was to provide the labor to load and discharge cargo for waterborne carriers. With the advent of containerization and automation, the definition of stevedore was expanded to include companies performing warehouse services, the repairing of containers and other functions incidental and allied to the actual movement of freight.

No license as a stevedore is permitted to be issued unless the Commission is satisfied that the applicant for the license and all of its members, officers and shareholders owning at least five per cent of corporate stock possess "good character and integrity." Moreover, the license will not be issued if the applicant, or any member, officer or 5% stockholder has been convicted of a felony or certain designated crimes or if the stevedore has made illegal payments to labor union officers or shipping line executives.

To protect against illegitimate financial dealings, the Compact authorizes the suspension or revocation of a license if the stevedore fails to maintain a complete set of records containing an accurate statement of its receipts and disbursements. These accounts are required to be available for inspection by the Commission for a period of five years. To effectuate the purposes of these provisions, regulations of the agency require that every disbursement by a stevedore of $50 or more be supported by a detailed voucher or other written record.

* * *

A probe by staff attorneys and accountants revealed that a stevedore, licensed to weigh and sample coffee, cocoa and other commodities, failed to have the required documentation for over $l00,000 in expenditures. More than $77,000 of the unsubstantiated disbursements were paid to a single employee of the firm, the head weigher, supposedly for entertainment purposes.

During the course of the investigation, the principals of the company, as well as the employee, were questioned. The stevedore officers maintained that

they were unaware of how these entertainment expenses were ultimately disbursed by the head weigher. Under interrogation, the employee pleaded his privilege against self-incrimination.

Additional examination of the company's expenses and back-up records indicated that United States Postal Services cash receipts obtained by the firm had been altered. With the aid of the New York City Police Department laboratory for microscopic and photographic handwriting analysis, it was determined that 33 of these cash receipts had been doctored, raising the amounts of the postage receipts by some $9,000.

The Commission thereupon instituted a proceeding against the stevedore based on these and other charges. Rather than contest the charges, the company entered a guilty plea before an administrative law judge assigned to the hearing.

The Commission ordered that the temporary permit of the stevedore be revoked or that, in the alternative, the firm pay a fine of $75,000 and comply with certain stated conditions to protect against a recurrence of the violations. The corporation elected to pay the penalty and adhere to the terms of the agency's order.

* * *

Operation Clean Sweep

An undercover operation conducted by the Commission's Police Division during the year resulted in the arrest of 8 employees at a New Jersey waterfront warehouse on drug, weapons and gambling charges.

For five months, a Commission detective posed as a porter-sweeper at the Port Newark warehouse mingling with the other employees.

The investigation culminated with the execution of arrest warrants by Commission officers, with the cooperation of the Essex County Prosecutor's Office, the New Jersey State Police, the New Jersey Division of Criminal Justice, the federal Bureau of Alcohol, Tobacco and Firearms and the Port Authority Police Department.

Of the 8 persons arrested, 7 have been indicted by an Essex County Grand Jury on various charges ranging from the sale of a handgun to the detective to the distribution of cocaine and other drugs. The trials of the defendants are pending.

The same detective had engaged in another undercover investigation a year earlier on the Brooklyn piers. As a result of the probe, 14 persons were arrested, including a number of dock workers. Several of the defendants in that case have pleaded guilty, including 2 for the attempted sale of drugs.

Truck Shakedown

Throughout its history, the Commission has investigated reports of dock workers who demand payments from truck drivers in return for preferential treatment in the loading of their vehicles.

Shortly after the establishment of the agency, the Commission expelled from the docks those persons commonly known as "public loaders," whose practice was to demand and receive exorbitant charges from truckers for the unloading and loading of their vehicles. In many instances, the services for which they were paid were not performed. From time to time, however, certain dock workers have revived this or similar types of shakedown for their own financial benefit.

In one such case, a waterfront checker, whose function at a pier was to assign truck drivers to the loading platform to pick up cargo, requested money from a driver before he would process the paperwork necessary to receive the merchandise. Unknown to the checker, the truck driver was an undercover Commission police officer who was surreptitiously recording the event. After paying the checker, in marked bills, the "driver" was permitted access to the cargo. A second recorded payment was made to the checker later in the day.

The checker was arrested by Commission detectives and charged with commercial bribery. He pleaded guilty to the charge in New Jersey Superior Court and was given a two-year suspended sentence and fined $500.

The Commission also initiated a disciplinary hearing with respect to the checker's license and, after the administrative trial, revoked his registration.

* * *

Cargo Guard's Inaction Hampers Probe

Prior to the establishment of the Commission, the New York State Crime Commission concluded that cargo protection in the Port was ineffectual. The Crime Commission found that watchmen hired by stevedores and shipping lines to protect the freight were unable to satisfactorily perform their duties since they received little support from their employers. In fact port watchmen were oftentimes discouraged from and even reprimanded for reporting thefts. They received no training to assist them in discharging their responsiblilties.

In enacting the Compact, the States sought to improve cargo security by requiring the licensing of the watchmen by the Commission. It soon became apparent that licensing, in and of itself, was not a complete solution to cargo protection. Accordingly, the Commission promulgated regulations specifically designed to upgrade the watchman force. Thus, among other requirements, watchmen must now meet certain physical and mental fitness standards. Courses of training for guards have been established by the agency with the cooperation of the waterfront industry. Every guard must maintain an accurate record of his tour of duty, including an account of any theft, attempted theft or unusual occurrence. Watchmen assigned to guard entrances and exits to the piers are required to record the license plates and gate pass numbers of all vehicles entering and leaving.

The Commission has also established standards of conduct for the licensed guards. These include the wearing of badges and uniform caps, performing their duties in a diligent, conscientious and careful manner, and examining any motor vehicle and its contents where there is reasonable ground to believe that the vehicle may be carrying merchandise from the waterfront terminal without authority.

The agency has also made it a violation for any person to intimidate or inflict any injury upon a guard or to impede or influence the watchman in the performance of his duties.

In addition, as part of its program to curb pier larcenies, every licensed stevedore having the responsibility of safeguarding waterborne freight is obliged to protect the cargo entrusted to it in such manner as may be reasonably necessary and appropriate.

* * *

In a case decided by the Commission this year, the agency revoked the license of a port watchman for failing to notify the Commission or any other law enforcement agency that a theft was in progress during his tour of duty, and for committing fraud in denying to a Commission detective two days later that he had any knowledge of the crime having occurred. The Commission found that, as a result of the guard's failure to properly perform his responsibilities, some $30,000 worth of video cassette recorders were stolen from the pier during his shift.

The watchman, working a night tour at a Port Elizabeth terminal, was assigned to check containers on the so-called "hot list;" the schedule of those boxes housing high value merchandise. The guard later stated that he observed that a door to one of the hot list containers was partially open. He claimed that while attempting to fully open the door he heard a sound which he believed was a gun being cocked and a voice from within the dark container say, "If you love your family, you see nothing and you know nothing." He surmised that there were at least three persons at the scene, but stated that he was unable to observe their faces.

The guard left the scene and during the balance of his tour, which ended some eight hours later, he failed to contact the Commission or advise another guard, stationed at the gate, of the occurrence. Indeed, the following morning, he avoided any mention of the event to his relief man, although he advised the relief that he found two empty containers while making rounds.

Two days later, when questioned by a Commission detective investigating the larceny, the guard denied any knowledge of the theft, informing the detective that when he knocked on the door of the container it sounded hollow and he therefore assumed it was empty and had been placed on the list of valuable merchandise containers by error. It was only 10 days after the theft that the watchman finally admitted to the Commission detective what had actually happened.

After an administrative proceeding, the Commission found the guard to lack the good character and integrity required to be maintained by port watchmen and determined that his license should be revoked.

The guard appealed the Commission's adjudication to the Appellate Division of the New Jersey Superior Court. The three-judge Court unanimously affirmed the agency's decision, stating that it was fully supported by substantial evidence in the record. In rendering its opinion, the appellate tribunal quoted from the Commission's memorandum of decision in the case:

> "In essence, the pier guard is the first line of defense against waterfront theft. It is crucial that he immediately report any theft or attempted theft to the Commission or to any other law enforcement agency for that matter, to enable these entities to fulfill their functions. [The guard], who was licensed and whose job was to guard property, came upon a theft in progress during the early part of his shift. Although he was allegedly threatened, he certainly had a responsibility to report the incident just as soon as he was clear from the zone of danger. His failure to perform his function resulted in a theft of items worth approximately $30,000. In addition, [he] hampered any possible successful investigation by

The Journal of Commerce and Commercial

Convicted ILA Leader Barred From Office

NEWARK, N.J. — The No. 2 figure in the longshoremen's union has been barred for life from office in the organization following his conviction for extortion and conspiracy on the Bayonne, N.J., waterfront, officials say.

Donald Carson, 49, of Scotch Plains also was barred from any union office for 13 years under federal law.

Mr. Carson, executive vice president of the International Longshoremen's Association, has said he already resigned his national post and job as officer for a local in Bayonne, where he was charged with extorting money from a stevedoring company in exchange for labor peace.

Mr. Carson was convicted last Saturday, when reputed Genovese organized crime family member John DiGilio was acquitted of running an "enterprise" that included the union leader and a trucking company official also found guilty.

Mr. Carson was barred from the ILA by the Waterfront Commission, a bi-state agency that monitors activities in the Port of New York and New Jersey. His ban stands unless the verdict is overturned on appeal or the president pardons him, said commission Executive Director Leonard Newman.

Mr. Carson has said he would appeal.

"The only thing he can do is clerical work or be a janitor, and that's with our permission," said the commission's general counsel, Gerald Lally, on Wednesday.

Mr. Lally said 41 ILA officials since 1953 have been barred from office based on criminal convictions, and 29 have resigned for the same reason.

The lawyer said he believed Mr. Carson is the highest ranking ILA officer removed from office. During the period the crimes were committed, in 1981 and 1982, he was ILA general organizer, the international's third-highest officer.

The ILA represents 6,0[...] dockworkers on the New Yo[rk] New Jersey waterfront [...] longshoremen in 36 ports f[rom] Maine to Texas. (AP)

[...]ne: Page 12 — THE SUNDAY STAR-LEDGER, April 17, 1988

DiGilio innocent of racketeering; 2 guilty of extortion on waterfront

By AL FRANK and ANGELA STEWART

Reputed mob boss John DiGilio was acquitted yesterday of charges of racketeering on the Bayonne waterfront, but a top official of the International Longshoremen's Association (ILA) and the owner of a trucking company were convicted on extortion charges.

DiGilio's friends and supporters in the Newark courtroom broke into applause when the jury returned the innocent verdict against the reputed boss of the Genovese crime family in New Jersey.

DiGilio, 54, of Bayonne, however, showed no emotion when the verdict was read.

Later, however, he said he was "grateful" to both the jury and U.S. District Court Judge Dickinson Debevoise, saying, "I feel that they did what they thought was right."

He termed the verdict of acquittal a "victory against government propaganda and stereotyping."

"God bless our government—which is us," DiGilio declared, adding that "my being vindicated is a win for the people."

"He (DiGilio) was lucky," commented Melvin Kracov, the government attorney who tried the case.

Convicted in the case were Donald Carson, 49, of Scotch Plains, the second-highest ranking member of the ILA and Anthony Gallagher, 55, of Bayonne. Both men were convicted on charges of extorting money from a stevedoring company in exchange for labor peace. They each face a maximum sentence of 40 years in prison.

Acquitted with DiGilio was Anthony Sharkey, 36, also of Bayonne.

DiGilio said he was saddened by the convictions of co-defendants Carson and Gallagher, but said he wanted to thank the judge for "bearing with me" while he acted as his own attorney.

He said government prosecutors should be stopped from "targeting people simply because they want to get a notch on their belts."

The panel of seven women and five men, who began their deliberations Wednesday, delivered the verdict about 4 p.m., bringing to an end a trial that opened last November.

While the government did not get DiGilio conviction, Kracov said he was "quite happy" with the overall verdict, and commended the jury for doing a "good job."

He maintained that authorities were really going after Carson, the executive vice president of the ILA, who Kracov labeled the most "important" figure in the trial.

DiGilio, a former middleweight boxer who often amused the jury and spectators while defending himself against the racketeering charges, was supported by his friends and former heavyweight champions Muhammad Ali and Joe Frazier, who made appearances as spectators.

The government played a series of taped conversations during the trial that prosecutors contended was proof DiGilio controlled union officials and commanded respect on the waterfront as a reputed member of the Genovese organized crime family.

The extortion charges, brought in an indictment released in November 1986, centered on a warehouse that operated from 1981 through 1982 in space leased at the Military Ocean Terminal in Bayonne.

The warehouse, United Terminals Inc., had been located in a Port Newark building until the Port Authority of New York and New Jersey ordered the premises vacated so the roof could be repaired.

In Bayonne, employees at the warehouse loaded and unloaded some cargo containers for the Sea-Land [Servi]ce steamship line. The tractor [trailer]-sized boxes had been brought by [train to] the East Coast from West Coast [...]

[Ga]llagher's company, BarBea [...], had the contract with Sea-[Land to] haul the containers from the Conrail yard in Kearny to Bayonne.

But the government charged th[at] B&A Reefer, a company controlled b[y] Sharkey, Gallagher's cousin, submitted phony bills to United that generated some $175,000 in payoff money.

According to the prosecutors, DiGilio, Carson and others shared in a $25 charge levied only on the containers unloaded at the warehouse.

The government based its theory on an FBI surveillance tape of a Jan. 3, 1982, conversation featuring DiGilio, Gallagher and John Barbato of Staten Island, a defendant who was severed from the case after he got sick.

Prosecutors also maintained that a slip of paper, found in Carson's home with the notation, "Tony G," was a record of the union official's share of the payoffs.

Marvin Weissman, chief auditor for the Waterfront Commission of New York Harbor, added the column of numbers on the sheet of paper and reached a total of 2,275, a sum prosecutors said was the amount of the payoff.

Dividing the number by five, and later going over the billings for the June through Aug. 3, 1981, period outlined on the "Tony G" list, Weissman found the total, 455, corresponded exactly with the number of containers unloaded at the warehouse during that time.

But the defense sought to inject uncertainty over the calculations, noting Weissman's admission they had been devised after the trial was already under way. Outside court, Carson said he simply could not recall what the seven-year-old list was about.

Carson's attorney, Leonard Meyerson of Jersey City, contended bookkeeping confusion at the onset of the Bayonne operation meant initial bills actually may have included containers handled at Port Newark. That would have thrown off Weissman's calculation by as many as 35 containers.

John Whipple, Gallagher's attorney, pointed out the indictment said a payoff was levied on every container handled at the warehouse, which would have amounted to 529, not 455.

Moreover, even though the payoff on each was supposed to be $25, B&A's bills were at the rate of $27.50 apiece.

Where the extra $2.50 went was never proven, Whipple said. Instead, prosecutors made "just a cavalier statement" Gallagher pocketed the extra money, he said.

The government charged the payoffs were to prevent the warehouse from having problems with the ILA.

Judge sequesters jury in the DiGilio mob trial

By AL FRANK

A federal judge ordered the jury in a waterfront extortion trial sequestered until they render a verdict as attorneys on both sides made their final arguments yesterday.

U.S. District Judge Dickinson Debevoise said no unusual circumstance prompted the order and he only wanted to shield the panel from publicity about the case and one in New York involving Anthony (Fat Tony) Salerno.

Salerno is the convicted head of the Genovese crime family, while John DiGilio of Bayonne, a defendant in the New Jersey case, is charged with running the Bayonne waterfront on behalf of the same gang.

On trial in Newark with DiGilio is Donald Carson of Scotch Plains, the executive vice president of the International Longshoremen's Association (ILA), and Anthony Gallagher and Anthony Sharkey of Bayonne.

All are charged with participating in a scheme in which a Bayonne warehouse made some $175,000 in payoffs for the cargo containers it handled on behalf of the Sea-Land Service steamship line in 1981-82.

According to the government, the payoffs were disguised as trucking bills submitted by Gallagher and Sharkey and were aimed at preventing union problems at the warehouse.

Completing his summary of the case, Leonard Meyerson, Carson's attorney, showed discrepancies in bills from the warehouse that he said discredited a government witness' assertion that papers found in Carson's home were records of his receiving $5 payoffs for each container unloaded at the warehouse.

Meyerson said the bills were submitted just as the operation was ending at Port Newark and starting in Bayonne and correction fluid on the bill indicated there may have been confusion over where business was being conducted.

Meyerson said that meant up to 35 more containers could have been handled at Bayonne than computed by an accountant for the Waterfront Commission of New York Harbor, he said.

But Melvin Kracov, the executive assistant U.S. attorney, said other documents prove the government's point including Sea-Land's original bills and trucking bills that show all the containers were brought to Port Newark, not Bayonne.

Finally, he noted the price charged is $2.48 for every 100 pounds of cargo, not the $2.10 subsequently charged at Bayonne.

Kracov also scorned DiGilio's contention the defendants knew they were under surveillance and merely role-played for the agents.

"Do these grown men sit around making tapes, incriminating tapes, for the FBI?" he said. "They should be up for Oscars for the play-acting they did."

Kracov cited one conversation between DiGilio and John (Sausage) Barbato of Staten Island. Barbato was a defendant in the case until Debevoise ordered him tried later after he became ill.

According to the indictment, Barbato was the intermediary between DiGilio and Venero (Benny Eggs) Mangano, a caporegime, or captain, in the Genovese group.

In the tape, Barbato told DiGilio he wanted to join him when he became a caporegime. DiGilio maintained the reference was only to a rank in the Italian-American Civil Rights League.

But Kracov noted the FBI's organized crime expert testified the rank was used strictly in organized crime. Moreover, on tape DiGilio said a capo would make another $100 a week while former state Sen. Anthony Imperiale, called as a defense witness, said all officers in the league serve without pay.

THE STAR-LEDGER, Thursday, June 16, 1988

Waterfront panel bars DiGilio pal from docks

By AL FRANK

The Waterfront Commission of New York Harbor has denied a dockworker's license to Robert Lake of Bayonne, an associate of John DiGilio, the late Genovese crime family boss, according to a decision released by the bistate agency yesterday.

Lake, 44, who was first licensed in 1962, has been suspended from the roster of longshoremen since 1979 but has periodically sought reinstatement.

In denying his latest request, Commissioners Conrad Koch of West Orange and Nicholas Scoppetta of New York cited Lake's criminal record, his "continuing association with well-known organized crime figures in Bayonne," and his "particularly close association" with DiGilio, who was found dead in the Hackensack River on May 26.

According to the decision, Lake sometimes served as driver for DiGilio who federal authorities charged was the boss of the Hudson County waterfront.

When the commission revoked Lake's license on Sept. 17, 1979, it said his presence "on the piers or other waterfront terminals in the Port of New York was a danger to the public peace or safety."

The commission acted after Lake was fined $500 and received a three-month suspended jail sentence and one year's probation in Bayonne Municipal Court because he was near a building "with the intent to steal," according to the commission's order.

The order noted that the conviction came only six months after the commission had restored Lake's license following an earlier suspension.

In that case, the commission found that Lake had participated in a scheme to steal 300 cases of bourbon and four cartons of clothes from a stevedore while he worked at the Military Ocean Terminal in Bayonne.

Lake was not convicted of the theft, said Leonard Newman, the commission's executive director. However, the independent agency, founded in 1953 to regulate pier employment and combat waterfront crime, is empowered to exact higher standards from its licensees, Newman said.

While calling "relatively minor" other parts of Lake's criminal record, the decision said they do "give a clear indication that Lake is not the type of person who should be given an opportunity to return to the waterfront in registered capacity."

Besides, the decision said the longshoremen's register has been closed since 1969, meaning the general public has been barred from submitting applications for those jobs. Lake "should not be able to claim rights or privileges which would be far in excess of those granted to a totally innocent individual," the decision said.

THE STAR-LEDGER, Saturday, October 22, 1988

ON THE WATERFRONT

Port Newark undercover probe nets 8 for drugs, gaming

By AL FRANK

[...] Waterfront Commission of New York [...] detective came in from the cold yesterday [...] a five-month undercover operation at [N]ewark refrigerated warehouse yielded [arre]sts.

[...] those charged in a roundup at Port [...] Refrigerated Warehouse on Tyler [...] the firm's general manager and a [...] said Ray Weiss, a spokesman for [...] County Prosecutor's Office.

The general manager, Martin Barry, 36, of Chatham, and the shop steward, Nicholas Collucci, 38, of Newark, were charged with gambling offenses.

The other suspects face either gambling or drug charges after being arrested in the roundup, coordinated by Fred Franco, an assistant Essex County prosecutor.

In all, some 30 officers participated in the arrests, said James Sullivan, the chief of the Waterfront Commission Police.

To expedite processing and prevent suspects from fleeing, he said the backup officers from other agencies were needed at the scene. Included were officers from the Port Authority Police, the State Police, the Attorney General's Taskforce on Waterfront Crime and the federal Bureau of Alcohol, Tobacco and Firearms.

The raid was the climax of "Operation Clean Sweep," named for the fact that undercover detective Stephen Mautone had been working at the warehouse as a porter, Sullivan said.

The chief said Mautone had purposely sought a waterfront job to conduct an investigation on organized crime and other criminal activities in the heart of the bustling 2,200-acre marine terminal and warehouse complex on Newark Bay.

He said Mautone had conducted a similar undercover operation on the Brooklyn waterfront in 1987. As a result, 13 men were charged with various offenses ranging from bribery to loansharking.

The chief said the warehouse had not be[en] specifically targeted for the investigation b[ut] was merely the first company to offer the u[n]dercover agent a job.

"During that time, he was able to purchase a gun, drugs and able to place bets with various employees," Sullivan said.

The other suspects are: Maximino Nieves, 34, of Newark, who was charged with selling Mautone a revolver; Anthony Christini, 23, of Newark, who was charged with possession with intent to distribute cocaine and marijuana; Anthony Fusco, 26, of Woodbridge, who was charged with intent to distribute marijuana; Carmine DeMaio, 40, of Morris Plains, and Rudolph Trocan, 33, of Elizabeth, who were charged with conspiracy to violate gambling laws. James Gagen, 63, who was charged with promoting gambling, was arrested at his Bayonne home.

Except for Gagen, who will be arraigned later, bail was set for the other defendants by Superior Court Michael Degnan.

The Journal of Commerce and Commercial

Former Union VP Sentenced, Fined For Racketeering

By JAMES NOLAN
Journal of Commerce Staff

NEWARK — Donald Carson, former executive vice president of the International Longshoremen's Association, was sentenced to seven years in federal prison and fined $20,000 on racketeering and extortion convictions.

U.S. District Court Judge Dickinson R. Debevoise Thursday afternoon said Mr. Carson had tied himself closely to organized crime figures controlling the New Jersey waterfront.

"Whatever Mr. Carson has done for his workers in his rise to power in the union was done against the backdrop of his ties to organized crime. He betrayed his union members."

> 'Whatever Mr. Carson has done for his workers in his rise to power in the union was done against the backdrop of his ties to organized crime. He betrayed his union members.'
> — US District Court Judge

Mr. Carson was convicted of conspiring with John DiGilio, whom the judge called a soldier in the Mafia, and Anthony Gallagher, a Bayonne, N.J., trucking company owner, in an ILA labor kickback scheme.

Together they conspired to keep a portion of Sea-Land Service Inc. container-handling fees for themselves. Sea-Land was charged at ILA hourly labor rates, but Mr. Carson and Mr. DiGilio substituted lower-paid warehousemen to handle the containers.

The judge gave Mr. Carson 60 days to "get his affairs in order" before surrendering to the U.S. Attorney for imprisonment.

Judge Debevoise said it was a particularly sad sentence because Mr. Carson, a 49-year-old Scotch Plains, N.J., resident and the son of a long-time Bayonne police officer, is a first-time offender.

The judge told Mr. Carson he has a right to appeal the sentence. His co-defendant, Mr. Gallagher, was sentenced to 12 years in prison last month.

John DiGilio, an ex-prizefighter and Mafia boss who was tried with Mr. Carson on conspiracy charges, was acquitted by the same jury.

But a few weeks later, the decaying body of Mr. DiGilio was found stuffed into a plastic garbage bag on a backwater of the Passaic River north of Newark.

The body was identified by dental records, and by an American Express card bearing Mr. DiGilio's name.

The corpse lay in Jersey Meadowland long grass by a huge sanitary landfill under a New Jersey Turnpike bridge.

The FBI once searched the landfill extensively, hoping to find the body of James R. Hoffa, the Teamster's union boss who disappeared a decade ago and is presumed murdered, the FBI said.

Mr. Carson had been barred from the ILA by the Waterfront Commission, a bi-state agency that monitors activities in the Port of New York and New Jersey.

Commission officials said that 41 ILA officials since 1953 have been barred from office based on criminal convictions, and 29 have resigned for the same reason.

They added that Mr. Carson is the highest ranking ILA officer removed from office. During the period the crimes were committed, in 1981 and 1982, he was ILA general organizer, the international's third-highest officer.

Mr. Carson, the No. 2 man in the longshoremen's union, had been barred for life from office in the ILA after his conviction on charges of extortion and racketeering on the Bayonne, N.J., waterfront.

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38 — THE STAR-LEDGER, Wednesday, April 20, 1988

Convicted dock union leader must quit post

Official can only be returned if extortion verdict is reversed

By AL FRANK

The Waterfront Commission of New York Harbor yesterday ordered the second-highest officer of the International Longshoremen's Association (ILA) to give up his post in the dock workers' union.

Donald Carson's conviction on extortion and conspiracy counts in federal court Saturday bars the Scotch Plains resident from holding any posts in the ILA for the rest of his life unless the convictions are overturned on appeal or he receives a presidential pardon, said Jerome Klied, the commission's deputy executive director.

The commission, a bistate agency that licenses dockworkers and employers in the Port of New York and New Jersey, made its position known in letters to Carson, the ILA and the New York Shipping Association, which represents port employers.

In the letters, Carson was told that he must resign his national office as the ILA's executive vice president and give up his job as secretary-treasurer and business agent of ILA Local 1588 in Bayonne.

The Waterfront Commission said he also must give up the presidency of the ILA's New York District Council, as well as trusteeships on various pension and fringe benefit funds jointly administered by the shipping association and the ILA.

The commission demanded that Carson take the actions immediately and noted that his failure to do so could lead to an order barring the union from having dues deducted from longshoremen's paychecks. There are more than 6,000 dockworkers in the bistate port. Elsewhere, the ILA represents longshoremen in 36 ports from Maine to Texas.

Klied noted that the commission's sanctions, permitted under New Jersey and New York laws, are stronger than those imposed under the federal Taft-Hartley Act. According to that law, a convicted union official can return to his posts after 13 years.

"This bars them for life," Klied said of the commission's penalty. "The only way he can come back is to receive a pardon from the president of the United States."

Carson, who said he will appeal the jury verdict, said yesterday he had already informed the ILA that he had relinquished his various posts. Sentencing is scheduled for May 23.

"I don't need the Waterfront Commission or anybody else to tell me what to do," he said. "I've already made the arrangements and severed myself. I know what has to be done."

Carson, 49, said he still found it difficult to understand the verdict which came after a five-month trial. "What can I say, I'm very surprised and I'm in shock."

ILA president John Bowers said he was baffled by the jury's finding that Carson took part in a payoff scheme run out of a Bayonne warehouse in 1981-82.

"It was awful, that decision," he said. "I just can't understand that happening."

Bowers said the ILA executive vice presidency carries a $100,000 sal[a]ry and Carson was paying for his ow[n] defense.

Carson has held the office sin[ce] last summer. Previously he was t[he] union's general organizer.

His predecessor in that job, A[n]thony Scotto, was found guilty of ra[ck]eteering in 1979, while Scotto's pre[de]cessor, Fred Field Jr., was convicted [of] racketeering in 1977.

Scotto was a reputed captain [in] the Gambino crime family, while C[ar]son, according to the indictment, was [a] member of a group headed by John [Di]Gilio, was was charged with runni[ng] the Bayonne waterfront on behalf [of] the Genovese crime family.

However, DiGilio, who acted as [his] own attorney in the case, was found i[n]nocent of all charges. Because of h[is] lifelong friendship with Carson, DiGil[io] yesterday termed his a "bitterswe[et] victory."

Still, DiGilio noted, his own leg[al] problems are not over. Sentencing f[or] an October loansharking conviction [is] still pending and he said he will soon [be] filing papers asking the court to ove[r]turn the verdict.

THE STAR-LEDGER, Friday, August 19, 1988

Ex-dock union leader gets 7 years in kickback scheme on waterfront

By AL FRANK

The former second-in-command of International Longshoremen's Association (ILA), Donald Carson of Scotch [Pl]ains, was sentenced yesterday by a [fed]eral judge to seven years in prison [an]d fined $20,000 for his role in a wa[te]rfront racketeering scheme.

After a 90-minute hearing in New[ar]k, Carson, 49, said he was surprised [at] the length of the sentence and will [a]ppeal. "I still maintain my innocence," he said quietly.

Until his conviction in April for [e]xtortion and conspiracy, Carson was [e]xecutive vice president of the power[f]ul union that represents dockworkers in 36 ports from Maine to Texas, including some 6,000 longshoremen in the Port of New York and New Jersey.

Carson had to surrender the $100,000-a-year post under Waterfront Commission of New York Harbor regulations barring those convicted of felonies from holding union office.

A spokesman said the ILA had no comment but that Carson's position will remain unfilled until his court appeals are exhausted.

Carson was found guilty of participating in a kickback scheme in which he shared in a $27.50 payment made on each of some 6,000 cargo containers that were loaded and unloaded in 1981 and 1982 at United Terminals Inc., a Bayonne warehouse.

The tractor trailer-sized boxes, owned by the Sea-Land Service steamship company of Edison, had been brought by train to the East Coast from West Coast ports. At the warehouse, the government charged, Carson sanctioned the use of lower-paid ILA warehousemen to do some of the work rather than the higher-paid union dockworkers.

During the five-month trial, a written tally of the payoffs, found in Carson's home by the FBI, was introduced into evidence. He never took the witness stand but, outside court, explained he could not recall what the seven-year-old list was about.

After deliberating five days, Carson was convicted April 16 along with Anthony Gallagher, 55, of Bayonne, whom prosecutors said was the mastermind of the conspiracy. Gallagher, who is also appealing his conviction, was sentenced last month to 12 years in jail.

Found innocent of the charges were Gallagher's cousin, Anthony Sharkey, 36, also of Bayonne, and John DiGilio, 54, who was accused of running the Bayonne waterfront on behalf of the Genovese crime family.

Six weeks after the verdict, DiGilio's body was found in the Hackensack River with numerous bullet wounds in the head.

In imposing sentence, U.S. Judge Dickinson Debevoise, who presided at the trial, took note of Carson's contributions to his family, friends and community groups.

However, he said his participation in the extortion scheme "was a betrayal to the members of the union which has rewarded him generously for his services."

More disturbing, Debevoise said, was Carson's "long and close association with DiGilio" to whom he owed his rise in power "at least in part."



Donald Carson outside the federal courthouse in Newark after his sentencing

After pronouncing the sentence, Debevoise ordered Carson to surrender to authorities Oct. 17 and rejected his and Gallagher's requests to remain free pending their appeals. The "evidence of guilt is overwhelming," the judge said.

During yesterday's hearing, Carson told Debevoise he accepted the verdict.

"But I don't believe I betrayed the men," he said, adding he had "never taken anything of value" from the stevedoring company.

His attorney, Leonard Meyerson of Jersey City, then asked Debevoise to be lenient, noting Carson was a "man who has lost everything" and a "first offender."

Meyerson, interpreting the verdict, said it meant Carson had collected about $14,300 during the 18 months the warehouse was in business. The amount was not insignificant "but it's not in the same category as other amounts," he said.

In his presentation, Jeffrey Bronster, a special assistant U.S. Attorney who co-prosecuted the case, told Debevoise he should show no mercy and make Carson an example to other union officials.

"Organized labor is suffering from a cancer," he said, because of "corrupt, greedy officials like Donald Carson."

While acknowledging Carson was tall of stature and powerful, Bronster also called him "a small, greedy, pathetic man who bowed and scraped to John DiGilio, his lord and master."

Bronster then read excerpts from some of the FBI surveillance tapes, introduced into evidence at the trial, showing how Carson was beholden to DiGilio.

Noting he concealed the use of the warehousemen from then-ILA President Thomas Gleason Sr., Bronster said Carson had "sold down the river" the union members "whose jobs he took away so he could put money in his pocket."

During his presentation, Bronster was rebuked by Debevoise for reading a portion of Carson's pre-sentencing report. After Meyerson objected, the judge noted the document was meant only for him and was not a public record.

The son of a Bayonne cop, Carson quit high school in 1959 to begin working on the docks. He described his friendship with DiGilio, also a Bayonne native, as lifelong.

When he was indicted in November 1986, Carson was the ILA's general organizer, a post he assumed in 1982 and held simultaneously with the paid job of secretary-treasurer to the union's Bayonne local. Last summer, only months before the trial, the union voted him into the executive vice presidency.

In the organizer's post, Carson's predecessor was Anthony Scotto who was convicted of racketeering in 1979. Scotto's predecessor, Fred Field Jr. was convicted or racketeering in 1977.

Scotto, a reputed captain in the Gambino crime family, and Field were released from jail in 1985.

Recalling those and other convictions, Bronster said, "If ever there was a defendant who had reason to be on notice, it was Donald Carson. But instead of heeding the lesson of his corrupt predecessors, he followed in their footsteps."

The case was the result of an investigation conducted by the FBI, the Labor Department's office of labor racketeering and the Waterfront Commission of New York Harbor.

Four other defendants faced separate trials but two have already pleaded guilty to misdemeanors.

Milton Held, 72, of New York, the chairman of United Terminal's holding company, was sentenced to one year of unsupervised probation and 200 hours of community service, while Harold Friedman, 71, of Lauderhill, Fla., the senior vice president of the parent company, was sentenced to 30 days of unsupervised probation.

Held is the brother of the late Irving Held who served an eight-month sentence for making illegal loans to Carol Gardner, the former president of Local 1233 in Port Newark-Elizabeth.

Charges are still pending against Held's nephew, David Richman, 47, a New York attorney and the president of United Terminals, and John (Sausage) Barbato, 53, a Staten Island contractor who was dismissed from the DiGilio trial after he was hospitalized with a heart ailment.

Barbato was charged with acting as an intermediary between DiGilio and Venero (Benny Eggs) Mangano who had lent Held the money to open the warehouse. A co-conspirator in the case, Mangano is identified in the indictment as a captain in the Genovese crime family.

THE JERSEY JOURNAL

Dock panel rejects DiGilio pal again

By Joseph J. Casey Jr.

Robert Lake of Bayonne, a reputed associate of the late waterfront mob boss John DiGilio, has lost another round to regain his dockworker's license revoked in 1979 by the Waterfront Commission of New York Harbor.

His association with DiGilio, for whom Lake reportedly was a driver, was one of four reasons given by the commission in denying Lake's eighth petition to have the license restored, said Jerome Kleid, deputy executive director of the bistate commission.

DiGilio disappeared May 5 and his body was found floating in the Hackensack River May 26. The Bergen County prosecutor's office, the State Police and Bayonne police are investigating.

Lake's license was first revoked in January, 1975, Kleid said, in an theft incident at the Military Ocean Terminal, Bayonne, involving 300 cases of Jack Daniels whiskey and four cartons of clothing. Lake was acquitted in criminal court, Kleid said, but as an administrative agency, the commission held a separate hearing on his license and "found there was a misappropriation."

Lake was given leave to reapply after one year, Kleid said, and did so, and his license was reinstated in early 1976.

In 1979, Kleid said, it was revoked again after Lake was convicted in 1977 in Bayonne Municipal Court of a disorderly person charge of being "in or near a building in Bayonne with intent to steal." The incident, Kleid said, occurred within six months of the license reinstatement.

"In view of the conviction and prior finding," Kleid said, it was revoked this time without leave to reapply.

He is allowed to petition once a year for restoration, however, and has done so over the years, Kleid said, without success.

Kleid said the commission denied reinstatement because of the earlier findings on the two offenses that had been the basis for the two revocations; several minor convictions over the years, "His association with organized crime figures including John DiGilio," and the fact that the Longshoreman's Register is presently closed.

THE STAR-LEDGER

Dockworker loses license for bribery

By AL FRANK

The license of a 64-year-old Port Newark dockworker, who pleaded guilty to soliciting bribes from an undercover police officer, was revoked yesterday by the Waterfront Commission of New York Harbor.

Anthony Tortoriello of Newark, whose first license with the bistate agency dates back to 1956, will be barred from waterfront employment after Feb. 27, according to the decision by Commissioners Conrad Koch of West Orange and Nicholas Scoppetta of New York.

Tortoriello held a checker's license, a position of special responsibility because it involves keeping track of oceanborne cargo on the pier. About 1,500 of the port's 6,000 longshoremen are checkers.

The commissioners imposed the harshest sanction because of repeated allegations involving bribery between checkers and truck drivers, explained Jerome Klied, the commission's assistant executive director. "This is something they're very concerned about," he said.

For years, the commission has received numerous reports that checkers demand bribes from truck drivers to expedite the handling of their loads. When it came time for the drivers to testify, however, they would either fail to appear for the hearing or deny having made the allegations in the first place, Klied said.

Tortoriello was employed at the Maersk Line terminal where he acted as the "handout man," or the dockworker who provided truck drivers with paperwork needed to retrieve cargo containers from the docks, Klied said.

On Dec. 8, 1987, Klied said Tortoriello solicited two $10 bribes from a commission detective posing as a truck driver.

Last March, he pleaded guilty to bribery in Superior Court and received a two-year suspended sentence and a $500 fine.

In other action, the commission announced that a Port Newark warehouse company waived the right to a formal hearing on charges it operated without properly licensed employees.

As a sanction, the commissioners fined Importers Storage and Distribution Inc. of Suez Street $15,000.

The company, which stores commodities like coffee and spices and other oceanborne cargo, is one of 80 licensed by the commission to do business in the port.

A commission investigation revealed the company had operated with 31 unlicensed employees in 1986 and 1987 when the investigation began. The employees augmented a payroll that already included commission licensees.

THE RECORD A-3

[...] Wednesday morning, also convicted trucker Anthony Gallagher, 55, of Bayonne.

Acquitted with DiGilio was trucker John Sharkey, 34, of Bayonne, Gallagher's cousin.

The jury returned the verdicts about 4 p.m. Saturday, said Tom Meisner, a deputy clerk to U.S. District Judge Dickinson R. Debevoise.

Carson, 49, of Scotch Plains, executive vice president of the ILA, and Gallagher were convicted of extorting money from a stevedoring company in exchange for labor peace.

[...] John [...]rday of [...] Bayonne [...]rt jury con[...] and a trucker. [...]y Jeffrey Bron[...] was satisfied [...] the government [...] verdict because Donald Carson, [...] ranking member of the Inter[national Long]shoremen's Association, [...] deliberated since

DiGilio, 55, of Bayonne, and Sharkey had faced the same charges.

Prosecutors charged that in 1981 a[nd] 1982, when Carson was ILA general o[rga]nizer and secretary-treasurer of two Bayonne ILA locals, DiGilio controlle[d] th[e] union. Authorities also charged th[at] DiGilio received payoffs of $90,000 [in a] 15-month period during that ti[me from] Stevedore United Terminals In[c.] [...] Gallagher controlled a truc[king com]pany used to funnel money t[o ...] prosecutors said.

"We had charged that G[allagher per]sonally engineered the sc[heme ...]"

The Star-Ledger

Pier guard may lose his job over death threat

Gunman had warned watchman during Port Elizabeth video theft

By AL FRANK

For the six years Raymond Dennard has worked as a pier guard in Port Elizabeth, he has had a good record. But now he is fighting to retain his license after he failed to report an intruder who threatened his life last July. Later, 144 videocassette recorders were discovered stolen.

Dennard, 33, of Schley Street in Newark, who was not suspected of the theft, is appealing a decision by the Waterfront Commission of New York Harbor that would cost him his job at Maher Terminals, according to agency records.

In ordering Dennard's license revoked for dereliction of duty, Commissioners Conrad Koch of West Orange and Nicholas Scoppetta of New York overruled an administrative law judge's recommendation that he simply be suspended for six months.

In his report, Judge Aloysius Melia said Dennard's "fear for his safety and life" and his good work record should be mitigating factors.

Like most of the 450 pier guards licensed by the bistate agency, Dennard was unarmed as he patrolled Maher's vast terminal on the night of July 11, 1987.

As he was passing one of the tractor trailer-sized cargo containers, he heard a gun cock and a voice say: "If you love your family, you see nothing and you know nothing."

The theft of the videocassette recorders, valued at $30,000, was discovered later.

Dennard first told commission detectives he observed the container's [...] missing but assumed it was empty. Later, after receiving a reprimand from Maher, he reported the threat.

In his appeal, Dennard's attorney, Kenneth Bellani of Livingston, conceded his client's "poor judgment" but contended:

"The loss of livelihood is an extreme punishment for a man whose employment record is otherwise unblemished."

He also pointed out that Dennard could have remained silent after receiving the reprimand. Instead, Bellani said, "it was his proclivity to be honest" that prompted him to tell the full story.

Dennard's dismissal was ordered by the commissioners on Feb. 10, and after they refused to reconsider, he asked the Appellate Division of Superior Court to intervene.

The court granted a temporary stay on April 8 and asked the commission to explain its decision.

The response, filed with the court Friday, reviewed the Port of New York and New Jersey's problems with theft and the checkered history that led to the creation of the commission in 1953 to fight waterfront crime and regulate employment on the docks.

"In essence, the pier guard is the first line of defense against waterfront theft," the commissioners said.

"While not without sympathy" for Dennard, they said his "intentional conduct in failing to report immediately upon his leaving the zone of danger and by grossly compounding his inaction by lying to a commission detective denied the very reason for his existence as a pier guard at Maher Terminals."

The commissioners added:

"Any sanction less than revocation in this case would result in an open invitation to thieves to threaten pier guards and for pier guards to avoid their responsibilities by offering the excuse of intimidation."

But Bellani said if Maher was satisfied with only reprimanding Dennard, then the commission should not fear a lesser sanction will influence other guards.

Besides, confrontations with intruders are so "few and far between" that the commission "can't expect a regimented, by-the-book response," the attorney said.

THE STAR-LEDGER, Tuesday, November 29, 1988

Warehouse faces hearing

The Waterfront Commission of New York Harbor yesterday voted to hold a disciplinary hearing on charges a Port Newark warehouse operated without properly licensed employees.

The charges were lodged against Importers Storage and Distribution Inc., of Suez Street, which stores commodities like coffee and spices and other general oceanborne cargo.

The commission hearing will determine whether the warehouse's temporary operating license, issued in April 1986, should be revoked or suspended. A representative of the company said there would be no comment on the matter.

According to the hearing notice approved by Commissioners Conrad Koch of West Orange and Nicholas Scoppetta of New York, 31 unlicensed employees were working at the establishment in 1986 and last year when the investigation began.

The employees augmented a payroll that already included commission licensees hired when the warehouse opened in 1985. The additional employees were hired after May 1, 1986, and before the end of last year.

"We're not saying they totally ignored us," said Howard Zuckerman, a commission attorney. "What we're saying is during the year-and-a-half they had unregistered people."

Zuckerman said the commission launched the investigation when a longshoreman, who had previously had his licensed revoked for extortion, was found to be working at the warehouse.

The commission's register now includes 80 companies and 9,422 employees. The workers mostly include longshoremen and checkers.

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9 — THE JERSEY JOURNAL, THURSDAY, APRIL 21, 1988

Court bars ILA biggie from union office for life

By The Associated Press

The No. 2 figure in the International Longshoremen's Union, who was an officer in two Bayonne Longshore locals, has been barred for life from office in the organization following his conviction for extortion and conspiracy on the Bayonne waterfront, officials said yesterday.

Donald Carson, 49, of Scotch Plains was also barred from any union office for 13 years under federal law.

Carson, executive vice president of the International Longshoremen's Association, has said he's already resigned his national post and job as secretary-treasurer in two locals in Bayonne, where he was charged with extorting money from a stevedoring company in exchange for labor peace.

Carson was convicted last Saturday, when reputed Genovese organized crime family member John DiGilio was acquitted of running an "enterprise" that included the union leader and a trucking company official also found guilty.

Carson was barred from [the ILA] by the Waterfront Commission, a bi-state agency that monitors activities in the Port of New York and New Jersey. The ban stands unless the verdict is overturned on appeal or the U.S president pardons him, said commission Executive Director Leonard Newman.

Carson has said he would appeal.

"The only thing he can do is clerical work or be a janitor, and that's with our permission," said commission general counsel Gerald Lally.

Lally said 41 ILA officials since 1953 have been barred from office based on criminal convictions, and 29 have re[...]signed for the same reason.

The lawyer said he b[e]lieved Carson is the highest ranking ILA officer remov[ed] from office. During the peri[od] the crimes were committed, 1981 and 1982, he was ILA g[en]eral organizer.

DAILY NEW[S]

[...], the best containerport in the [...] of New York."

Robert Murphy, the president of Sea Terminals, said he had chosen Howland Hook over other sites in New Jersey and Philadelphia to run his barge-container operation to Puerto Rico because of a combination of factors.

"It had all the existing hardware in place and berthing that was needed. In addition, it had a fine labor force to draw from," Murphy said."

Murphy added, "Because we needed something very quickly to get the new operation started, we were fortunate in that three entities did the impossible. The three, the City of New York, the Port Au[thority and the Bi-State Waterfront Commission ...]

Murphy noted that there have [...] so far, with ships going out ever[y ...]

He added that this Friday, a n[ew op]eration will begin. "What we are [...] nice mix of container ships Tue[sdays and num]ber bulk Fridays."

Murphy said another client i[s ...] on board by September.

"At that time we will be utiliz[ing ...] berthing space at the Hook," he [...]

He also noted that his compa[ny ...] to take over 75 acres of the prop[erty ...]

Brendan O'Malley, the assist[ant ...] Port Authority, said the new t[...]

not reporting the theft (which was never solved) to his relief and by lying to a Commission detective two days after the theft. The Commission's experience plainly shows that a pier guard who is easily intimidated into prolonged inaction is useless on the waterfront; he and others like him are boons to thieves. Stated another way, any sanction less than revocation in this case would result in an open invitation to thieves to threaten pier guards and for pier guards to avoid their responsibility by offering the excuse of intimidation."

* * *

"[The guard's] intentional conduct, in failing to report immediately upon his leaving the zone of danger and by grossly compounding his inaction by lying to a Commission detective, denied the very reason for his existence as a pier guard . . . "

* * *

In another case involving a licensed pier guard, Commission detectives, suspecting the watchman of pilfering cargo he was employed to protect, set up a surveillance at the New Jersey terminal at which he was assigned.

In the early evening, shortly after the longshoremen working the pier left for the day, the agents observed the guard drive his private station wagon into the warehouse area of the terminal. Approximately ten minutes later, the detectives saw the vehicle exit the shed and proceed to the employee parking area.

When the guard left the vehicle and returned to his duties, a police officer looked through a window of the station wagon and saw cartons of cargo, partially covered with clothing. Not unexpectedly, the detective observed that markings on the cartons were identical to the identification marks on cargo that previously had been reported by the terminal to have been stolen.

Shortly thereafter, the guard reentered his vehicle and exited the terminal, with the Commission agents following him. When the guard started to drive at a high rate of speed through the Port area, weaving in and out of traffic, the agents turned on their siren and pulled him over. Inside the wagon, the detectives found cartons of crystalware taken from the pier and valued at over $1,000.

The guard was charged with theft and possession of stolen property. A month later he was permitted by a New Jersey Court to enter into a pre-trial intervention program.

In addition, the Commission initiated an administrative proceeding with respect to the watchman's license, charging him with misappropriation of cargo and lacking good character. Prior to the hearing, the guard was permitted to surrender his license, with the proviso that he could not return to waterfront employment. His vehicle, utilized in the commission of the larceny, was confiscated pursuant to the New Jersey Code of Criminal Justice.

* * *

Tne Tuna Take

An intensive investigation by several Commission detectives led to the apprehension and conviction this year of two individuals for the theft of a $40,000 load of tuna fish from a New Jersey pier.

The larceny was engineered by a dispatcher for a trucking firm, with the connivance of his associate, an independent owner-operator of a tractor used to haul containers.

The Commission's investigation revealed that a shipping line would periodically forward written orders to the dispatcher's employer, the trucking firm, to pick up cargo from the piers. Noting that there was little control over these orders, the dispatcher removed one such order calling for the pick-up from a pier of a container of tuna imported from Taiwan. To conceal his actions, the dispatcher advised his employer, the owner of the trucking firm, that his comparison of the orders received with a list previously forwarded by the shipping line showed that one was missing.

The dispatcher then gave the stolen order to his associate, who several days later appeared at the pier with his tractor to remove the container of fish. When the tractor owner experienced a delay in obtaining the release of the container, he telephoned the dispatcher who, in turn, attempted to put pressure on the unsuspecting shipping line to expedite the cargo's release from the pier.

After the container was released, the tractor owner brought it to a vacant lot in Staten Island. He then removed one case of the tuna as a sample to show prospective buyers. Obtaining a buyer several days later, he attempted to haul the stolen container to Brooklyn when he experienced mechanical problems with his vehicle and had to park the tractor and container. Before the tractor driver could make new arrangements to retrieve the tuna, the missing container was spotted and was secured by law enforcement officers.

Included in the evidence developed by the Commission detectives, with the cooperation of the Federal Bureau of Investigation, were the dispatcher's fingerprints on the pick-up order he claimed he had never received from the shipping line.

Both the dispatcher and the tractor owner subsequently pleaded guilty to the theft. The tractor owner was sentenced to confinement for 6 months in a federal penetentiary and the dispatcher received 6 months in an alcohol treatment center.

* * *

Drive on Stolen Vehicles

One of the agency's continuous projects is the investigation of the shipment of stolen vehicles through the Port to foreign nations. As part of the program, each year the vehicle identification numbers of thousands of privately owned automobiles being shipped abroad are checked against computer lists of stolen vehicles.

In one recent case, detectives of the Commission developed information that a container, destined for the Dominican Republic and listed as holding household goods, was being utilized to transport stolen vehicles. The Commission agents stopped the container from being loaded on a vessel and examined the box. The portion of the container near its doors was filled with numerous old, nonfunctional and worthless refrigerators. However, the detectives, together with United States Customs Agents, were able to move some of the refrigerators and observe a side view mirror, indicating that at least one motor vehicle was being stored in the container.

The container was thereafter stripped of the refrigerators and revealed to be holding two late model four-wheel drive vehicles. Further inquiry disclosed that these vehicles had been stolen from New York City streets within a 48-hour period. The total value of the vehicles was over $40,000.

Since there were indications that these and other vehicles were stolen by an organized car theft ring, the investigation is continuing in association with the Federal Bureau of Investigation and the New York City Police Auto Larceny Task Force.

* * *

Hijack Ring Update

Last year, the Commission reported a long-term investigation, conducted in conjunction with the Federal Bureau of Investigation and the New York City Police Department, which resulted in the arrest of six members of a hijack and theft ring operating in Brooklyn and New Jersey. Over a three-year period, the gang had stolen vast amounts of clothing, appliances, VCR's, tin ingots, olive oil and foodstuffs.

Recently, four members of the ring pleaded guilty in federal court to charges of theft from interstate shipment. Three were sentenced to prison terms, ranging from six months to five years, and the fourth received five years of probation.

* * *

In its last report, the Commission detailed its denial of a pier superintendent's license to an individual it found had committed fraud in failing to disclose his prior employment as the president and secretary of a New Jersey check cashing firm, which functioned for a period of time without the required New Jersey license. The record in the proceeding established that the applicant operated the check cashing enterprise on behalf of an undisclosed real party in interest.

This year, the Commission, as a member of the Federal Newark Strike Force, participated in an investigation of the undisclosed real party in interest, a person alleged to have connections with organized crime, who managed the check cashing firm. The probe was concerned with waterfront related companies who utilized the firm for the conversion of a large number of corporate checks. During the course of the inquiry, the records of the check casher were examined by Commission accountants. As a result of the investigation, criminal proceedings were instituted against the manager for failing to comply with regulations of the Treasury Department requiring the identification and description of currency transactions exceeding $10,000. It was determined that the manager had participated in such violations totaling more than $100,000 in a year period. The manager pleaded guilty to a felony charge.

The Special Agent in charge of the Newark Office of Labor Racketeering in the United States Department of Labor praised the Commission's participation in the case, as well as in a related prosecution of the owner of a waterfront trucking firm, stating, in part, that the professional expertise and dedication demonstated by Commission accountants played a major role in securing guilty pleas in both cases.

* * *

Licensing Proceedings

During the past year, the Commission's licensing personnel examined and processed 1,125

applications and reapplications for registration and licensing. These included 687 applications for inclusion in the agency's register of deep-sea and ancillary longshoremen, 295 for licensing as pier guards, 47 for pier superintendent licenses, 24 for licenses as hiring agents, and 72 for licenses to operate as stevedores in the Port. Since its establishment in 1953, the Commission has reviewed over 146,625 applications.

* * *

Longshore and checker registrations are issued by the agency without any termination date. Licenses to act as pier superintendents or hiring agents are valid for as long as the licensee continues in employment with the sponsoring stevedore or shipping line. A license to work as a pier guard continues indefinitely, provided the licensee complies with regulations of the agency requiring periodic submission of updated personal history data, the fulfillment of a refresher course of training for port watchmen, and the satisfactory completion of a physical examination.

Stevedore licenses currently expire on December Ist of each odd-numbered year. A bill proposed by the Commission, which would extend the licensing period to three years, has passed in the State of New York and is pending in the New Jersey Legislature.

* * *

The Waterfront Commission Compact provides that an application for inclusion in the Register, or for licensing, may not be denied by the agency without reasonable prior notice and an opportunity for the applicant to be heard at an administrative proceeding. Moreover, once issued, a registration or license may not be cancelled, suspended or revoked without the respondent being granted a right to contest the charges at a hearing. Revocation proceedings may be initiated by the Commission on its own initiative or on the complaint of any person, including a public official or agency. Additionally, a licensee or registrant who has been charged with a crime equivalent to a felony may be temporarily suspended by the Commission pending the determination of the proceeding.

Commission hearings are open to the public, stenographically recorded, and presided over by administrative law judges who are selected from a rotating panel of New York and New Jersey attorneys, several of whom are retired State jurists. The applicant or respondent may be represented by counsel of his choice, present evidence in his behalf, cross-examine, and have subpoenas issued to compel the appearance and testimony of witnesses.

The administrative judges are not bound by common law, statutory rules of evidence or technical rules of procedure. At the conclusion of the case, they render written memoranda to the Commissioners, containing findings of fact and recommendations for final disposition. A copy of such report is furnished to each party in interest who may then file written exceptions and argument for consideration by the Commissioners.

The Commissioners, after review of the entire record of the proceeding, make the final determination, which is reflected in an order. The Commission's decision is subject to judicial scrutiny in either New Jersey or New York in the manner provided by law in such state for review of the final actions of administrative agencies. The aggrieved party may also petition the agency for a rehearing of the case, reconsideration of the determination, restoration of a registration or license which has been revoked, or for leave to reapply for the license or registration.

* * *

The Commission made determinations in 73 administrative licensing and related proceedings this year. The agency denied inclusion in the Register to 18 applicants; 17 seeking warehouse or maintenance registration, and 1 as a cargo checker. Two applicants for licenses to act as hiring agents were denied, 1 pier superintendent application was denied, 3 applications for port watchmen licenses were rejected, and 2 applications to operate in the harbor as stevedores were denied.

In addition, the Commission revoked the registrations of 14 persons, 6 unconditionally and 8 with leave granted to reapply after stated periods of time. The licenses of 2 port watchmen were rescinded. The licenses of a pier superintendent and a hiring agent were also revoked with leave to reapply. The agency suspended for various periods 7 longshoremen, 4 checkers and 1 maintenance worker and issued a formal reprimand to 1 port watchman. These included rulings in 11 summary proceedings in which the respondents admitted the violations charged and waived formal hearings.

Under provisions of the Compact, the agency also suspended the registrations and licenses of 8 persons pending the final determinations of charges instituted against them.

Eight stevedore firms were issued permanent licenses.

* * *

During the course of the year, there were 51 petitions submitted to the Commission, including requests for reinstatement of licenses and registrations previously revoked, reconsideration of final determinations, and for retention of registrations subject to cancellation. Of these, 29 were denied and 22 were granted.

* * *

Pursuant to its mandate to balance the waterfront work force with the labor demands of dock employers, the Commission cancelled the registrations of 174 longshoremen and checkers who, without good cause, failed to work or be available for employment according to standards established by the agency.

* * *

Personnel

The Commissioners and the staff note with sorrow the deaths of a former Commissioner and an employee of the agency.

John P. McGrath served as the New York representative on the Commission from December, 1955 through March, 1957. A prominent attorney, banker and real estate developer, Mr. McGrath was also Corporation Counsel of the City of New York, Chairman of the Board of the East New York Savings Bank and trustee emeritus of Long Island University.

Vincent Appiano, the Assistant Manager of the agency's employment information center located in Brooklyn, was one of the original employees of the Commission. He served with distinction and devotion for more than 34 years before his untimely death.

* * *

Several longtime and dedicated Commission employees retired during the year.

George F. Marion, an Assistant Manager in the Division of Employment Information Centers, retired after almost 35 years with the agency. His assignments included supervising work at the centers in Hoboken, Port Newark and Manhattan. Prior to joining the Commission, he had served in the United States Army for 2 years.

James Van Langen, with the Commission for 25 years, retired as a detective in the agency's Division of Police, assigned to the New Jersey Squad. His prior law enforcement experience included service for 8 years with the New Jersey State Police.

Virginia Bartsch, a Senior Clerk in the Division of Employment Information Centers, retired after 24 years with the agency. Most of her service was at the Brooklyn Employment Center.

◆

CONCLUSION

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

Respectfully submitted,

NICHOLAS SCOPPETTA
Commissioner for New York

CONRAD N. KOCH
Commissioner for New Jersey

KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
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, 1988. Our audit was performed in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in note A, it is the policy of the Waterfront Commission of New York Harbor 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. Accordingly, the accompanying statement of cash receipts and disbursements is not intended to present financial position and results of operations in conformity with 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, 1988 on the basis of accounting described in note A.

Peat Marwick Main & Co.

October 14, 1988

Member Firm of
Klynveld Peat Marwick Goerdeler

Notes to Statement of Cash Receipts and Disbursements
June 30, 1988

(A) It is the policy of the Waterfront Commission of New York Harbor (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.

(B) The Commission is party to various claims which, in the opinion of general counsel, will not have a material adverse effect on the accompanying statement of cash receipts and disbursements and future operations.

WATERFRONT COMMISSION OF NEW YORK HARBOR
Statement of Cash Receipts and Disbursements
Year Ended June 30, 1988

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	$ 5,598	
Cash in money market accounts	150,709	
Cash in savings accounts	7,472	
Time certificates of deposit	740,000	
	903,779	
Less taxes and other withholdings from employees	884	$ 902,895
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	6,231,282	
Penalties, fines and miscellaneous income	46,654	
Interest:		
Time certificates	96,569	
Money market accounts	9,908	
Savings accounts	419	6,384,832
		7,287,727
Disbursements:		
Salaries	3,929,757	
Retirement, group insurance and Social Security taxes	1,089,528	
Rentals	662,491	
General insurance	236,730	
Light, heat and power	132,515	
Repairs and maintenance	97,611	
Furniture and equipment	63,190	
Carfare, auto and travel	49,552	
Communications	66,159	
Special services and supplies	55,536	
General office	34,414	
Printing	12,395	
Hearing officers, auditors and consultant fees	9,430	
Miscellaneous overtime expense	571	6,439,879
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	15,895	
Cash in money market accounts	180,149	
Cash in savings accounts	7,035	
Time certificates of deposit	645,000	
	848,079	
Less taxes and other withholdings from employees	231	$ 847,848

COMMISSION DETERMINATIONS

Year Ended June 30, 1988

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Dismissed charges	Suspended P/H	Totals
Longshoremen	0	0	2	5	7	0	0	4	18
Checkers	1	0	1	1	4	0	0	0	7
Hiring Agents	2	0	0	1	0	0	0	0	3
Port Watchmen	3	0	2	0	0	1	0	2	8
Pier Superintendents	1	0	0	1	0	0	0	0	2
Stevedores	2	8	0	0	0	0	0	0	10
Maintenance	17	0	3	2	1	0	0	2	25
Totals	26	8	8	10	12*	1	0	8	73

*Includes 11 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	7	2	9
Petitions for Leave to Reapply	1	0	1
Petitions for Rehearing	0	0	0
Petitions to Withdraw	1	4	5
Petitions to Remove Ineligibililty	0	3	3
Petitions for Restoration of Registration	9	0	9
Petitions to Vacate Temporary Suspension	0	5	5
Petitions Retention or Reinstatement	8	6	14
Petitions for Stay	3	2	5
Totals	29	22	51

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration	4
Recommendations to Continue Temporary Permits	7
Recommendations to Withdraw Notice of Hearing	1
Recommendations to Issue Notice of Hearing	5
Recommendations to Amend Notice of Hearing	2
Recommendations to Rescind Administrative Order	1
Recommendations to Amend Order of the Commission	1
Totals	21

DECASUALIZATION OF LONGSHOREMEN AND CHECKERS

		Number Decasualized	Remaining Registrants
1st decasualization	June 3, 1955	7,141	31,574a
25th decasualization	March 31, 1967	1,142	22,100
30th decasualization	October 3, 1969	1,022	20,627b
40th decasualization	September 26, 1974	271	14,143b
50th decasualization	September 28, 1979	124	10,956b,c
60th decasualization	October 4, 1984	88	8,026b
63rd decasualization	April 10, 1986	55	7,653b,c
64th decasualization	October 9, 1986	71	7,520b,c
65th decasualization	April 9, 1987	100	7,159b,c
66th decasualization	Octobber 8, 1987	98	6,338b
67th decasualization	April 7, 1988	76	6,208b

(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.

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

As of June 30th

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Longshoremen	14,226[a]	13,704[a]	12,515[a]	12,237[a]	11,863[a]	11,420[a]	11,150[a]	10,804[a&b]	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]
Checkers	3,176	3,006	2,728	2,584	2,479	2,408	2,468	2,373	2,231	2,084	2,017	1,806	2,065	1,894[b]	1,686[b]	1,578[b]
Hiring Agents	493	512	427	378	369	361	357	339	327	304	291	279	242	242	229	233
Pier Superintendents	374	395	370	337	342	340	357	344	353	341	325	304	298	317	304	302
Pier Guards	1,291	1,064	979	894	818	789	750	705	655	635	560	525	491	455	404	387
Stevedore Companies	117	113	118	112	115	113	116	113	109	110	104	101	87	83	80	73
TOTALS	19,677	18,794	17,137	16,542	15,986	15,431	15,198	14,678	13,964	13,421	12,771	11,717	11,138	10,801	9,702	9,093

(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.

* * *

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREMEN AND CHECKERS

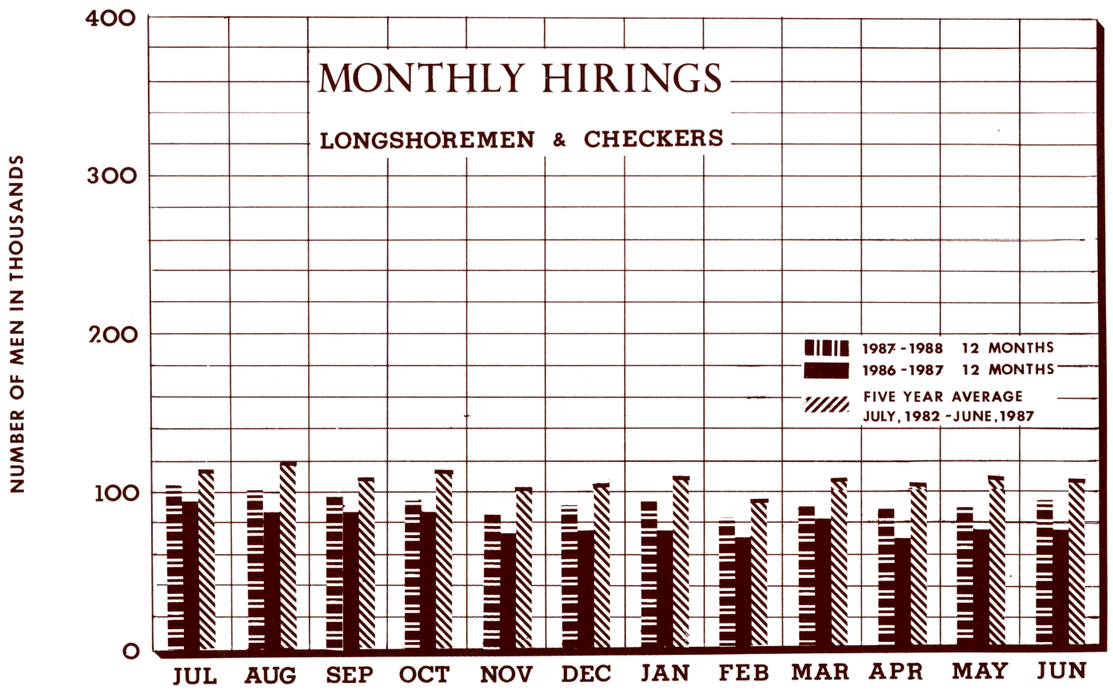
	1954 (*)	1985	1986	1987
Over $50,000	(*)	1,368	1,493	1,425
$25,000 to $50,000	(*)	3,215	2,880	2,401
$20,000 to $25,000	(*)	492	431	374
$15,000 to $20,000	(*)	392	368	370
$10,000 to $15,000	(*)	374	351	483
$ 5,000 to $10,000	3,797	556	478	638
Under $5,000	37,536	1,357	1,437	1,337
TOTAL REPORTED	41,333	7,754	7,438	7,028
Total Earnings	$102,061,108	$231,669,145	$229,436,193	$214,851,778
Total Hours Worked	37,813,991	12,177,200.5	11,374,292	10,478,728
% Hours Overtime	24.3%	29.6%	29.1%	32.4%
AVERAGE ANNUAL WAGES**	$ 2,469	$ 29,877	$ 30,846	$ 30,570

* Records Incomplete for 1954
** Does Not Include Fringe Benefits.
NOTE: This table includes craftsmen such as carpenters, coopers, maintenance men 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.
SOURCE: New York Shipping Association for its fiscal year ending September 30th.

EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 1987 and 1988

Center and Location	Piers and Areas	HIRINGS 1987-1988	HIRINGS 1986-1987	Increase or Decrease	% Change	% Share in Port Employment 1987-1988	% Share in Port Employment 1986-1987
Manhattan 261-281 Hudson St.	Manhattan	35,960	75,648	– 39,688	– 52.47	03.76%	06.82%
Brooklyn 5914 3rd Avenue	Brooklyn & Staten Island	157,960	215,451	– 57,491	– 26.68	16.49%	19.43%
Port Newark 117 Tyler Street	Port Newark & Port Elizabeth	644,383	700,451	– 56,068	– 08.01	67.27%	63.18%
	Jersey City, Bayonne & Weehawken	119,580	117,213	+ 2,367	+ 02.02	12.48%	10.57%
TOTAL—NEW JERSEY		763963	817,664	– 53,701	– 06.57	79.75%	73.75%
TOTAL—NEW YORK		193,920	291,099	– 97,179	– 33.39	20.25%	26.25%
PORT WIDE TOTALS		957,883	1,108,763	– 150,880	– 13.61	100.00%	100.00%

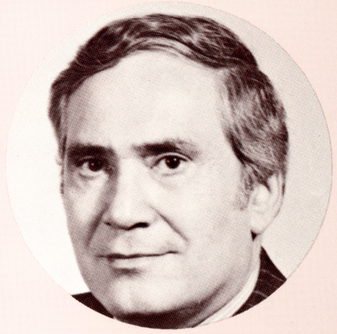




Nicholas Scoppetta
Commissioner
for
New York



Conrad N. Koch
Commissioner
for
New Jersey



Leonard Newman
Executive Director

Jerome J. Klied, *Deputy Executive Director*

Gerald P. Lally, *General Counsel*

Ralph C. DeRose, *Secretary*

James T. Sullivan, *Chief, Division of Police*

Paul D. Kelly, *Director, Division of Law*

Carmine A. Cardone, *Director, Division of Licensing and Employment Information Centers*

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Marvin Weissman, *Director, Division of Audit and Control*

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