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before

SPECIAL LEGISLATIVE COMMITTEE
APPOINTED IN ACCORDANCE WITH
SENATE RESOLUTION PASSED 4-30-70.

on

Senate Bill No. 791
[Waterfront and Airport Commission Act]

Held:
May 4, 1970
Senate Chamber
State House
Trenton, New Jersey

Members of Committee present:

Senator Francis X. McDermott [Chairman]
Senator Matthew J. Rinaldo
Senator Alfred D. Schiaffo
Senator Frank J. Sciro

Also:

Assemblyman Herbert J. Heilmann

* * * *

I N D E X

I N D E X

SENATOR FRANCIS X. MC DERMOTT [Chairman]: This hearing will now come to order.

This hearing has been called in accordance with a Senate Resolution passed on April 30, 1970. The purpose of this hearing is to listen to testimony and other evidence regarding Senate Bill Number 791, which will amend the present Bi-State Waterfront Commission to expand its jurisdiction to airports and air freight.

The Senate Resolution which was passed on April 30 named Senator Frank X. McDermott, myself, as Chairman; and named Senator Matthew Rinaldo of Union as a member; Senator Frank Sciro of Passaic as another member; Senator Schiaffo from Bergen County, who isn't present as yet, but he is here, I believe; and Senator Frank Guarini of Hudson County.

Anyone who is present here who wishes to testify may do so. I have a list that I am going to use, the priority of which, I presume, was established on the basis of first come.

I would like to call as the first witness Mr. Stuart Tipton, President of the Air Transport Association. Would you please identify yourself properly for the record.

S T U A R T G. T I P T O N: Thank you, Mr. Chairman, and members of the Committee.

My name is Stuart G. Tipton. I am President of the Air Transport Association of America. The Air Transport

Association has as its members virtually all of the scheduled airlines of the United States, including those, of course, who serve the airports that are the subject of this legislation.

Before starting my presentation, I would like to introduce to the Committee the gentlemen that accompany me here and who will also testify on various phases of this legislation.

The first to be introduced is Mr. Joseph L. Schmit, who is Vice President and General Auditor of American Airlines. Mr. Schmit was the first Chairman of the Airport Security Council. Mr. Schmit is on my left here. He holds a law degree from South Dakota. He also has an accounting degree and has worked as a CPA for many years. He joined the FBI in '41 and retired after 26 years of service. The last 8 years he served as Special Agent in Charge of Espionage and Foreign Intelligence Activities in New York. Prior to that time, he had extensive experience in criminal and organized crime activities in the FBI. [Mr. Schmit stands.]

Thank you, Mr. Schmit.

The next to be introduced is Mr. John Steele of Trans-World Airlines. He is corporate director of security. He is the current Chairman of the Airport Security Council. Prior to joining TWA, he served for more than 11 years as a Special Agent of the Federal Bureau of Investigation. [Mr. Steele stands.]

Next to be introduced is Mr. O. B. Parker of Eastern

Airlines. He was 34 years in the navy, of which more than 20 years were involved with security, reaching the level of Assistant Director of Naval Intelligence for Security. He was responsible for all facets of security in the navy, worldwide, including waterfront under navy jurisdiction. For five years, he established and monitored industrial security programs in all the NATO nations manufacturing U.S. military weapons abroad and was the head of the NATO Industrial Security Department in Paris. He has been with Eastern for two years since he retired from the Navy. [Mr. Parker stands.]

Last to be introduced is Frank A. Cardman of Pan American Airways. He is Director of Security of that company. He has been with them since 1941. He was formerly Director of Insurance and Claims and Purchasing Agent and at the present time, as I said, is Director of Security. [Mr. Cardman stands.]

These gentlemen will follow me on the stand to discuss this legislation and its phases because it represents a facet, of course, not only of the problems in the New York area but the airport security problem all over the world and these gentlemen in their various activities are familiar with it.

As the Committee knows, the airlines are opposed to S 791. The objective of the legislation, of course, is a good one. The objective is to curb crime in the New York-New Jersey area. The airlines' objective is, of course, the

same and we have a great stake in the success of efforts to curb crime because the transportation of air cargo is a major part of our business, one that we have worked hard to develop and we continue to work hard to develop. If it is found as a result of crime that we cannot provide a reliable air cargo service and a rapid one and an efficient one, we will lose that business. It will not grow. Of all those having a stake in the curbing of crime at the airports in the New York-New Jersey area as well as the airports any place else, we probably have the greatest stake in the future of the air freight business.

For that reason, our objective is to curb it, to take measures that will actually curb it. Our problem here today and the reason we oppose this legislation is that we think it is an ineffective method of dealing with the problem. We do not think it will work. We do think that the efforts the airlines have made through their Security Council will work and are working. It is for this reason that we would hope that this legislative body will not approve the proposed compact.

I particularly am appreciative - all of us are - of this opportunity to be heard by this distinguished committee. I might say as an aside that we are particularly appreciative of being able to appear in this beautiful chamber to have the hearing. I am sure this is unwarranted, but just being in this chamber makes me rather feel as if I were a man of distinction. This is the first time the airline industry

which is so drastically affected by this legislation has ever been heard on it. That many strike many as amazing. But we have not been heard on this legislation until this morning and I will express our appreciation again.

In New York we received a copy of this bill, the bill that was passed by the New York Legislature, two days before it was passed. We made strenuous efforts to be heard. Those efforts were not successful. Our requests were rejected. It was, of course, passed. It was passed on the assumption which I was told by several legislators personally in New York that the Security Council established by the airlines had not worked. We were given no opportunity to demonstrate that it had worked and was working and was going to work better.

Here I understand actually from the press that the Committee before whom this bill is pending has actually reported it and actually our status apparently is that we are asking the legislative body to reconsider a decision already made. If that is our status, we will make the most of it. We will try to persuade you to reconsider because reconsideration should be had. This bill will not work and, if anything, it will impair through its administrative difficulty the efforts that the airlines are making with the help of the security forces that are responsible for the airports in getting this crime problem deal with.

I think the basic difficulty with this legislation is that it is an effort to impose upon the air transport

industry regulatory techniques and regulatory methods that have been used with surface carriers, with steamship operations. It will not work because there is really no similarity between air transport operations in freight and baggage and mail and those conducted by the steamship companies. They have relatively few arrivals of ships, the cargoes carried come in vast quantities, great lumps, so to speak, and are moved ponderously from place to place. Air transport, on the other hand - air transport, air freight, mail and baggage come in small individual shipments which are constantly flowing through the airport, moving not only to shippers and from shippers, but also to transferring airlinesto go out into other places, so that the situation with which the air transport industry is faced is wholly different than that which the steamship operation is. We really have no reason to have any confidence in the Waterfront Commission being able to deal with this. Our experience in the past has been that special regulatory agencies for air transportation are the way to deal with air transport problems. The Federal government is organized in that fashion and in almost any other element of our business we find specialized treatment for aviation.

Let me take a few moments just to show the impact of that mistake in trying to impose surface-carrier regulatory methods on air transportation. And the best place to start - and it is probably where I will start and where I will stop because I can't take too much more time --

I think you could say as you look at this bill that it from an air transport standpoint would be an administrative nightmare. It requires the licensing of what are called air freightmen. In the first place, that is a brand new term and a fairly meaningless term in air transportation. It is defined to include virtually anybody that touches air freight which also strangely is defined to include both baggage and company store.

Now the effect of that on airlines is that all of our counter personnel, all of our ramp personnel, virtually all of our maintenance personnel - they handle company store - all of our mail handlers, all the baggage handlers, of course, including the cabin crew, all terminal employees, all red caps, all employees at maintenance bases, all line mechanics -- we think maybe that this includes the licensing of eight to nine thousand people. Untold thousands of airline employees will be told by this bill that they can't hold their jobs unless they are reviewed personally by an agency they never heard of. That it seems to me is as good an illustration of the unwisdom of imposing upon air transportation a regulatory agency in the surface field as you can get. We just don't handle our baggage, freight and mail in the same way and it won't work.

The important thing to recognize too in this difference is that on the dock in handling steamships the people that handle it are not employees of the steamship line. They are people that are brought in on spot jobs. They are

temporary. As contrasted in the airline business, all of these people that are subject to licensing are permanent employees of the airlines. They have gone through the airline screening process for employment. They have been trained for the job by the airlines. They regard their job with the airlines as part of a permanent career. They are subject to pension plans, retirement and the like. Their unions are national unions, systemwide unions, that are designated by elections conducted under the National Mediation Board to represent these employees, quite different from surface carriers. And the very fact that these are our employees makes it unnecessary to go through this administrative nightmare that I have referred to in order to curb crime.

I think I can fairly say that references to airline employee problems in this crime area have been very restricted, if any. The problem is not with the airline employee. Nevertheless, he is the one that is required to have his job conditioned upon receiving a license and getting it renewed each year.

I think there is another difference which must be emphasized. Our business is a fast one or it is nothing. We either move cargo and baggage and passengers fast or we might as well go out of business because that is our reason for being. To be subjected to regulatory measures, keyed to an industry whose hallmark is slowness is bound not to work.

I think that with this I will conclude my statement and ask these other gentlemen to talk. But one further point that I want to conclude on and that is that in an interstate compact each party is locked in. The compact is made between the two states with their legislatures and governors, approved by the Congress, then each party is locked in, so that this is a particularly important piece of legislation for us and the committee to consider. Because if this bill is no solution or a bad solution - and we firmly believe it is a bad solution - it is terribly difficult for the State of New Jersey and the Legislature of New Jersey to get out of it.

We have suggested that special legislation be set up for an Airport Security Council for New Jersey which would have power to deal with this problem, the power to deal with it as an aviation enterprise. We strongly recommend, therefore, that your committee decide that you do not want to be locked in to a piece of legislation that won't work.

With that, I would like to have Mr. Schmit spell out for the committee the workings of the Airlines Security Council. Constantly we have heard the refrain: "You fellows were given your chance. You didn't succeed. It hasn't worked." But no one has yet up until this point permitted us to appear at a legislative hearing and show that the Security Council has worked and is working.

Mr. Schmit.

SENATOR MC DERMOTT: Thank you, Mr. Tipton. Do you have any questions of Mr. Tipton?

SENATOR SCHIAFFO: I have one question - just a general question. You have made some statements, Mr. Tipton, and am I to presume that the other gentlemen that you have introduced will answer some of the statements that you made? For example, you said that the problem in this area is not with the airline employee. Is somebody going to elaborate on that?

MR. TIPTON: Yes.

SENATOR SCHIAFFO: Then I presume they are going to elaborate on all the general statements you made.

MR. TIPTON: They will.

SENATOR MC DERMOTT: Will the record please show that Senator Schiaffo is present and also Assemblyman Herbert Heilmann from Union who is a member of the Assembly Labor Relations Committee, which committee was invited to attend this hearing.

Mr. Schmit, would you please identify yourself for the purpose of this record?

J O S E P H L. S C H M I T: Mr. Chairman, I am Joseph L. Schmit. I am Vice President and General Auditor of American Airlines and I am appearing here principally in the capacity as the first Chairman of the Airport Security Council.

Mr. Chairman and members of the Committee: I would like to first repeat Mr. Tipton's deep appreciation for the

opportunity to appear before your committee and I deeply and sincerely and personally appreciate it because I was among one of the originators of the Airport Security Council which was formed and approved by 43 airlines in May of 1968.

I think I would be remiss if I did not furnish the committee with the philosophy by which the Airport Security Council was formed and that was, namely, that crime, thievery and organized crime in any industry can be fought only by that industry itself in close cooperation and coordination with the responsible law enforcement agencies. It was on this concept that we were born.

While we were organized in May of 1968, we really became an effective instrument about September of that year after we had hired our executive staff and it is a small one supported by the airlines. We recognized at the time that the airlines had many, many problems in the area of security. The industry was not operating as a unit. I am proud to report to you gentlemen today, having been intimately associated with the Council, having been its chairman for the first 18 months, still being a member of the Executive Committee, that contrary to publicly published reports, the Council is a success. This concept of private industry assuming the responsibility for its own problems is a well-founded one and without it, crime and corruption cannot be erased from our society.

Now on what basis do I make the statement that it

has been a success? While the Council has only been an effective instrument for about 18 months, we have been responsible for a number of innovations and I will mention them only briefly. Some of the highlights are:

One, personnel security has been improved as a procedure in effecting security checks on all employees handling air cargo. Let us pause on that a moment and realize what that means. That means that the airline industry itself is conducting background checks on its employees and getting security checks to determine, if possible, whether criminal records exist.

We have also badged over 15,000 airline employees and nearly 2500 non-airline personnel, including many truckers.

Two, through surveys of all airlines, we have tightened security procedures, improved paper-work control, delivery accountability, closed circuit TV, dual lens cameras and many other innovations.

Three, we have been responsible as a Council for establishing organized security departments for the first time in seven major airlines in the New York area who had no security departments previously.

Number four, we established a uniform reporting system of losses and thefts which resulted in accurate reporting at the three metropolitan airports for the first time in 1969.

Number five - and very important - the Airport Council was responsible for establishing law enforcement coordinating

units which meet on a regular basis with the security officers of the airlines and the Airport Security Council.

I would like to have the record reflect clearly and unequivocally that the airline industry is giving its utmost cooperation to all areas of law enforcement, including the FBI, the New York Port Authority Police Department, the New York City Police Department, the Newark Police Department, and I know of no instance during the time of the creation of the Airport Security Council either while I was Chairman or since where there has been any information, any allegation, of a lack of cooperation on the part of the airlines.

Next, we have issued numerous intelligence summaries of modus operandi in major cases enabling airlines to guard against similar losses. We are not anxious to have the principal objective to solve crime and to put people in jail. We think our primary responsibility is one of a preventive nature. If we don't prevent crime from being committed in the first place, we are failing.

Next, we have held numerous training seminars of all people handling air cargo, both at a handling level and at a supervisory level, in what is necessary in security.

Next, we have increased the armed guards by many airlines.

And, lastly, we have restricted the hours of accepting and delivering high value cargo and insisted that it be given proper security.

Mr. Topton mentioned that speed is of the essence in handling our cargo. It is even more important in handling such items as currency, precious metals, diamonds, watches, etc. There is only one way to prevent a high incidence of loss in these areas and that is to move it quickly and fast out of the terminal.

Now those are some of the highlights of the innovations placed into effect in the airports at J.F.K., LaGuardia and Newark. And I said I was proud of our performance and let me tell you why.

The first year of operation when the Airport Security Council was effective only approximately seven months, thefts and losses were reduced from $2,200,000 in 1967 to $1,800,000 in 1968. This has never appeared in the press. The New York Times, if you will pardon me mentioning a newspaper, did issue a release - I believe it was in January of 1969 - which quoted these statistics. They have long since been forgotten. So that the results of the airline industry did succeed in having a reduction of about $400,000 in losses.

Now as to a percentage of total value of cargo handled, the losses in 1968 represented 24/1000ths of 1 per cent of the value of cargo handled. This figure is reached on the basis of the fact that at J.F.K. $9.5 billion worth of cargo was transmitted in 1969. In 1968, it was $7.7 billion. Now what happened in 1969? Losses increased at J.F.K. to $3,300,000 from the $1,800,000 in 1968. We take

responsibility for this. These are losses and thefts which occurred on the airports. But if you are going to take an increase in crime, recognizing that the national increase on an annual basis has been running between 11 and 12 per cent, you have to examine the individual crime statistics. And in the summer of 1969, we were unfortunate at J.F.K. in having three major thefts, two of which were armed robberies, and the total losses, gentlemen, in those three thefts were $1,450,000. I do not think that there is any way that private industry and even law enforcement can stop armed robberies.

I have been engaged closely with the law enforcement community for some thirty years, twenty-six years in the FBI and now four years in private industry, and I have seen both sides of the fence. And, gentlemen, I just don't know of any way that society can protect itself today in the conduct of its business against armed robberies or else the Federal government, the State governments, all of us, would have certainly eliminated bank robberies.

Now I mention these armed robberies because it is significant to note that in the last seven months since October 3, 1969, there have been no armed robberies at J.F.K. We think this is as a result of increased police activity on the part of the Port Authority Police as well as the activities of the FBI, the New York City Police Department, but probably more important, the improved security procedures of the airline industry itself.

So if you eliminate these three losses in 1969 - and I don't mean to say that we don't want to be charged with them - we accept the responsibility for them - the losses are almost identical with 1968.

Let us look at what happened in the last six months ending February 28, 1970. I would like to quote the statistics of ten of the largest airlines at J.F.K. In the last six months, these ten airlines which handle 75 per cent of the cargo at the airports had losses totalling $747,000 compared with the prior six months of $1,670,000 or a reduction of nearly $1 million or 55 per cent. These are facts which have never been placed before the general public nor before any legislative body. We think it is important because it reflects a favorable trend as a result of new controls effected by the many airlines.

Let us take the losses for all of the airlines. For the three-month period ending February 28, 1970, the losses for all airlines at the airports is $397,000 - I am rounding these figures off - there are some odd dollars in there - compared with $1,220,000 for the prior three-month period or a reduction of 67 per cent.

Gentlemen, it is on the basis of this record that we in the airline industry feel that our approach to the problem is proper. We feel it is sound and contrary to statements made by public officials and by newspaper sources saying that the airlines don't care, that we have been a failure, I hope that the record will reflect, and we can

docment, these statistics.

Now let us bring the picture a little closer to home, to the State of New Jersey. During the year ending February 28, 1969-- and you might wonder why I use these dates. I use them because this is when the reporting system of the Airport Security Council started, March 1, 1969. So for the year prior to the institution of our reporting procedures - and these are Port Authority Police Department figures - there was a total of losses at the Newark Airport of 17 incidents, amounting to $270,000. In this last year, the losses for the year ending February 28, 1970, totalled 27 incidents. The dollar value was $111,000. This is a decrease, gentlemen, of 58 per cent. I am talking only of losses on the airports. I am not talking about trucking losses.

The value of 1969 air cargo handled at Newark Airport in 1969 is $1.7 billion. Therefore, our losses in your airport amounted to 6/1000ths of 1 per cent.

We are deeply and firmly convinced that only through the cooperation of industry, top level management, the executive officers, the security forces working closely with the law enforcement community can we hope to reduce crime.

Let us take a look at the effect which we might have if the current bill that is under consideration is passed. We are deeply puzzled and perplexed as to why the airline industry has not been heard before because we feel that in order to draft legislation which is workable, as Mr. Tipton

said, you must utilize the expertise of the industry which is involved. Most of the security officers in the airline industry are people with years and years of investigative experience. Most of them are retired officers of various police departments, law enforcement agencies or the FBI.

Now what will you do by licensing and regulating airline employees? Very frankly, gentlemen, the only thing I know this will accomplish is to prevent people with criminal records from having access to air cargo who might steal it. We are already doing that.

Let us make another point. Licensing and regulating in my opinion is no way to eliminate crime and here is why. The statistics in the last two or three years of all people arrested for stealing air cargo in the three airports show that less that 10 per cent of them had prior criminal records. So in effect if you would license these people, you would not eliminate the potential thieves. Nine out of ten would still be there.

I might add with respect to my company alone, we had a total of 139 reported incidents of thefts and losses since the existence of the Airport Security Council. Seven of these cases, less than 5 per cent, have been solved with the arrest of ten people. None of the ten, gentlemen, had prior criminal records. Three of them were trusted supervisory people of management who had years of service, 14 to 16 to 18 years, no prior criminal record. So we not feel that licensing people that have access to baggage and air

cargo will be effective.

Let us go to the performance of the Waterfront Commission - and I don't want to dwell on that but I do think that we need to put something into the record which is of deep concern - and this, gentlemen, is something which merely developed last night. I had made available to me a statement which was made during public hearings of the Waterfront Commission which was held in New York on April 14, 1970, and I think this goes, gentlemen, to the crux of our problem. A statement was made in behalf of the Executive Director, an opening statement, and I was perplexed to find that the Waterfront Commission in this statement made the admission that the purpose for which it had been created, namely, to eliminate pier looting and theft, had not been accomplished after 17 years of existence. This is a statement by the Waterfront Commission. [Reading]

"The present system has proven ineffective to stop the systematic looting of our Port's goods. Why is it failing? It has failed because, one," and they are speaking now of the shipping industry, "industry has little appreciation as to the magnitude of their own responsibility for cargo protection and its importance to the vitality of the Port."

Gentlemen, I submit that this is not true of the airline industry.

"Number two, industry has failed to adequately report its losses, creating a climate conducive to thefts."

We are reporting our losses to law enforcement agencies in triplicate.

"Number three, industry has failed to cooperate effectively with law enforcement in prosecuting offenders."

We are anxious to prosecute. Every airline wants to prosecute not only people who steal from the outside, but our own employees if they are caught stealing. And many of our industry publications so state to the world.

"Four, industry is not adequately concerned with the providing of the necessary physical facilities to amply portect cargo."

We are spending, gentlemen, literally millions of dollars in cargo facilities and one of the primary things which goes into the building of an airport facility involving air cargo is security. We have spent in the past two years millions of dollars at JFK alone in improving our security. So far as American Airlines is concerned, we are spending nearly $300,000 a year more than we were two years ago at JFK. So we do care and cost is not a primary reason why we are opposed to this legislation, contrary to public statements.

"Number five, the present private watching system is inadequate to cope with the problem of cargo protection."

This doesn't necessarily apply to the airlines because we have no such private watching system. But I would like to compare it with the protection we get from the Port Authority of New York Police Department, which has

been increased through our coordinating efforts and we think we need more protection. And in order to get more protection, the airlines have to pay for it. We pay for everything we get from the Port Authority, as you well know. We need more. We are working with them. We would like to have more and we are willing to pay for it. The Port Authority Police Department which has had the responsibility for investigating and protecting air cargo as a general proposition at the airports is a small but highly effective force. We are pleased with the cooperation we have gotten from them.

Number six, which is rather perplexing to me, "The problem of cargo security has been extremely aggravated by the recent use of containers which have attracted professional thieves." Gentlemen, we feel very strongly in the airline industry that the greater use of containerization will decrease pilferage and theft.

So if these are the reasons why the Waterfront Commission has not solved and served the purpose for which it was created, we do not feel and we strongly recommend that the Committee reconsider its act because it does not have application. If these are the six principal reasons, it does not have application at the airports.

The last point I would like to make - and this was brought to my attention late last night - is an article appearing in the Newark Evening News of April 28th and has a caption, "The Waterfront Agency Accused of Distorting Cargo Security Picture." I will read you only the first

sentence: "The Waterfront Commission of New York Harbor was charged yesterday with giving 'a false and distorted picture of cargo security in the Port of New York.'"

There was presented to me testimony, and it is quite lengthy, of two people who appeared at these hearings. One is Mr. Thomas R. Sullivan who appeared on behalf of Sullivan Security Services, and who by the documentation in this statement served eight years prior to this time as Chief Assistant District Attorney of Richmond County, New York. This statement, gentlemen,is 37 pages long and I think that the members of the Committee to do justice to the airline industry before they approve this legislation should read this testimony and then make a decision what action, if necessary, should be taken as a result thereof.

SENATOR MC DERMOTT: Mr. Schmit, would you like to introduce that as part of your testimony.

MR. SCHMIT: I believe I would, yes, if I may.

SENATOR MC DERMOTT: You may introduce it right now if you wish unless you are going to read excerpts from it.

MR. SCHMIT: It is a statement of Thomas R. Sullivan on behalf of Sullivan Security Services, Inc, 37 pages in length.

SENATOR MC DERMOTT: It will be accepted as part of the record.

[Statement submitted by Mr. Schmit of Thomas R. Sullivan can be found on page 110 of this transcript.]

MR. SCHMIT: The second document which reflects a statement apparently made - and I hope you will bear with me

in view of the fact I received these last night and I don't know these to be facts - but apparently it was presented at the public hearing of the Bi-State Waterfront Commission on April 27, 1970, and it is a statement by William S. McRoberts, President of McRoberts Protective Agency.

Gentlemen, the significance of these two statements is that it takes strong issue with testimony presented on two prior days before the Waterfront Commission. To say the least, if these statements are accurate, we would be very concerned, extremely concerned, to have this legislation passed and have the regulatory body of the Waterfront Commission placed on top of the airports.

Gentlemen, that concludes my statement and I appreciate very much the time you have given me.

[Statement submitted by Mr. Schmit of William S. McRoberts can be found on page 147 of this transcript.]

SENATOR MC DERMOTT: Mr. Schmit, you mentioned that the Security Council was formed in May of 1968. How many employees work directly for the Security Council?

MR. SCHMIT: A total staff of about ten and that includes the clerical people. There is an Executive Director, Mr. Mario Noto, and he has five staff advisors who are professional people.

SENATOR MC DERMOTT: Are these full-time staff advisors?

MR. SCHMIT: Full-time, yes, sir.

SENATOR MC DERMOTT: So actually the airlines, themselves, are the ones that implement the security guidelines that are promulgated and agreed to by the Security Council. Is that correct?

MR. SCHMIT: That's correct. And I might add, Mr. Chairman, that that is a weakness in the Council. We need to have more teeth in our Council, but it must be done, in my opinion, through the airline industry. We have mandated a number of procedures, but there are others that need to be mandated even further.

SENATOR MC DERMOTT: Who checks on whether or not the suggested security guidelines are implemented by each individual airline?

MR. SCHMIT: The security representatives and management people of the airlines, themselves, and the executive staff of the Airport Security Council conducts surveys about every three or four months to determine performance.

SENATOR MC DERMOTT: Mr. Schmit, I am very concerned by what you say about the fact that nowhere along the line was publicity given to the airlines' side of the story. If I remember your figures - and I did not write down all the statistics - but it would seem to indicate that there has been a decrease in theft, pilferage, etc. since the Security Council was formed. Is that true?

MR. SCHMIT: Not in 1969 at JFK. There was an increase there.

SENATOR MC DERMOTT: There was an increase.

MR. SCHMIT: There was an increase, yes. In 1968, sir, the losses were $1,800,000 and it increased in 1969 to $3.3 million - and I made a point at that time to say that $1.4 million of this was as a result of three major losses, two of which were armed robbery. I don't want to mislead the Committee.

SENATOR MC DERMOTT: I was concerned about that because the statistics - you quoted them separately - would indicate there has been a decrease and this would have certainly shown the complete effectiveness of the Security Council and refuted the statements that have been made in the press publicly and over in the New York Legislature that there was a need for a change.

MR. SCHMIT: Well, this is why, Mr. Chairman, I personally feel as an individual in behalf of the industry and, more important, as a concerned citizen with our crime problem, that it is good we have this opportunity today to clear the record. I want also in connection with the statistics in 1969 to remind the members of the Committee of the improvements which have been made in the last six months ending February 28, 1970. We are really a youthful group in so far as organized security is concerned. We have only been in existence 18 months. We think this is a short period of time for performance to be weighed and we urgently request, gentlemen, that we be given more time because we are making improvements.

SENATOR MC DERMOTT: Senator Rinaldo has a question.

SENATOR RINALDO: As you are well aware, the exact bill that we are discussing here was recently passed by the New York Legislature.

MR. SCHMIT: Yes, sir.

SENATOR RINALDO: For the record, did you convey the same thoughts which I have heard for the first time today to members of the New York Legislature?

MR. SCHMIT: We attempted to, sir, but we did not get a hearing.

SENATOR RINALDO: I mean, you don't need a hearing to express a viewpoint. Did you write them a letter? Did you send this information to the legislators in any fashion whatsoever?

MR. SCHMIT: We did to some of the legislative leaders, yes. We made the information available privately to some of the legislative leaders.

SENATOR RINALDO: This is the first time you are making this information available in New Jersey. Is that correct?

MR. SCHMIT: That's correct.

SENATOR RINALDO: Thank you.

SENATOR MC DERMOTT: Senator Schiaffo has a question.

SENATOR SCHIAFFO: I just want to see if my figures are correct. You say that the losses in Newark last year compared to the total cargo handled was .006.

MR. SCHMIT: It is 6/1000ths of 1 per cent of the value of cargo.

SENATOR SCHIAFFO: Did I understand you to say that 90 per cent of the thefts committed were committed by people without criminal records?

MR. SCHMIT: That's correct - of people arrested.

SENATOR SCHIAFFO: -- of people arrested.

MR. SCHMIT: I might add this is in essence an important point, Senator, that around 5 per cent of air cargo thefts at the three airports are solved by arrests. Therefore, it defies my logical thinking how anyone can say, for example, that there is $3.3 million, or if you want to inflate the figures and say $7 million, taken at JFK that went to the mob. We don't know who is responsible for many of these crimes.

I can personally say to you that in the seven cases which have been solved and in which American Airlines has been involved, there was no indication of organized crime. I don't mean to downplay organized crime because I have had enough experience in the law enforcement community to know it exists. But I think that you must separate organized crime and Mafia activity from the airline industry itself. And I know of no testimony, even going back to 1967, by the State Crime Commission which had any information indicating that airline employees were involved in organized crime. I am not speaking for the trucking industry.

SENATOR SCHIAFFO: I would like you, if you would, to address yourself to --I don't know whether you have seen the bill and the statement on the back of the bill. But

the statement on the back of the bill indicates one thing, with which, of course, we are very much concerned, and that is the infiltration, as the statement reads, into the air freight industry, "that criminal and racketeer elements have obtained key positions in unions and in employer associations in the air freight industry and that criminals often pose as labor relations consultants to the air freight industry." The statement also reads that investigations conducted by law enforcement agencies have documented these facts.

What I would like you to address yourself to, if you would, is: What role does your Security Council play in relation to the hiring of union employees and men in this air freight business?

MR. SCHMIT: The union employee of the airline?

SENATOR SCHIAFFO: Of the air freight.

MR. SCHMIT: We have no authority or jurisdiction over employees of the union as such.

SENATOR SCHIAFFO: Therefore, your statistics have to do strictly with the airline employee himself; it has nothing to do with the air freight people.

MR. SCHMIT: Oh, yes, the air freight people who are members of the union are employees of our respective airlines.

SENATOR SCHIAFFO: But you have nothing to do with the hiring of those union employees, as such. They are presented to you by the union.

MR. SCHMIT: The union employees who work 100 per cent for the union are very small in number. They might consist of the officers. The shop stewards, for example, who represent the union in connection with employer-employee relations are actually our employees and if one of them is caught stealing a bottle of liquor, the airlines will fire him and he will stay off the payroll.

MR. TIPTON: May I add to that, because I think maybe it was I who created a misunderstanding on this? We do not get our employees in the same way that the dock workers come to the steamship companies. Our cargo is handled by our own employees. They are not sent to us by a union. We employ them just like anybody employs a full-time employee. Then he may join a union or not join a union, depending upon whether his class or craft is organized. The two situations are wholly different.

SENATOR SCHIAFFO: There is no shape-up or anything?

MR. TIPTON: There is no shape-up. They are all our employees.

SENATOR SCHIAFFO: Well, what about this, Mr. Schmit? I don't want to prolong this. But to hear that 90 per cent of thefts are committed by people who had no records runs smack in the face of the statement that indicates that these investigations have indicated that there has been some infiltration, particularly by members of organized crime, with which we are specifically interested, and, of course, generally interested in any event.

MR. SCHMIT: Not having been a participant in drawing up this bill, I don't know where this information came from. I would assume, Senator, that it came from the 1967 hearings of the State Crime Commission and I must add, since you have raised this question, that this really goes to the crux of the problem. The headlines in the press have generally read and statements by responsible public officials have been that organized crime is rampant at JFK and that they are in control of JFK. Now I seriously question the accuracy of that statement, I really do. I think that if they want to say that criminal elements have a strong influence in some phases of some other industry, they might be accurate. I can't speak for that. This is all part of the big picture, the national picture. You can't separate air cargo from the truckers or from the material which is transported over the highways. We are performing a service only if we deliver this material. But this is why we don't think this legislation will be a solution to our problem. We don't think you can cure cancer without a diagnosis of the facts. And, Senator, your questions demonstrate to me that for some reason or other you have not had the opportunity before to get the facts from us in the airline industry. We are deeply grateful for this.

SENATOR SCHIAFFO: Only from the press.

MR. SCHMIT: Well, we think before such action is taken which will impose this type of legislation on a great multi-billion dollar industry, which is attempting to serve

the same people you gentlemen are attempting to serve, your constituents -- Now what is a constituent? A constituent is a taxpayer. And who is a taxpayer? We hope he is a consumer and a customer of the airlines. Our interests are the same. If we impose upon the airline industry a bill which has a high taxation on it, this has to be passed on to the shipper. We are opposed to that. We are opposed to that because it won't do the shipper any good. It won't give us greater insurance that he will have merchandise delivered to him without theft. I could cite case after case after case of collusion between an employee and a trucker or a bank employee, which has nothing to do with the operation at the airport itself and which licensing and regulation will not prevent any more than if you had a militia of Marine Corps men encircle JFK. This is not the solution to the problem.

SENATOR SCHIAFFO: One other thing - then, Senator, I'll keep quiet: You keep saying, and you said it a couple of times as did Mr. Tipton, that this does not include the trucking industry. You are saying that once you get that cargo to the back of the truck, what you are talking about here stops at that point. Is that what you are telling me?

MR. SCHMIT: I am saying if a truck is hijacked and it happens to have $100,000 worth of air cargo taken from JFK or LaGuardia or Newark Airport and it is hijacked on the downtown streets of Manhattan or in Newark - what I am saying is that we don't have the responsibility or the

capability or anything else to help that situation. It is somebody else's problem. Do you understand, sir?

SENATOR SCHIAFFO: Yes.

SENATOR MC DERMOTT: Are all losses reported, do you believe?

MR. SCHMIT: I believe all thefts are reported. Now a loss is reported -- we have a pretty strict regulation in the Airport Security Council and this is an educational process among airlines. It is very difficult sometimes, for example, if you have a shipment of $10,000 coming in from O'Hare and you unload the plane at JFK and it is not there, to determine where the loss occurred. Is it a loss? If we can definitely say that it came at JFK, we will charge it as a loss at JFK. If we subsequently find it, we will clear that report on the basis that we have found it.

SENATOR MC DERMOTT: As Senator Schiaffo questioned you earlier, once that piece of cargo is on the tailgate of a truck, the airlines are no longer responsible for it, is that correct?

MR. SCHMIT: Some of our truckers are agents of the airlines so that we do have a responsibility in some cases.

SENATOR MC DERMOTT: Well, if there is a loss or a theft by an agent of the airline is it counted as one of the airline's losses?

MR. SCHMIT: If it occurs on the airport, yes.

SENATOR MC DERMOTT: If it occurs on the airport.

MR. SCHMIT: Yes.

SENATOR MC DERMOTT: That is pretty difficult to determine at times, isn't it?

MR. SCHMIT: Not necessarily. Most of the losses on trucks, you can nail it down through investigation by reporting delivery receipts and, of course, your armed hijacking, you know where they have occurred.

SENATOR MC DERMOTT: Of these arrests you mentioned, that 90 per cent of the people arrested had no prior criminal record, what was the total number of arrests so we can take a look at it numerically?

MR. SCHMIT: I don't have that figure.

SENATOR MC DERMOTT: Were there 100 arrests?

MR. SCHMIT: In one year?

SENATOR MC DERMOTT: Yes.

MR. SCHMIT: I would say that would be maximum in air cargo losses.

SENATOR MC DERMOTT: But you don't know the exact number.

MR. SCHMIT: I don't know the exact number. I would be happy to try to develop that figure.

SENATOR MC DERMOTT: I would appreciate it if you could get me that figure.

MR. SCHMIT: I think I can.

SENATOR MC DERMOTT: I would like to know whether it is 90 per cent of 10 or 90 per cent of 100.

MR. SCHMIT: I understand. You understood my quotation of American Airlines' losses. We had 139, which resulted

in solution of 6 cases, totalling 10 arrests, and I feel this is maybe about normal.

SENATOR MC DERMOTT: Senator Sciro, you had a question.

SENATOR SCIRO: You said that some of the headlines in the papers were unfair and untrue with reference to the airline industry. Is that right?

MR. SCHMIT: I said they were unfair. I wouldn't necessarily go so far as to say they were untrue. I don't think they accurately reflected the facts.

SENATOR SCIRO: They weren't accurate. Do you have a public relations concern?

MR. SCHMIT: Yes, we do.

SENATOR SCIRO: Did you issue any statements contradicitng these stories in the paper?

MR. SCHMIT: We would prefer, Senator, to handle this with the newspapers directly, if you don't mind.

SENATOR SCIRO: How would the public know that the statements were inaccurate?

MR. SCHMIT: Well, I would make one statement only, if you would permit me to restrict myself to this. There was a series of articles by a New York newspaper, a series of five articles, I believe, and the headline in the first article, first page, said in effect, the mob's take at JFK was $7 million. Now you go to the inside and read the article and it says the official losses were $3.3 million, but you might as well double that because it does not include losses on the trucks. We think this is misleading in two

areas: The headline on the front page said $7 million whereas the facts inside said $3.3 million. Secondly - and I can assure you the records will bear me out on this - if only approximately 5 per cent of the cases of thefts at JFK have been solved, who knows how much mob involvement there is?

SENATOR SCIRO: Do you make a criminal check on an employee before you hire him?

MR. SCHMIT: It is a difficult question to answer, sir. We make a check of all of our employees from the pilots on down, officers included, to determine whether there is any criminal record, if I may answer it in that fashion.

SENATOR MC DERMOTT: Senator Rinaldo?

SENATOR RINALDO: I just want to bring this into perspective, if I may, and I don't understand the situation completely. Everything that you have said today I have heard for the first time, as I mentioned earlier. If we look at it historically, this bill arose primarily and basically because of what might be termed an increase, an alarming increase, if you will, in the amount of pilferage and theft of valuable air cargo, which indicated to some people anyway certain corrupt practices, which indicated to some people the infiltration of certain criminal elements. And you sit there and with a number of statistics refute the bill and state that it is not a complete solution. But what I want to ask you is-- It may not be a complete solution.

I can certainly see that. I don't know of any way in which we can completely stop crime. I wish I possessed such a magic formula. But certainly this will, won't it, in your opinion help to curb any crime, any corrupt practices and some of the theft and pilferage that is currently occurring?

MR. SCHMIT: Senator, I would have to stand on Mr. Tipton's statement that we are opposed to the bill. We don't think it will work. We don't think it will help solve our problem.

Let me explain this in this way: In this testimony, there was a statement made that on the piers a longshoreman who had a licence from the Waterfront Commission was arrested for stealing on the docks. He remained on the payroll for 18 months. Now if a man who is licensed by the Waterfront Commission and is arrested for stealing can remain on the payroll and work in the waterfront, it is difficult for me to perceive what purpose the legislation will serve.

SENATOR RINALDO: That is not responsive to the question.

MR. SCHMIT: I hoped it would be. I'm sorry.

SENATOR RINALDO: I asked you a question and I will give it to you once again. You stated - and I will quote you exactly - that this is not a complete solution. My question specifically is once again: Will this help to curb crime, period?

MR. LIPTON: Well, --

SENATOR RINALDO: I would like Mr. Schmit's opinion and then you can answer it.

MR. SCHMIT: I will answer that in this respect, that it provides substantially the same thing that has been in effect on the piers in New York, New Jersey, for the past 17 years and you have to look at the record and they say that crime is continuing to increase. So I don't think it is the solution when we through our efforts and cooperation and coordination with law enforcement communities can show that in the last six months, crime is decreasing in the airports.

SENATOR RINALDO: Wouldn't you say this will help it to decrease even faster - this will help curb it?

MR. SCHMIT: I'm sorry. I can't see anything good about passage of this bill which will help decrease crime at the airports.

SENATOR RINALDO: In other words, this bill in your opinion will not curb crime at all?

MR. SCHMIT: I am speaking only for the airlines.

SENATOR RINALDO: -- as far as the airlines are concerned?

MR. SCHMIT: -- as far as the airlines are concerned.

SENATOR SCHIAFFO: I didn't understand that, Mr. Schmit. I may be wrong. I got the impression that the real question here is whether the imposition of this kind of a regulation on an industry that is attempting to clean itself up could possibly lead to - I wouldn't call it

harassment - but some inconvenience which would far outweigh the beneficial effect of the licensing. Isn't this what you are trying to say? I don't think you are saying it couldn't possibly help. If it picked up one man, it would help crime.

MR. SCHMIT: I agree with you. You can't be that exacting in terms of what a bill or a legislative body would do or if you add one policeman to your force, how many ---

SENATOR SCHIAFFO: That's right.

MR. SCHMIT: Yes. I agree with that.

SENATOR RINALDO: If you want to comment on that, you may.

MR. TIPTON: I would like to comment on it, not that the matter hasn't been adequately dealt with. But let me take one minute because it is obviously a very important question. It is our judgment that the administrative difficulty of this proposal with its very widespread licensing of employees and difficult administrative problems - that it will not curb crime and here again I am having difficulty in being that positive because if you catch one under it, why that's some help. But I am wondering too if the very weight of administration here doesn't cut the effectiveness of everyone that is trying to work on crime. To lay down on this industry this administrative problem, I would guess would cut down on the effectiveness of the people that are here who are trying to get on top of this situation. I do

believe that is the case.

SENATOR RINALDO: Is the main administrative burden in your opinion the licensing provisions?

MR. TIPTON: I think that is the main administrative burden because there are thousands of these employees and they must get licenses in some fashion, make application, have their records reviewed a second time, all employees - their records have been reviewed once - and a license will be issued. Then each year it will have to be done again and in the case of an airline operation, employees are transferred from place to place. They are utilized for different kinds of job on different days, so that you might wind up wanting to unload an airplane with a crew of eight and suddenly find yourself in violation by reason of the fact that two of the men had not been licensed - they had been doing something else the day before. It is a terrible administrative difficulty. Sometimes reorganizations of this kind in government do more harm than good.

SENATOR RINALDO: Just one final question and I don't want to prolong this: I see where at least we zeroed in on the main administrative burden or objection in your opinion. Now taking the rest of the provisions of the bill in toto and looking at what it seeks to accomplish and what we feel it might possibly just accomplish, are you opposed to the concept of this type of compact?

MR. TIPTON: I think I can answer flatly yes. Let me explain for a moment. The transfer of this power to the

Waterfront Commission, a surface oriented and trained agency, is basically bad. We have suggested that if either state cared to create an airport security regulatory agency, that is perfectly sensible.

SENATOR RINALDO: Except that the problem spills over into both states. I don't think that one state can adequately handle it themselves.

MR. TIPTON: I would say that we would not be basically opposed to a compact as such if the compact were tailored to air transportation rather than being tailored to steamship operation. I think that our Security Council is doing a good job and if we can keep moving, we are going to do a good job with this crime problem if we can. Then, of course, it is better to have private industry solve its own problems than to have the State do it. But if it is determined that a compact with an airport security arrangement between the two states tailored to air transportation be entered into, we are not basically opposed to that. We would hope that if one were ever drawn, if a compact were ever drawn, we would be permitted to review it and make suggestions as to how to make it administratively feasible.

SENATOR MC DERMOTT: Mr. Tipton, I am personally concerned by the import of the testimony of yourself and Mr. Schmit about the figures regarding thefts and their increase and/or decrease since the Security Council went into effect.

There is a statement attached to this bill and I would like you to tell me whether it is true or it is false. It mentions the fact that it is imperative that we have this

sort of legislation and it uses as the basis that the pilferage and theft of air freight in Kennedy alone has increased in value from $45,000 in the year 1952 to over $3 million in the most recent year. Is that a true statement?

MR. SCHMIT: My figures don't go back to 1952, Senator. But the figure in the most recent year of $3 million is accurate.

SENATOR MC DERMOTT: It is accurate.

MR. SCHMIT: I would also like to make one observation. I don't know what the tonnage figures in 1952 were compared to today.

MR. TIPTON: It states here that the tonnage figures have gone from 65,000 tons at Kennedy in '56 to 552,000 tons in '67. So in that period the tonnage has increased, it looks like, about 8 to 9 times. So I guess one would expect that the incidence of loss would vary upward with the increase in tonnage during that period. What the Security Council has done in the last six months' figures that we have, notwithstanding an increase in tonnage during that period, losses have gone down in this six months' period. The reason for the distinction, I would guess, between our figures that we have presented for the last six months and this write-up on the legislation is that our figures are more current than those that are in the statement of explanation of the bill.

SENATOR SCHIAFFO: When you talk about Newark Airport, the figures are right that to 1969, it was $270,000, but the last year to February 28, 1970, with 27 incidents, you

had $111,000 worth of losses or reportable losses or thefts - what do you call them?

MR. SCHMIT: Thefts.

SENATOR SCHIAFFO: This bill calls for an appropriation of $250,000 to take care of $111,000 worth of losses.

MR. TIPTON: That is exactly right.

SENATOR MC DERMOTT: Thank you very much, Mr. Schmit.

MR. SCHMIT: Thank you, sir.

SENATOR MC DERMOTT: The next witness is Mr. John Steele. Would you please identify yourself properly for the record.

J O H N H. S T E E L E: Thank you, Mr. Chairman and members of the Committee.

My name is John H. Steele, Corporate Director of Security for TWA, Trans-World Airlines.

Mr. Tipton has asked me to talk to you briefly about the Airport Security Council plans for the future since I am currently its Chairman. The Airport Security Council membership will continue to seek the highest level of police protection for air cargo from those law enforcement agencies now assigned to airports. To insure the swift prosecution of those arrested and charged with cargo thefts, prosecuting officials will be asked to give these crimes more immediate attention. Through speedy prosecutions, we can demonstrate that there is a determined effort to curb such crimes.

We will continue to compile meaningful loss information through the already-established reporting system adhered to

by member airlines. We will strengthen our efforts to screen out undesirable candidates for air cargo jobs. Truck drivers and employees working for allied industries in the cargo areas will be required to wear photo identification badges similar to those now worn by airline employees. Through the offices of the Executive Director of the Airport Security Council and his staff, all of whom are full-time, highly-qualified security professionals, we will continue and intensify security training programs which now reach all employee levels from cargo handlers to executives.

We will continue to improve the physical security of cargo terminals and perimeter areas through such measures as the installation of alarm systems, dual-lens cameras and closed circuit television. We will coordinate our efforts with the Air Transport Association and the International Air Transport Association Security Committees in the knowledge that cargo theft problems often have national and international implications.

Finally, it is our judgment that the record of the Airport Security Council is clearly one of achievement, unique in the industry, and capable of producing even more meaningful results in the future. That concludes my comments.

SENATOR MC DERMOTT: Any questions? [No response.] Thank you very much, Mr. Steele.

The next witness is Mr. Parker. Mr. Parker, would you please identify yourself for the purpose of this record.

O S C A R B. P A R K E R: I am Oscar B. Parker, the Director of Security of Eastern Airlines.

I am here primarily in my capacity as Chairman of the recently-established Air Transport Association Security Committee, which was established with the mission primarily of analyzing and defining the national airline security problem, the problem that exists throughout the United States, and to establish nationwide procedures to reduce losses through improved security methodology.

Another of the aims of this particular organization is to establish and maintain liaison with the IATA, International Air Transport Association, Security Advisory Committee and with the New York Airport Security Council. This is a relatively new organization, having been in existence something less than a year. But all of the member airlines of the Air Transport Association are represented on this particular committee.

Now we recognize that crime is nationwide and even worldwide. We of the Air Transport Association are trying to solve our problems within our committee on a national basis. I must admit that we draw rather heavily upon the experience of the New York Airport Security Council which we feel has done an outstanding job in controlling losses. We feel that the loss ratio established under the aegis of the New York Airport Security Council has shown a definite reduction when compared with the figures of the value of cargo handled. Mr. Schmit pointed that out, I think, very

succinctly.

We have the same general problems nationwide that we have in the New York area. The conditions vary somewhat from city to city. The more airlines you have operating in a particular area, the greater your loss exposure is. The more traffic you have, the more you have losses.

We in the Air Transport Association Security Committee are trying to define the scope of our security problems throughout the United States. We are developing a uniform reporting procedure much as has been developed in the New York area. We have procedures which are being applied throughout the United States to control the access to air freight terminals; to identify positively those airline employees, truckers, agents, handling our cargo; new methods of controlling the receipt and dispatch of cargo. We limit the acceptance of high-value cargo in many of the airlines to specific hours of operation to reduce the exposure to loss. These are nationwide programs. So you see they are following very closely the programs of the Airport Security Council which have been effected.

We are establishing in selected cities throughout the United States special security study groups or subcommittees of the Air Transport Association to study the local problems and develop recommendations for the elimination of those problems. These groups have the full participation of the various law enforcement agencies, the Port Authority Police, the FBI, the Customs officials. We even have participation

in these groups by the caterers, union representatives, anyone who might possibly be involved in the service of an airline. We discuss the problems with them and we do come to probable solutions.

We have established a very close liaison with the International Air Transport Association Security Advisory Committee and with the New York Airport Security Council. In fact, some of the members here today are members of all three of those groups.

I think it has been pointed out that we have in effect had sizable reductions in our loss ratio, the ratio of losses to revenue. I think it has also been pointed out that in the State of New Jersey those losses are virtually non-existent. I think 6/1000ths of 1 per cent is relatively minor.

We feel that through the cooperative efforts of all the airlines, with the participation of the various law enforcement agents, the Customs, yes, even those people who service our airline in the catering field, that we can solve this problem.

It is difficult for me to understand why the State of New Jersey would tie itself in with New York in a compact of this nature which cannot be altered without the approval of the U. S. Congress when New Jersey has such a small loss and such a great revenue from this industry. I think it is even more mysterious to me when you consider that 17 years of history of the Waterfront Commission has not been particularly

outstanding in reduction of losses and I feel perhaps in this case the airlines are right and we would like to ask for the reconsideration by your Labor Relations Committee and of the Senate to this particular bit of legislation. Thank you, Mr. Chairman.

SENATOR MC DERMOTT: Mr. Parker, you seem to have indicated some satisfaction that the 6/1000ths of 1 per cent is a pretty good loss ratio. Is that correct?

MR. PARKER: Very good.

SENATOR MC DERMOTT: I see. Then more or less have you accepted as a rule of thumb that with the increase in the value of cargoes, there is naturally an increase in the value of the dollar thefts, but as long as the percentage doesn't increase, it is O.K.?

MR. PARKER: I think you will find that the percentage, the loss ratio, has in general been decreasing.

SENATOR MC DERMOTT: But the dollar value has been increasing.

MR. PARKER: The dollar value has been increasing even though the loss ratio has been going down based upon the total amount of cargo being handled.

SENATOR MC DERMOTT: Don't you think it would be better if we were concerned about trying to stamp out in its entirety, whether or not that is practical, all thefts and not just accept as a rule of thumb that ---

MR. PARKER: That would be ideal, but you would do all the police departments and all the security people out

of a job that way.

SENATOR MC DERMOTT: Especially in your area.

Are there any other questions? [No response.] Thank you very much, Mr. Parker. You are excused.

We have registered as of now Mr. Cardman, Mr. Wolf, Mr. LaBelle, Mr. Mertha, Mr. Harbourt, Mr. Falvey. Are there any others present here now who also wish to testify? [Members of audience raise hands.] Your name is Jim Horan and you are Commissioner Bercik, right? Is there anyone else present here now? You haven't made up your mind yet? [Senator McDermott is referring to Mr. Sirignano.]

MR. SIRIGNANO: Yes. I am Mr. Sirignano, Executive Director of the Waterfront Commission.

SENATOR MC DERMOTT: Any others?

I should like to point out that this Committee is quite willing to accept written presentations if anyone has one if you wish to dispense with the oral presentation. But we in no way at all want to shut off your oral presentation. However, in view of the fact that the stenographers worked quite diligently, I would suggest that we take a brief break and continue this hearing at 11:30.

[Short Recess]

(After recess)

SENATOR McDERMOTT: This hearing will continue now.

Mr. Cardman, please.

F R A N K A. C A R D M A N: I am Frank A. Cardman, Director of Security for Pan American World Airways.

Mr. Chairman, I would like to also express my deep appreciation of being present in this Chamber and our having had an opportunity to talk to all.

Mindful of the number of witnesses you have yet to hear, I will keep my statement as reasonably brief as possible, and it will be brief.

I am here really to talk to you on the concerns internationally as it relates to the problem of air freight. I am the Secretary of the Airport Security Council, a member of its Executive Committee; I am also a member of the International Air Transport Associations Security and Advisory Committee. And in the international vein I would like to address myself to the point.

The International Air Transport Association has created a Security Advisory Committee composed of three major subcommittees of which one is the Property Crimes Subcommittee. The Property Crimes Subcommittee will deal with the question of airport cargo, theft and losses on a worldwide basis, mindful of the fact that what occurs in New York and New Jersey is of great concern in London, in Paris, in Frankfurt and in Milan,

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all areas out of which we get cargo and from which we transport cargo into these states.

The Security Advisory Committee is a new body. It was just formed last year. The Properties Subcommittee will be meeting not only on the question of airport cargo and airport cargo losses in all major ports - and the problem is not peculiar to New York and New Jersey, certainly it exists in Rome, it exists in London, it exists elsewhere, but a concerted effort by the International Air Transport Association working with the Air Transport Association, with governments worldwide will also be attacking this problem in the task force project that will be coming up in the very near future.

As to the bill itself, I do call attention to one simple fact, that the intelligence of the worldwide shipping and manufacturing organizations is an excellent one. Problems that occur in New York are just as keenly made aware of and just as rapidly a matter of their knowledge as anything else.

I am concerned about this bill. I share the opinion of others, and obviously, I'm not going over the details since they have been well covered, that this compact will put a restraint on international trade in matters of price and in matters also involving the rapidity with which we move air cargo. And to that concern I simply have to say that as far as Pan American is concerned, and certainly IATA is

concerned, I think we have great concern for this bill.

I would like to put a statement into the record which has to do with Pan American's concerns and its activities in reducing cargo losses and theft. I do so not to highlight Pan American. I do so merely to point out to you that Pan American works well and happily within the frame of reference of the Airport Security Council, which it supports and supports heartily. We have worked well and we endorse very strongly the law enforcement community efforts in our regard in the last 18 months.

Then the last point that I would like to make, and perhaps it is that Mr. Schmit might speak more to it than I do and can, is that the Port Authority's concern for security at the airports resulted in their making a series of recommendations, 24 recommendations for the improvement of security at the metropolitan airports.

We find significant, very significant, agreement with those recommendations, a significant amount of implementation of those recommendations, and perhaps it is, if you would wish Mr. Schmit can go more to the point, I will introduce into the record a letter to Mr. Curran, Chairman of the New York State Crime Investigating Commission by Mr. Mario T. Noto, Executive Director, speaking to the point of a compliance on

the part of airlines with the Port Authority's 24 recommendations.

SENATOR McDERMOTT: You are going to submit this for the record.

MR. CARDMAN: Both items, if I may.

SENATOR McDERMOTT: Please mark it accepted for the purpose of the record. (See page 172)

MR. CARDMAN: And with that, gentlemen, thank you very much.

SENATOR McDERMOTT: Thank you very much.

MR. TIPTON: Mr. Chairman, just a closing word to express our appreciation for your listening so patiently to this presentation. We surely hope that in considering this legislation the record of the Security Council, a good one, will be taken into account because if private industry can do it that's the way it should be done.

SENATOR McDERMOTT: Mr. Tipton, you are invited to remain here and should you wish to add something further after the others have testified, we would be most happy to take your testimony.

MR. TIPTON: I would appreciate that opportunity.

SENATOR McDERMOTT: We've given you a fair hearing in New Jersey.

MR. TIPTON: You have indeed.

SENATOR McDERMOTT: Mr. Haskel Wolf, please.

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H A S K E L W O L F: My name is Haskel Wolf. I am the Executive Director of the National Association for Air Freight.

Gentlemen, I would not want to burden the record but to say that we are in agreement with the statements and comments heretofore made by Mr. Tipton, Mr. Schmit and the other members of the airline industry.

We, too, feel that this legislation as presented here would be unworkable and cast an undue burden upon this industry.

Speaking from the standpoint of a freight forwarder and an air freight trucker, a freight forwarder is a customer of the airlines. Forwarders assemble and consolidate small shipments and put them together in larger bulk shipments and then turn them over to the airlines for delivery to the destination, then at the destination they are then broken down and delivered to the respective consignees. Now this operation is highly competitive with certain carriers. This legislation, as presently constituted, would add a great cost for doing this work and may, in our opinion, divert substantial quantities of air freight to surface carriers and injure this industry, injure the air freight forwarders as well as the airlines and every other segment of the air freight industry.

We feel that there is in existence a proper and appropriate and efficient police force, to wit, the

Port Authority Police, who are presently functioning at these airports and they should be expanded to enable them to properly police the cargo areas, just as they police the passenger terminals and the entire periphery and the traffic of the airlines themselves at the airports.

We feel if the security people feel that licensing or fingerprinting may be an effective deterrent to having criminal elements on the airports, fine, let them all be licensed and fingerprinted and whatever else they want to do. But we say the agency to do this would be the Port Authority, and they are there with a police department which would probably require some expansion.

In addition, I would point out with respect to the fees involved here, the bill as drawn is unjust and discriminatory to air freight motor carriers in that all persons designated as air freightmen or air freightmen supervisors are required to have a license from this Commission. However, the only people who will pay for this license are those people employed by air freight truck carriers, which to me is unfair and discriminatory. There seems to be no basis for singling out one segment of the air freight industry and say you must pay for a license whereas people who do similar work will not pay for a license.

Further to this, I would say the point taken

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by Mr. Schmit is well made in that the headlines of newspapers have played up this industry and played it in an unfair light, I think basically to sell newspapers and create an issue here which will sell the papers. I don't think that information which is not properly gathered, generalities and assumptions which are not proven, can be the basis for establishing a Commission in this industry without proper information to guide this Committee.

Thank you.

SENATOR McDERMOTT: The Association you represent, Mr. Wolf, is it comprised principally of motor carriers?

MR. WOLF: Air freight forwarders and truckers, yes.

SENATOR McDERMOTT: Truckers.

MR. WOLF: Well, an air freight forwarder has trucks. He uses trucks for surface deliveries when the cargo arrives at the destination. For example, a shipment arrives from Los Angeles to New York, that shipment is broken down and put on his trucks for distribution within the city.

SENATOR McDERMOTT: Is this quite a specialty in the trucking field? I mean, not every truck goes into the airport, does it?

MR. WOLF: The trucks of the forwarder, yes, they do.

SENATOR McDERMOTT: Of the air freight forwarders.

MR. WOLF: Yes.

SENATOR McDERMOTT: But it's sort of a specialty, isn't it? I mean in a sense like, for instance, you have a plant, you can have any kind of truck go on up and deliver or pick up for the plant, but isn't the group you represent the ones who specialize more in air freight?

MR. WOLF: Air freight, yes.

SENATOR McDERMOTT: I was trying to establish --

MR. WOLF: Yes, they're the air freight industry, yes.

SENATOR McDERMOTT: I would just like to ask you a question as to how this operates because most packages are relatively small, aren't they?

MR. WOLF: Well, they can be of various sizes. They can be five pounds up to fifty or a hundred pounds. It depends on the commodity as to the nature of the package. You may have a heavy package and a small volume sort of thing, and you may have a 50 pound package that takes up a great deal of space.

SENATOR McDERMOTT: Would you say that most of the packages that come to the airport come in a truck that comes from a terminal where other packages come in?

MR. WOLF: Well, the airlines themselves have receiving terminals on the airport where they receive freight from everybody, not only forwarders; they

receive freight from what we call house trucks where a shipper has his own trucks and delivers directly to the airline. You have trucks arriving from out of town, over the road trucks, bringing in air freight and they go directly to the airlines themselves to make this delivery. These trucks may come in loaded from any destination in this general metropolitan area.

SENATOR McDERMOTT: Would these house trucks be licensed under this bill too?

MR. WOLF: Well that's not quite clear in here because they designate the people to be licensed shall be persons engaged in air freight on a regular basis. We don't know what a regular basis is under this bill. We don't know who may be licensed. For example, cargo comes in, say produce, which is generally delivered by the trucker on behalf of the airline up to - well, I can speak for New York - to the Bronx Terminal Market. In the event that receiver requires this merchandise quickly, he may send his own truck to the airport to pick it up. The question is, will he be licensed or not? Will his man have to receive a license from the Waterfront Commission. He may come once in a while.

SENATOR McDERMOTT: I see, under the present practice any truck can go in and out of an airport.

MR. WOLF: Yes.

SENATOR McDERMOTT: For a delivery or pick-up.

MR. WOLF: That's correct.

SENATOR McDERMOTT: How is it controlled?

MR. WOLF: There is absolutely no control over the entrance on to the airport by anyone with a truck looking to pick up or deliver freight. We have taken a position in the past that perhaps special entrances should be created, or exits, where only trucks would come and go and they would be checked by the Port Authority Police to see who comes on and who goes off. The same perhaps as the Waterfront does now where they have gatemen who check a truck as it goes in and goes out, that sort of a system. We did recommend that the Port Authority Police do this.

SENATOR McDERMOTT: Do you know whether or not that recommendation was furthered by the Air Transport Association Security Council?

MR. WOLF: I would not know.

SENATOR McDERMOTT: Any questions?

Thank you very much.

Mr. Schmit, would you please return to the witness seat so that Senator Rinaldo can ask you a question?

SENATOR RINALDO: We're calling you back because you're the man with the statistics and they intrigue me to a certain extent.

Do you have available the dollar value of the thefts at Newark Airport last year?

MR. SCHMIT: The dollar value of theft at

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Newark Airport?

SENATOR RINALDO: Yes.

MR. SCHMIT: Yes. I better get my statistics.

Now when we're speaking of last year, this is for the year ending February 28, March 1 of 1969 to the end of February, 1970. According to the Port Authority we have $111,790.

SENATOR RINALDO: That's what I thought you said.

MR. SCHMIT: Yes.

SENATOR RINALDO: And what was the figure for JFK?

MR. SCHMIT: For JFK it was $3,300,000.

SENATOR RINALDO: Now you also testified, if I remember correctly, that there was no mob control over JFK in effect. You testified no evidence of organized crime, no evidence of the Mafia, you mentioned the fact that there were I believe 90% of the people arrested didn't even have a criminal record. Now how do you account for this tremendous and most dramatic difference in the dollar values in thefts between Newark Airport and JFK?

MR. SCHMIT: I would be, of course, giving a personal opinion on this but I think they are varied because we have made numerous analyses of this for the purpose of trying to develop procedures to prevent them. There is a basic difference in the character of cargo being handled by JFK and Newark. Newark is

quite similar to LaGuardia. Many of the international carriers come into JFK, and international carriers bring in articles of extraordinary value.

I might mention, because I do have a breakdown which is quite significant, at JFK, this is for the year 1969, during a 12 month period commodities which sustained the highest losses in value during the reporting period were in the following order: 1, currency, $813,000; 2, precious metals, $715,000; wearing apparel, $573,000; watches, $380,000; jewelry, $224,000. I would venture to say that the vast majority of these thefts came in in international shipments. This is where the action is, at JFK, speaking in the vernacular.

SENATOR RINALDO: Well we're interested in the bill, you know, the main purpose of the bill, of course, noted in the statement is to combat crime, the pilferage and the thefts. I would say, for myself at least, our prime interest, of course, is Newark Airport, for one thing. And what I'm wondering is, don't you think that this bill would help at least Newark Airport, even with the disparity created by the international flights, wouldn't it help Newark Airport from becoming another JFK, since right now their losses are relatively small?

MR. SCHMIDT: I don't want to de-emphasize the smallness of the losses at Newark. I think when

Newark suffers losses of $111,000, that's $111,000 too much.

SENATOR RINALDO: I agree.

MR. SCHMIT: We would like to bring this down to zero. Being real practical people, we know we can't do this so we must hold these losses to a minimum.

Now when you start imposing additional police authorities, you have to weigh this against the beneficial results. And it's difficult for us - I noticed in the bill that there is at least a preliminary budget to apply to New Jersey of $250,000. I am real reluctant to say to the taxpayers of American Airlines, the stockholders of American Airlines, to the taxpaying public and to the consumer that they should pay $250,000 for this additional protection when we have no assurance how much we can do based upon the past performance of the Waterfront Commission. This is basically our philosophy. I would rather take at JFK, or at Newark, - at Newark, I believe the Port Authority Police are here and they can probably give you more accurate figures than that, but I would imagine maybe there is one patrol car of New York Port Authority Police on duty maybe around the clock. Now don't hold me to that because I'm not too sure. I think there are probably 12 or 15 Patrolmen at JFK in the cargo area. I think we can get much more for our dollar, and the taxpayer and the shipping public can get much more for their dollar, for

example, if the airlines - and we're willing to do this - double the force of the Port Authority Police in these areas and I think we will get much more deterrent effects from that than some other approach to the problem such as is presented in the bill.

SENATOR RINALDO: If you had doubled the force before this hearing, maybe we wouldn't have had to have the hearing.

MR. SCHMIT: Let me say this. This has happened. The Port Authority met with the airline industry shortly after the commencement of the Airport Security Council and we got together - and this is the cooperation that exists - they said, "What do you need?" and we said we need to have a greater share of detectives assigned to air cargo thefts, and they assigned ten or eleven additional people. A short time later we got together and we said, we need - after we had several stick-ups - we need a greater police identity out in the street in the patrol cars. They said, "We can't afford it, unless you want to pay for it." Now we reached an agreement and understanding. We were paying for it anyway, but we took some patrolmen - when I say "we" - I think this was the Airport Security Forces, the Port Authority and the FBI, all in one group, we operate together, and they took about 12 patrolmen off of patrol duty and put them in the air cargo area. And we tried this for a year. And you must remember my

testimony that since October 3, 1969, there has not been an armed stick-up at JFK. We think that the fact that the Port Authority put additional police in patrol cars has been a deterrent. And we are now considering whether we should do more.

SENATOR SCHIAFFO: Well, Mr. Schmit, I think what this bill is designed to do is, of course, what you people are saying, you're doing now. It is a preventive action toward the elimination of the loss. This $111,790 that we're talking about in Newark, which represents thefts, - do you have figures to indicate whether from the enforcement viewpoint there has been apprehension, whether there has been recovery of any of these goods or whether they are just disseminated throughout the commercial areas in some way?

MR. SCHMIT: Well, see, the general proposition, Senator, - there is very little of the air cargo merchandise stolen at the airport recovered, Sometimes it is.

SENATOR SCHIAFFO: How about apprehension of the actors?

MR. SCHMIT: Well, we would like to have a better perfromance on the part of the law enforcement. The percentage I mentioned on the basis of the figures I have available is around 20% of incidence of theft which result in solution and apprehensions.

SENATOR SCHIAFFO: Could you suggest some reason

for this? Do you think the local police in the area may just take the attitude that they are replete with their own problems and leave this to the airport or the PA, or are there other reasons why there isn't a more vigorous prosecution and investigation to apprehend the actors?

MR. SCHMIT: Let me answer the question this way. It is difficult for me to separate myself from the law enforcement community, having been a member for so many years. I know that there is a problem among law enforcement agencies, whether they are the city, state or federal level, in terms of manpower, with the tremendous impact of crime, and I am sure, for example, that if the FBI could double its force at JFK we would probably more than double the solution rate. But the FBI has many other responsibilities. The New York City Police Department - they are constantly putting down riots on the streets, crimes on the streets. The New York Port Authority Police have similar problems. The forces are too thin. I don't know whether our economy, the taxpayers and all, can afford much more of a burden in this area. Certainly, I don't want to philosophize it now but this is really a problem. And I think that we would like to have a greater effort from the law enforcement community in solving crime at the airport. Yes, sir.

SENATOR SCHIAFFO: Then what you're saying is, very possibly - I don't want to say it for you but

I'm trying to understand it. Again, this $111,790 which really this State Legislature should be concerned with, this is the Newark operation, and whether we should fund a preventive measure to do something about it. The $111,790 - possibly if there were more vigorous investigative action and prosecution it would possibly result in a recoupment of some of those losses also.

MR. SCHMIT: There is no question about that, Senator.

SENATOR McDERMOTT: Mr. Schmit, do you keep the loss figures on a monthly basis at Newark?

MR. SCHMIT: Yes, they come in.

SENATOR McDERMOTT: Do you have the figures for the month of March, 1970?

MR. SCHMIT: No, I do not.

SENATOR McDERMOTT: Do you have the figures for the month of January, 1969?

MR. SCHMIT: January, 1969?

SENATOR McDERMOTT: Yes.

MR. SCHMIT: No, I don't. It was given to me on the basis of two years.

SENATOR McDERMOTT: What I'm interested in is why was this period of February to February picked. Was it for any reason?

MR. SCHMIT: Yes. I think my testimony will reflect that the Airport Security Council put in the

reporting system on March 1, 1969, so we are running this for this period on a fiscal year basis ending February 28. At the end of 1970 we will go back to a calendar year basis because we will then have a full year of experience to compare with.

SENATOR McDERMOTT: So you didn't have these figures reported to the Security Council until March 1, 1969?

MR. SCHMIT: That's why I'm using the Port Authority's figures because I can't compare them with the figures of the Airport Security Council because we had no figures for the prior year.

SENATOR McDERMOTT: Do you know whether or not there has been an increase in this last month or so, the last two months, March and April?

MR. SCHMIT: Well, according to the Port Authority figures, there has not been. But I'm not too sure about that. It's my understanding that the trend has generally held pretty normal in all three airports.

SENATOR SCHIAFFO: Mr. Schmit, one other point, doesn't the fact that there has been an increase - although there has been a lesser money loss in the Newark operation but there has been an increase in the number of incidence from 17 to 27 suggest the possibility that an additional preventive measure should be warranted?

MR. SCHMIT: I would answer that in this way, sir,

that I think the reporting procedures on the part of the airlines are much more effective in this last year than they were before, and that is why I hesitate to compare the number of incidents in 1969 with 1970 or 1968. After we have had two years of experience in accurate reporting by the airlines then I think we can take the number of incidents which occur and use that in a crime curve. Up until that time, I think it would be a little bit dangerous.

SENATOR SCIRO: In your report, how do you know if a piece of baggage is lost or stolen?

MR. SCHMIT: We really don't know in many cases, a piece of baggage particularly.

SENATOR SCIRO: You don't know.

MR. SCHMIT: I might venture that in our experience in the industry, so far as air cargo is concerned, that about 50% of the claims paid are as a result of losses and thefts. Many of the losses, we never know really what happened to the material. We can't really nail it down.

SENATOR McDERMOTT: Any further questions?

Thank you very much, Mr. Schmit.

Mr. LaBelle, please.

Mr. LaBelle, would you please identify yourself for the purpose of this record?

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F R A N K L A B E L L E: My name is Frank LaBelle, Senior Vice President of Jet Air Freight. We are air freight forwarders, as Mr. Wolf described before. We assemble a lot of small shipments throughout the metropolitan area and consolidate it and send it to various cities.

I feel the same way about some of the testimony I heard here, that the New York Port Authority can do this job. And since the Airport Security Council has come into being, I have noticed that airlines have put in more rigid rules in picking up freight and that it is much harder to get freight without identification. And since the badging went into effect, I had two drivers that quit their job because they wouldn't go down and have their picture taken.

I had many years on the waterfront. In 1938 I helped move the government's wealth of silver in this area and delivered it to West Point in underground vaults. So I do know about the waterfront. And to my knowledge it has not gotten any better, it only has gotten worse.

We forwarders now have to move off the airport and space is not available. We're paying ridiculous rates for rent, and just the assessment here, what this bill presents, would cost my company $40,000 a year more which we would naturally have to pass on to the public.

We feel we would be losing air freight to cities like Cleveland, Boston, Philadelphia, St. Louis. This

would now go surface. So we feel that this bill would only hurt a young industry which is growing.

So I can't say any more than has been heard here today except it would just hurt the industry and not help it.

Thank you very much.

SENATOR McDERMOTT: Any questions?

Thank you very much, Mr. LaBelle.

Mr. Mertha.

Mr. Mertha, would you please identify yourself for the purpose of this record?

W I L L I A M M E R T H A: My name is William Mertha. I am Assistant Regional Manager for Airborne Freight Corporation, the world's second largest air freight forwarder with responsibilities for the Metropolitan New York area as well as all of New York State and New England.

Mr. Chairman and members of the Committee, we represent a rather small segment of the air freight industry, when you compare it to the carriers, the direct carriers and the truckers who are engaged primarily in moving freight to and from airports. However, our segment of the industry is probably one of the more rapidly growing areas in air freight and, in viewing this in terms of Senate Bill 791, we seriously doubt that we will be able to continue our combined operations at Newark and Kennedy Airports.

This bill, as it appears, will place upon us an economic hardship that will prevent us from continuing our growth at both New York and Newark Airport at the rate that we have experienced in the last three years. One of the problems that we face, which is somewhat distinct from that of the direct carriers is the fact that we must engage, in all of our pick-up, all of our delivery operations, all of our inside operations, clerical personnel, etc., union employees. These employees are members of the Local Teamsters which has the charter to operate at both Kennedy, and I might add our particular situation, at Newark Airport.

We find that just based on the attrition rate of employees, which runs approximately 15% a year, at $100 fee for employee, we have no assurance that these employees will remain with our company for any period much less a period in which we might be able to at least regain the $100 that was invested in the licensing fee.

Secondly, there is a 2% assessment based on our gross payroll initially, the first year. There is no provision in this bill which would provide for maximum assessment on the payroll in future years.

We cannot continue to operate. We presently employ approximately 250 people in both airports and we cannot continue to operate if this assessment rate goes up and up and up on a year by year basis.

I might also add that presently before the

Congress of the United States is an aviation tax users bill which will require the airlines to assess air freight shippers an additional 5% tax. We as major users of the carrier will have to pay this tax and we, in turn, must pass this back on to the consumer of the shipping public.

Recent negotiations with the teamsters indicate that we will probably wind up passing on somewhere in the neighborhood of a hundred to a hundred and fifty thousand dollars additional charges to offset the Union increases that were effective April 1.

At this rate and at the rate the theft in our particular company has diminished, we find it economically unfeasible and will continue to find it unfeasible to operate at both airports.

We had a particular theft problem, or rather outstanding theft problem in the period October to December of 1968. Our company lost in excess of $100,000 in what we call the Christmas season. In a 12 month period we worked with local law enforcement agencies, the Federal Bureau of Investigation, the Airport Security Council, and various carriers directly and for that same period, the following year, 1969, we lost less than $10,000 worth of merchandise. In the period of February, 1970 we lost a little less than $3,000 worth of merchandise. I might add that this was a direct result of our personal involvement, or our

recognizing the problem, of our putting our emphasis and our finances, internally working with the various enforcement agencies and the Security Agency to clean up our own shop. We recognized the problem. We recognized we could not continue the way we were going and, therefore, it became necessary for us to take care of the problem ourselves.

I do not feel, obviously, representing my company, that the assessment and the licensing fees which we will be required to pay, can help me cut those losses any less than they've been cut through our own efforts.

We mentioned that the Airport Security Council has become more and more effective in their reporting procedure. They too recognize that in order to solve a problem you first have to understand what the problem is. Their reporting procedure has become more and more thorough, more and more complete, in the last 12 to 18 months. We've been able to badge all of our employees, we've been able to check out all of our employees through various security agencies, and eliminate some of the potential obviously bad employees before they actually came to work for us.

We also have a problem inasmuch as we have a 30 day grace period with the union for our outside people and a 40 day grace period for our inside people, at which time we may dismiss or we may lay off a particular employee without going through the steps of arbitration.

However, we find that once that 30 day period has elapsed, it will be absolutely impossible to go through laying off or firing what we call the undesirable element if it takes us that period of time to determine he is undesirable.

So we find that this bill, if we have to employ an individual for 30 days, you pay the $100 licensing fee, we pay the 2% assessment on our payroll tax, and at the end of the 30 day period we find this individual is not what we call a caliber of person we want working for the company, we will terminate him. We then must go out and replace him at an additional $100 and 2% of our payroll tax, and this can go on ad infinitum. We do not have the finances or the resources. We are a public company. However we are new in an industry that is growing rapidly. We don't have the resources that some of the larger carriers have and cannot continue to throw hundreds of dollars away at a time and expect that we are going to grow and create additional jobs to move products more rapidly to expand our operation.

We also find that because the bulk of the freight is handled initially by the carriers, it would go without saying that the bulk of the time and the bulk of the money and effort will be spent to curb or curtail crime on the airports. Our location happens to be two blocks off the airport at both Newark and Kennedy. We think that for the equal amount that we will be assessed, the assessment

being the same although the number of employees varies, that we will not receive whatever efforts or whatever good the expansion of the Waterfront Commission could provide for those carriers who are on the airports.

We also feel that, going back to the testimony of the earlier gentlemen, the record of the Waterfront Commission is not one that we hold admirably, as far as determining thefts is concerned. I recently had occasion when an employee, who also happens to be a friend, came to me and advised me that they're not only stealing on the waterfront but you can almost order the type of commodity you wish to have. All you do is tell the individual what you want, and it can be had, they can get it for you, the color, the size, whatever it might be.

So we feel that the Waterfront Commission has a very difficult job, they have a very long road to hoe in order to solve the problems that exist presently on the waterfront.

We do not feel that by diluting the effort and moving the Waterfront Commission's authority to the airports that they will be able to help the air cargo industry as it exists at the airports today.

I also think that we might recognize the fact that there is presently a police force on the airport at Kennedy, also at Newark, the Port Authority. The information that we have is that the Waterfront Commission would expect to expand their authority somewhere in the

neighborhood of 1500 to 1700 additional men, creating almost a new division of the Waterfront Commission with its inherent problems of birth, with the administrative problems that go along with a new division of any industry. We think this money can best be spent by putting it into the present policing authority, which is the Port Authority, give them the additional money, give them the additional manpower, give them the additional assistance to help solve the problems as they exist there today, rather than bring an entirely new industry in or a Commission new to the industry and ask them to determine and go back and do the research as to the pattern of thefts, etc.

Consequently, we just feel that this bill, as it is presented, with the licensing, with what we feel is somewhat discriminatory licensing practices, the fact that it has no provisions for initial time period to determine whether or not we are going to keep that employee, we just cannot continue to throw that money, $100 after another $100, until we come up with the right employee.

That's all I have to say.

SENATOR McDERMOTT: Are there any questions of Mr. Mertha?

Thank you very much, Mr. Mertha.

Mr. Harbourt. Will you please identify yourself for the purpose of the record, Mr. Harbourt.

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R I C H A R D A. H A R B O U R T: I am Richard A. Harbourt, President of Harbourt Air Freight Service, Inc., located in Trenton, New Jersey. I also represent a national organization known as the Air Freight Motor Carriers Conference. I am not here today on their behalf. Due to the last minute notice of this hearing, I could not get their official endorsement of my speaking for them. The only reason I mention their name is that in my capacity I have served on committees about this crime problem in New York. So I just wanted to clarify my participation in various things that I am going to say.

I might say, for the benefit of Harbourt Air Freight, we specialize in the transportation of air freight to and from the Delaware Valley area and to New York and Philadelphia Airports. We have been doing this since 1953. We have yet to have our first theft loss. We serve Kennedy Airport twice a day. We have vehicles on Kennedy Airport for a total of a minimum of ten hours every day of the week, every weekday, sometimes on Saturday. We serve Newark Airport twice a day. We have vehicles on Newark Airport the same amount of time and we have not had any problem to date of any kind, as far as intimidation or theft or threats or anything that I've heard and seen in some newspapers regarding airport operations.

In 1953, when we first originated this specialized service, our volumes, by weight - I do not have any figures

of dollar value of merchandise because in our particular records it's of no importance to us - we averaged maybe 1,000 to 2,000 pounds per day, that was our total operation in 1953 encompassing many shipments, they're small shipments. Today our volumes run close to 2 million pounds per month, and this increase was across the entire span, doubling and quadrupling, and so forth. I don't have the exact year to year growth here with me today but even at that we still have to have our first crime loss.

Our actual claims are even low for damage, or this type of thing, which has no bearing on this particular hearing.

I do know that the Port of New York Authority and the airlines are working constructively to combat the problem that does exist. The only time this has come in focus to the public I believe was two years ago when there was a longshoremen's strike in the New York area. This greatly increased the volume of traffic handled by air. And it was such a rapid increase that the air carriers were not adequately equipped to handle or cope with this traffic. It was something that they could not plan for because it was basically not their traffic. It was thrown at them because the oceans were closed to them for transporting freight.

At the same time there was a three day blizzard that hit Kennedy and Newark Airports, actually closing them down and burying cargo with snow that had to be

placed outside because of lack of space. And so far any reports that I've seen publicly all relate to this period of unfortunate circumstances where I believe most of the cargo was probably plowed away with the snow plows rather than stolen. We know this for a fact because we sent trucks to Kennedy at this time and the roadways weren't even cleared of snow where you could park to deliver your cargo. Fork lifts for unloading heavy equipment were buried under ten foot of snow. Many times we had to come back from the airport two or three times before we could accomplish what would normally be accomplished in about 15 minutes.

The Air Freight Motor Carrier Conference participates in a committe - Metropolitan New York Theft Committee - that was an outgrowth of the Airport Security Council. They took the initiative to look at the theft and cargo loss problem beyond the airports. They were not officially mandated to do this but they realized that if they were going to get the problem solved they were going to have to look beyond their immediate responsibility. This Metropolitan New York Theft Committee is represented by the Air Freight Motor Carrier Conference, by the Marine Underwriters, the Import Brokers Association, the Importers Association - I might not have those names exactly right - the airlines and the Airport Security Council are on this Committee, and they have gotten the cooperation of these various people to support their various proposals and activities

to combat this crime situation.

Our drivers, even though we haven't had any losses, have all been badged, in accordance with the Airport Security Council's recommendations.

We also sat on a committee that Mr. John Wiley of the Port of New York Authority called - he called it an Industry Coordinating Committee. Many of these same people that are involved in this Metropolitan New York Theft Committee also sat on this Committee along with Customs, the various divisions of the Port Authority, the Airlines, the Federal Department of Transportation, the New York Trucking Association, and anyone involved in the transportation of air freight at Kennedy and Newark Airports. Through this Committee, the AFMCC made many recommendations and they are in process of being carried out right now. One thing that was brought up in this Committee was the congestion of trucks on the airport; and the import broker method of giving paperwork to the truckers so that they could procure their import freight from the airlines.

The Air Freight Motor Carriers Conference in just about two weeks will open a facility at cargo building 80 in JFK for the purpose of receiving paperwork from the brokers for its member carriers in the area who represent 11 motor carriers. This will be a secure area, a regis- 31
scope will be used which facilitates all of our members - when the drivers present themselves for their papers they will be photographed. And we are also aware that

the airlines have done this themselves.

The Port Authority is cooperating. They have given us space which is at a premium at Kennedy for this facility because they value its importance to the over-all operation of Kennedy Airport.

The only thing I can say, as I tried to point out, is that individual industries and companies are taking a definite step toward removing any problems of crime from our operation, and I am very much against the broad brush approach of just empowering the Waterfront Commission to take over something that I don't feel they know anything about, and I feel it will be very costly to everyone before they find out what the problem is and possibly it might be too late for them to do anything about it at that time. And possibly, by them having this power, maybe all other individual actions will cease for lack of effect or cooperation where now, since everyone has assumed the burden themselves, they are more active in trying to accomplish the solutions, where if some broad body was put in to supersede them I am sure that there would not be an as effective result.

Now I have been in this hearing room all morning and I've heard everyone else testify and I generally endorse everything I've heard. Thank you.

SENATOR McDERMOTT: Thank you.

Any questions? Thank you, Mr. Harbourt.

Mr. Patrick Falvey. Will you please identify

yourself for the purpose of this record, Mr. Falvey?

P A T R I C K J. F A L V E Y: Yes. Patrick J. Falvey, Assistant General Counsel, Port of New York Authority, accompanied by Thomas R. Riley, Acting Superintendent of the Port Authority Police.

Mr. Chairman, we are here to deliver, on behalf of the Port Authority, the statement of Austin Tobin who regrets that he could not rearrange his schedule to appear here today.

I have a written statement which I will submit. I will read portions of it and then Mr. Riley and I will be available to answer any questions.

SENATOR McDERMOTT: Would you introduce a complete statement of Mr. Tobin's for the purpose of this record?

MR. FALVEY: Yes, I will. (See page 218)

The Port Authority is pleased to express to your Committee its complete support for the prompt approval by your Committee, the Senate, the Assembly and the Governor of Senate No. 791.

I won't describe the bill. I think that has pretty well been covered, but I would like to note that in a sense history is being repeated here today in this recommendation by the Port Authority. It was in 1953 that the Port Authority recommended to both States that the Waterfront Commission be created. At that time our recommendation was predicated, just as our present recommendation is, on the inability of the industry or 33

traditional law enforcement measures to root out corrupt and criminal conditions which detract significantly from the economic health of the Port.

As much as we disagree, we dislike disagreeing with our colleagues in the airline industry with whom we have cooperated in a magnificent development of the region's airport system. We do find in the air cargo industry, as a whole, today, a critical need for immediate and resourceful action by the two States.

I would like to depart somewhat from the statement to note that before getting into over-all statistics we do not agree with figures presented by Mr. Schmit with regard to the Newark Airport record for the year 1960-1970. Even taking the period which Mr. Schmit has described, our figures indicate that the total cargo loss on Newark Airport was actually some $230,000 in that time span. That's the identical period used by Mr. Schmit.

Mr. Chairman, you also asked if we had any figures for the months of March and April. We do. In the month of April at Newark Airport there was an armed robbery involving the theft of $193,000 worth of valuable goods in 97 separate cartons. A little bit of background about that case.

SENATOR McDERMOTT: Was that $197,000?

MR. FALVEY: $193,000, April 5, 1970, Newark Airport.

Now whoever prepared the figures for Mr. Schmit apparently confined them to losses suffered by the airlines themselves in that period. Our figures, that is $230,000 as against $111,000 used by Mr. Schmit, cover all cargo losses at the Airport for that one year period, which is identical in both cases.

Returning to the April 5th armed robbery, we would like to note that the evidence available to date indicates that the perpetrators had very complete knowledge as to the internal setup in the Railway Express Agency office where the crime was committed. One of their first orders, as soon as they gained control of the situation, was to the employee to give the keys to the high value areas. Very clearly they knew what they were about. That's one of the basic problems that we have in this industry today. While it's true that perhaps there has been no direct infiltration of the airlines themselves by any syndicate or other types, our police and other law enforcement agencies are concerned that there has been a pattern in connection with thievery which convinces us that many of the crimes result from inside information flowing out of the air cargo center at Kennedy, not necessarily only from airline employees but from the large group of people who now have free and full access to the air cargo centers.

That's why we think that the licensing and permit divisions in the pending bill are so vitally important because they will permit not only first-hand and apriori 35

review of the record of airline employees, which I think is something which the airlines would welcome, but as well a similar review and licensing of truck drivers, customs brokers messengers, and any other person seeking access to the air cargo area.

The bill before you seeks to prevent the flow of information about the whereabouts of high value cargo in the future to the sinister elements in our society who will deliberately prey on areas where there are huge high value cargoes made accessible to them.

That's the primary predicate for our recommendation.

The Port Authority itself doesn't have licensing powers and we don't think we would be appropriately equipped with licensing powers. We are primarily a construction and development agency and we have business negotiations with the airlines on a hard buisnesslike basis. We don't think it would be appropriate for us to be equipped also with power to investigate them as to their personal character and background.

Secondly, we think that the Waterfront Commission has developed expertise in the administration of the licensing system. That expertise we think can be readily applied to the air cargo industry.

In addition, we think that some of the criticism of the Waterfront Commission today is unfounded and unfair. We have followed Waterfront Commission activities down through the years and we have never heard a shipper or

stevedore complain about Waterfront Commission inefficiency, which I believe was the primary thrust in Mr. Tipton's criticism against the Waterfront Commission.

With respect to the matter of efforts to date by the industry itself to cope with this problem, I would like to note that the information with regard to the sinister elements became a matter of public record not only in the newspapers but as a result of hearings held by the State Commissioner of Investigations in 1967, that's a New York State investigative commission which concluded, after lengthy hearings, that notorious racketeer types had infiltrated both a key union and an air cargo trucking management association.

The Commission's publication of these facts, and the efforts of other law enforcement officials, resulted in the scuttling of one insidious arrangement at Kennedy, symptomatic of the Commission's conclusion that "the dominant union and the truckmen's association at Kennedy" were "in the hands of criminal elements."

Now I haven't heard a single comment by those people opposed to the bill with respect to that dominant union and the truckmen's association at Kennedy, or the finding that they were in the hands of criminal elements. I should know that in its excellent series on the security problems at Kennedy the New York Daily News on March 19, 1970 reported that the Chairman of the Commission of Investigation, on that date, March 19, 1970, stated:

"The truckers and the unions have the same characters, indicating there has been no internal housecleaning."

Now if we focus for a moment on those same characters and review the airlines' proposal for an alternate piece of legislation, you will notice, and I emphasize, that nothing in their program relates to the licensing of truckers or the licensing of labor relation consultants, nor would it preclude unions being dominated by persons with criminal records. For that reason alone, we don't think that the airline proposal comes close to meeting the grave situation we're facing today.

It is true that our police have worked closely with the Airline Security Council and with other law enforcement agencies with specific reference to the problems at Kennedy and the Kennedy air cargo center.

In January of 1968 Austin Tobin transmitted to each airline president 24 recommendations for improving air cargo security at Kennedy. The recommendations included that each airline hire qualified security officers, that each airline obtain background checks on employee applicants, require employee identification cards, restrict access to cargo areas, improve processing and authentication of documentation, make physical improvements to the cargo areas and cargo-moving equipment, install such elemental devices as burglar-proof high-value storage equipment and also provide another elementary device- direct silent burglar alarms connected to the

Port Authority police desk.

The airlines' response was less than adequate. So some 18 months later we reiterated these same recommendations. We also assigned a special detective squad, as Mr. Schmit has noted, and we also commenced a uniformed police patrol of the cargo areas.

The results have been so unsatisfactory, however, - and here we agree with the airline statistic - that in 1969 there was a loss of $3.3 million in cargo at Kennedy alone.

The results were so unsatisfactory that our cargo squad, a special detective squad, conducted a survey in December, 1969 on the extent to which the airlines had complied with the 24 recommendations we had made almost two years earlier. We discovered that not all of the airlines had hired security officers; not all of them are performing background checks on new employees; - and I might note here that private employers are unable to obtain FBI fingerprint reviews; the Waterfront Commission has free access to such review.

Whereas the Security Council required photographic identification to be worn by cargo handlers, unfortunately that requirement has not been fully enforced. And this has been a basic problem with the Council. They have made excellent recommendations but the enforcement, unfortunately, has been less than effective, in our opinion.

There is no check made on persons seeking access 39

to the cargo areas and there is continued laxness in the responsibility for processing and authenticating documents.

A very serious commentary on the lack of compliance lies in these two facts. Only five of the 43 airlines handling cargo at Kennedy have provided burglar-proof high-value storage areas, and only four of these 43 airlines have arranged for direct silent burglar alarms connected to the Port Authority police desk.

As a result of this survey, Austin Tobin advised George Spater, Chairman of the Aviation Development Council, on March 4, 1970 that: "On balance, I regret to say, the airlines have not responded with effective action to cope with an evil which is basically their responsibility as the custodians of the valuable property entrusted to them."

As a result, the Port Authority feels strongly that the two States cannot refrain any longer from exercising their police powers to fill this vacuum.

Now in closing, I wish to revert to statistics for just a moment. There was comment with regard to the statement appended to the bill and the figure on page 31 of the bill that thefts at Kennedy in 1952 represented a value of $45,000, and that was compared to the present figure of $3.3 million. In fact, that $45,000 figure is attributable to 1962. That is a typographical error in the bill.

Now, turning to Newark, - and that, Mr. Chairman, is documented in the 10th Annual Report of the New York State Temporary Commission of Investigations, and I will file the full report, for the record of the hearing.

With regard to Newark Airport, now we don't agree at the Port Authority that New Jersey should be unconcerned about what crime might transpire over at Kennedy Airport. Kennedy is part of the regional airport system which includes Newark and LaGuardia. Furthermore, if the two states were to regulate only Kennedy Airport, experience on the waterfront would suggest that the people who were routed out of Kennedy would turn up working at Newark, if Newark were left unregulated.

But with regard to Newark statistics alone, in 1966 reported cargo thefts at Newark were valued at only $6,847.

SENATOR McDERMOTT: Excuse me, is that part of your presentation?

MR. FALVEY: It's part of the prepared statement.

For 1969, despite the intensified attention paid by the airlines and the law enforcement agencies, the reported net losses in Newark had risen in value to $237,852. What is probably more important, particularly to the policeman, is the number of cases for those comparative periods. Whereas there were only three reported cases of theft at Newark Airport in 1966, in 1969 there were 46. I think those facts tend to indicate 41

that there should be intensified concern in New Jersey about Newark alone, even assuming that New Jersey is disinterested in Kennedy, an assumption I can't believe you'll indulge in.

Now I would like to make some other comments about previous testimony, and I will try to avoid strictly debating points, Mr. Chairman.

It is true, as Mr. Schmit stated, that there has been a coordinating council of law enforcement officials created at Kennedy Airport in connection with which the Airport Security Council has a very limited involvement, and I want to emphasize that. What has happened is that there are bi-monthly meetings of top law enforcement officials with responsibilities for the Kennedy Airport cargo problem. Those officials exchange every bit of gossip, speculation and surmise they might have about that particular problem. They will not permit a representative of the Airport Security Council to be present in those discussions because they invoke a classic police confidentiality; they will exchange such information which is perhaps half fake, based just on pure judgment, only with other law enforcement officials. So the airlines can't truly point to that coordinating council as a substitute for involvement of the Waterfront Commission, a law enforcement agency, in that over-all law enforcement effort.

There is one other aspect of the proposed regulation

that warrants some comment, that the airline representatives properly focus on the rectitude of their own employees and the facility with which they do their own screening.

I mentioned earlier that there is no regulation whatsoever on the character and qualification of messengers who perform services at the cargo areas. These are key people. They are low paid but they move the documents from one location to another. They are in a position there to be able to duplicate the documents and present them to criminals who can then turn up with copies of authentic documents and receive the goods. Unfortunately, some of these people are drug addicts and that's a known fact of record, and, of course, they engage in criminal activities in order to develop the money they need to feed their unfortunate habit.

Under this bill, customs brokers messengers would require a permit or a license if they were regularly seeking access to the cargo areas. Addiction to a drug would disqualify them from obtaining a Waterfront Commission license.

I would like to comment with respect to Mr. Mertha who was concerned about losing the $100 if he provided that for a license for his employee and his employee was found unqualified. The bill provides that the $100 is refunded if the license is surrendered by the employer within a year of its issuance.

And finally, I would like to emphasize that any 43

comparison of the Waterfront Commission's powers on the waterfront with that in the pending bill misses the mark. On the waterfront, unfortunately in my opinion, the Waterfront Commission now has no power to license truckers or the truck drivers who handle the goods to and from the piers. That power is provided in this airport regulatory legislation.

Secondly, this bill would empower the Waterfront Commission, if the need became apparent, to hire guards with police officer status physically to guard the cargoes. Now these policemen would replace the private guards now being retained by the airlines, who, in our opinion, have not done as adequate a job as a police officer could.

For those two important reasons, we think that there isn't a fair basis for comparing existing Waterfront Commission legislation with this bill. And for that and the other reasons I've indicated, we strongly support this bill and I would now be pleased to answer any questions you may have.

SENATOR SCIRO: Mr. Falvey, you said something about a drug addict would not be able to be employed.

MR. FALVEY: That's correct.

SENATOR SCIRO: How would you know he was a drug addict?

MR. FALVEY: I wouldn't know.

SENATOR SCIRO: How would anybody know?

MR. FALVEY: The Waterfront Commission has similar

power on the docks, they have implemented it and I assume they know how. I don't.

SENATOR SCIRO: I thought there had to be maybe a conviction or an arrest.

MR. FALVEY: Maybe there would be, yes. That's one of the requirements, yes.

SENATOR McDERMOTT: I have no questions, Mr. Falvey.

Mr. James Horan. Mr. Horan, would you please identify yourself for the purpose of the record?

J A M E S R. H O R A N: My name is James R. Horan. I am President of the New Jersey Motor Truck Association. The New Jersey Motor Truck Association represents over 900 member companies, the majority of which are what he term general freight carriers, that is common in contract carriers who do not specialize in air freight trucking operations. We have a handful of carriers who are primarily engaged in air freight but I am here on behalf of the other members who, in the ordinary course of their business, would have an occasional shipment to the airport.

I might say at this point that we are totally in accord with anything that comes up with the elimination of crime or its control. However, there are certain administrative difficulties with parts of the legislation.

The definition of air freight truck carrier, on page 6 of 791, is, in our opinion, so broad as to encompass even those truckmen who might have a delivery 45

once a week, once a month or once a year, to the airport. To extend this umbrella that wide, we believe does a disservice, not only to our members but to the general shipping public as well.

In this long run, the latter group will have to pay the charges required by this bill.

The definition embraces any for-hire trucking company with a direct or indirect contract with an air carrier or air freight terminal operator, and a broad interpretation of this paragraph could include any bill of lading issued by a shipper to a trucking company to transfer his freight to the airport for further shipment by an airline.

We firmly believe that this would regulate companies specializing in the movement of air freight and generally these companies have a thru-rate arrangement with the airlines or the operators and, therefore, share in the revenue for the shipper. We do not believe that this should regulate any motor carrier performing a local delivery to the airport, and we urge that this definition be clarified so as to exclude shipments of this kind.

Now you can readily say this can be done administratively. However, I refer to Senate 705, which we testified on down here last year, regulations broadening the powers of the Waterfront Commission, and at that time we were given some interpretations as to what segments of our industry would be covered and on

four subsequent meetings got different variations of this. As a matter of fact, at this time that matter is still being debated and hasn't been totally clarified. So our purpose here today in connection with this legislation is to see that we don't get into the same trap and to have the matter clarified so that we know where we stand.

We appreciate the opportunity to come here and make our statement.

SENATOR McDERMOTT: Mr. Horan, I see the problem that you have pointed out about the occasional delivery. Do you think or does your organization think that it might be covered under Article 6 which talks about the fact that anybody who occasionally comes in can get a permit for that particular delivery. Do you think it might be covered under that exclusion?

MR. HORAN: It would depend on how it was administered, Senator.

SENATOR McDERMOTT: You're right.

Thank you very much, Mr. Horan.

Commissioner Bercik. Commissioner, will you please identify yourself for the record.

S T E V E N J. B E R C I K: Steven Bercik, New Jersey appointee on the Waterfront Commission.

Mr. Chairman, we came here this morning to listen. We have no prepared statement. We came because we heard that it was possible that the airlines and their representatives 47

might attack the reputation of the Waterfront Commission and use this as a ploy for their own purposes regarding the pending legislation before the Legislature.

Having found that this is so, we, therefore, find it incumbent to answer these charges.

I would like, with your permission, to give a little background on this legislation in order to show to your Committee how we came into the act, and then also to have Mr. Sirignano, our Director and General Counsel, supplement my testimony to answer some of the charges made here this morning.

Originally, in 1967 or 1968, the latter part of 1967 and the early part of 1968, and after hearings by the New York SIC, who gave their report which you are familiar with, Governor Rockefeller was concerned about the cargo protection problem at JFK and, upon investigation, recommended legislation to the New York Legislature. He contacted Governor Hughes and Governor Hughes agreed with him that this was a problem and a solution should be found for it. Legislation was introduced and subsequently the airlines made representations that they could clean their own house. The legislation was withdrawn and two years later public officials, as was remarked by some of the airline representatives, - public officials such as Attorney General Mitchell, Governor Rockefeller, Governor Cahill, Paul Karn of the New York SIC, repeated their allegations regarding the cargo protection at the major

airports in this area.

Again the Waterfront Commission was recommended, not by us but by the New York State Investigating Commission; by Governor Rockefeller who investigated the situation; by Governor Cahill and his staff, who also investigated the situation; and the Port Authority who is directly connected and interested in the operations of the airports.

So we come here this morning and we hear the airlines representatives attempting to convince you that the reputation of the Waterfront Commission is such that it should not be given this legislation. And we have Mr. Schmit took the testimony of Mr. Sullivan who represented the Security Agency who is opposing the establishment of a government controlled security cargo protection force in the Port of New York Harbor and who has a contract of approximately $6 million resting on the waterfront continuing a private pier guard system, - used this testimony to try to convince you that the Waterfront Commission is not doing its job. This at a hearing which I, as the New Jersey representative, and the New York representative Commissioner Case,presided over and which started on April 15 and continued to April 27, which was a hearing regarding the establishment of a government controlled security cargo protection force in lieu of the private port watchman system.

After the hearing on the 27th, Commissioner Case and I left the hearing open for three more days to allow 49

answers to the charges made by Mr. Sullivan. And I would like at this time to enter into the record a memorandum concerning Thomas Sullivan's testimony at the cargo security public hearing, which consists of 14 pages, and which specifically answers all of the charges raised by Mr. Sullivan.

If I may, I would like to introduce this into the record rather than reading this lengthy statement.

SENATOR McDERMOTT: Please mark the record as having accepted memorandum concerning Thomas R. Sullivan's testimony at the cargo security public hearing - 4-27-1970. (See page 227)

MR. BERCIK: We would like to further bring to the attention of the Committee that Mr. Sullivan, unlike the airline representative here today, did not question the reputation and the work of the Waterfront Commission over the 17 years but rather praised it, and his only complaint was that we were attempting to substitute his private port watchman force with a government controlled security force, and, in addition to that, that our law enforcement officers would not share important information with his security agents and that we looked upon the port watchmen as a tragic figure on the waterfront.

Those representatives that testified here today representing the trucking industry - I know they need not be told as to what a tragic figure the port watchman guard is.

Again, there was some testimony regarding the feasibility of this legislation, the economics of this. This, of course, is not our job to decide as to the assessment of the law enforcement phase of the legislation.

One other item that Mr. Falvey answered and which I will just comment on before I ask Mr. Sirignano to testify is that it was questioned whether or not there should be a compact measure and whether or not New Jersey should enter into such a compact measure and, therefore, bind themselves.

I believe Mr. Falvey answered this question in respect to what would happen if a separate agency or commission was created in New York, the experience on the waterfront, and it was the opinion of all of the law enforcement experts and the staffs of both Governors that whether it was in New York or in New Jersey, wherever the Commission would be created then those individuals would move to the other state and attempt to set up operations there. We think that this is a valid conclusion and we think that it is a regional problem and that the most economic way of handling it would be by a bi-state agency, whether it was the Waterfront Commission or not.

Again I would like to say to you that we did not seek this legislation that it was sought upon us, and that this morning we come here to protect our reputation which we feel is being attacked by the airline industry 51

as a ploy in order to have this legislation defeated. We do not feel that that's fair.

I would like now to ask Mr. Sirignano to supplement our testimony.

SENATOR McDERMOTT: Mr. Sirignano, would you please, for the record, spell your name and give your title?

W I L L I A M P. S I R I G N A N O: Yes. William P. Sirignano, Executive Director and General Counsel.

Mr. Chairman, I would like to supplement the remarks made by my Commissioner, Mr. Bercik.

One of the human failings is a short memory. Few of us here remember, or the general public, the kind of jungle that existed 17 years ago on our waterfront. By this I do not mean to imply that that same situation exists on the airports today but certainly the germ is there and going unattended I am sure it would not be long before we find the same conditions.

But 17 years ago there was a state of anarchy on our waterfront, it was a criminal no-man's land. The mob had an ironclad control over every phase of waterfront activities; and today it's a place of relative calm, almost a Sunday school and the envy of every port in the world. We have visitors from every major port in the world coming to us constantly for ideas, suggestions, to copy what we have accomplished in this Port of New York.

There has been one area about which the Waterfront

Commission itself has never been satisfied that it was properly remedied and that is the area of cargo protection which is still, today, the responsibility of the industry and the general operators, and not the Waterfront Commission. And for this reason, we have an industry of 650 miles of waterfront, we have 1500 men employed privately each day to guard that waterfront, the Commission has been constantly over the years advising the industry to do something to better your own house. And because they haven't, we chose to set up our hearings this last month to expose this to the public to get the necessary backing so that we in this area may do something to bring about a complete remedy on the waterfront. And it was in the opening statement that we outlined what was wrong with the waterfront today in connection with the cargo protection and they are seizing upon this to say that the Waterfront Commission has not done a job.

We have 50 agents who make investigations and apprehensions after the fact. We do not guard cargo on the waterfront. And this bill, knowing the shortcomings and knowing the failings, the Waterfront Commission would have the responsibility where necessary to go in and take over the guarding of the cargo itself.

Now in this connection, I would like to introduce the opening statement made reference to in toto for this record.

SENATOR McDERMOTT: What opening statement?

MR. SIRIGNANO: Mr. Schmit made a statement in reference to the opening statement where we outlined the inefficiencies or inadequacies of the waterfront. I will give the whole opening statement.

SENATOR McDERMOTT: All right, that will be admitted as part of the record. (See page 241)

MR. SIRIGNANO: Just a short review about statistics that are available as to what we've done on the waterfront. In five years there have been 1127 apprehensions of registered personnel for stealing cargo. 809 of these apprehensions were made by our 50 agents; 294 were made by all other law enforcement agencies combined and 24 were made by the private watching system.

Just like the airports, we don't have complete reporting accurate figures on losses.

In 1960 the Commission issued regulations that they must report losses to us. We do not vouch for these losses but they reported $8,452,000 of losses on the waterfront over a nine year period. Now you break that down and it's less than a million dollars a year, and we accept the inaccuracy. If we also accept the inaccuracy of the airport figures, reported losses are far less at Kennedy where we have $20 billion worth of cargo going through our ports a year, not $10 billion, $20 billion, and the reported losses are less.

We recovered over a nine year period, Waterfront Commission agents, $1,663,000 worth of cargo stolen

from the waterfront.

We have taken to hearings 1643 people for stealing cargo from the waterfront.

Now that is just a brief summary of the effectiveness of the Commission with 50 agents compared to 1500 Port Watchmen, and this is the basis upon which this Commission was criticized.

Now to the gentleman who was concerned about the assessment and the refund on his truckers, the bill does provide, as Mr. Falvey said, that anyone who is disqualified or revoked or leaves the industry will get a proportionate refund figured on the time he has had his license. And he doesn't pay an assessment. The bill is either/or; either there is an assessment of 2% of the employees' payroll paid by the employer or there is a fee of $100 for the trucker who has a contract with an airline and $75 for a trucker who does not have a contract with the airline but goes there on a regular basis for his own consignee or consignor.

And the gentleman from the Motor Truckers Association should be relieved of his doubts because the bill does not require the licensing of the employee of a trucker who does not have a contract with the air carrier and is paid by the air carrier. It's only those who are paid by the air carrier that requires that he have a license.

SENATOR McDERMOTT: Thank you very much.

David Thompson. Mr. Thompson, would you please identify yourself for the purpose of this record?

D A V I D T H O M P S O N: My name is David Thompson. I am an Attorney of this State and I am appearing here in a personal capacity as an interested citizen. I have no interest in any airline. I don't own any airline stock. I hold no public position so I am not speaking on behalf of any governmental agency. I do, however, represent a number of electronic manufacturers.

The nature of the industry today is such that it depends largely on air freight and it is very important to them. It's a small-volume, high-value cargo, and these shipments go throughout the world. They maintain a plant, one of my clients, in Great Britain where it must be supplied with parts from New Jersey. There are large volume sales to Japan. All of this must go air freight but air freight is constantly a problem. There are thefts and losses which cause a great loss to my clients over and above the value of the cargo. Production lines are shut down because the components do not arrive in time. This is a very real problem and to that extent and in behalf of the public industry needs better protection in air cargo than they have today.

I would like to make a couple of other comments. I have some knowledge of the Waterfront Commission and its history, and for anyone who has read the New York Crime Commission's hearings and reports prior to the

adoption of the Waterfront Commission Act would find them substantially repeated here this morning. The objections are substantially the same, the same speeches, uncertain reasoning.

This proposed bill would impose upon the Waterfront Commission additional obligations. At one point there was some suggestion that an additional agency should be created. A proliferation of state or interstate agencies does not help the problem. Where you have one agency which is qualified and experienced in dealing in a particular area, that is the agency which should be selected for any additional function. And I strongly urge you gentlemen that this additional obligation in the interest of the public be imposed upon the Waterfront Commission which can handle that.

Another part of the testimony this morning dealt with statistics. The statistics are as meaningless as they are on the Waterfront Commission, in the waterfront area. Nobody knows what theft is, what is reported. If it's proved to be a theft, fine; if it just disappears, what happened to it?

Similarly, as on the waterfront, what is a loss and where did it occur?

There is always more discussion on whether a particular cargo was undershipped or overcarried or what particular terminal it was lost in. Nobody can answer that problem.

The one thing that is important, regardless of all your statistics and figures, is that the people who are really concerned with the cargo, the shippers and the consignees, they are missing it, they know it's going, and whatever figure you come up with that cargo is being missed and it's hurting our business.

I notice this bill also increases the membership of the Waterfront Commission to four. I can appreciate the need for additional personnel with increased responsibilities imposed by this bill; I would, however, like to caution the Committee about increasing membership of interstate commissions. Such commissions, as the Delaware River Joint Toll Bridge Commission, have five on each side. And the more you increase the membership the more you diffuse responsibility and it's harder to point a finger at someone for not doing a job. So that I would suggest, if this bill does pass, that further increases in the membership not be contemplated.

I have given you thoughts, gentlemen, which are my own and I speak only for myself, and I hope they have been helpful to you. I urge your approval of this legislation.

SENATOR McDERMOTT: Any questions?

Thank you very much, Mr. Thompson.

Are there any further witnesses?

Yes, Mr. Schmit?

MR. SCHMIT: Mr. Chairman, if I can ask for your indulgence for just a moment. I want to clarify some of the comments based on the testimony of Mr. Falvey and the Port Authority.

Number one, he said his figures do not jibe so far as the Newark losses of $230,000. I think I made it clear in my testimony that I was only talking of airline losses and Mr. Falvey's figures include trucking losses. We are only speaking of airline losses, not trucking losses.

MR.FALVEY: Wasn't it correct, the $270,000 loss for 1968 included truck and airline losses?

MR. SCHMIT: The figure I quoted for the previous year - we've eliminated the trucking losses.

SENATOR McDERMOTT: Well, we don't want a debate here.

MR. SCHMIT: I just want to be sure the testimony is correct. The Railway Express Agency - he mentioned there was an armed stickup on the airport. We recognize this. I don't think the airlines can be held responsible for an armed stickup anymore than the stickup of a bank. We have banks on JFK. If an armed robber were to go into a bank, I would hope that Mr. Falvey wouldn't attribute this responsibility to the airlines. I would really hope so.

He said that there was less than an adequate response to the 24 recommendations. I don't know how

he reached his conclusions. We have a completely documented piece of paper which was put in the testimony through Mr. Cardman, it's in the record, which shows the response of every single airline to each one of the 24 recommendations. And I think the compliance may not be 100% but I would say it's excellent.

There was some comment about a number of airlines, about burglar alarms and high-value vaults. Let the record reflect that American Airlines has allegedly a burglar-proof vault. In the past two years we've had two losses out of those burglar-proof vaults, and they came from our own personnel. So the 24 recommendations aren't necessarily a panacea to the solution of all air freight losses.

Thank you very much.

SENATOR McDERMOTT: Any questions?

There being no further witnesses --

MR. TIPTON: I just have one comment to say that we thank you very much for this opportunity to come and we hope that in the process of discussion real issues have been raised that the Committee will consider carefully and take the time to get to the bottom of all this discussion.

Thank you very much again.

SENATOR McDERMOTT: Thank you, Mr. Tipton.

There being no further witnesses, I declare this hearing closed.

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SUBMITTED BY JOSEPH L. SCHMIT

STATEMENT OF THOMAS R. SULLIVAN ON BEHALF OF SULLIVAN SECURITY SERVICES, INC.

It is extremely regrettable that throughout the two days of presentation of testimony on behalf of the Waterfront Commission a false and distorted picture of cargo security in the Port of New York was presented. This was the result of false and misleading statements that were made by certain witnesses or by omitting certain pertinant and relivant information to accurately depict the situation in the Port of New York. A knowledgeable, objective, viewer of the situation could not escape the feeling that rather than being a presentation of the problems with a view toward finding a workable solution, that what we have witnessed was the presentation of certain bits and pieces in order to justify a preordained plan which would be touted as a panacea for the problems of the Port of New York.

It is significant, that in a hearing dedicated to cargo security that the vital question of the extent of cargo losses in the Port of New York was left in such an obscure and murky condition as it was at the conclusion of the Commission's staff presentation. For many years now the Commission has had regulations requiring reports to be made to the Commission on all cargo thefts, or losses under suspicious circumstances. The Commission has never seen fit to have all losses for any and all reasons reported to it. We heard much testimony that these loss reports were inaccurate but not even the inaccurate reports were made public. The best figures that are available on the subject indicate that the losses from all

sources of cargo not delivered to its ultimate consignee through the Port of New York is less than 2/100 of 1% of the total value of all cargo passing through the Port of New York. Without attempting to minimize the problem of losses, this compares most favorably with most other comparable industries. It certainly is far better than the 5% to 10% losses sustained by retail stores throughout the United States because of "inventory shrinkage" involving theft by employees and or customers; the fourty five million dollars annually lost by the financial houses on Wall Street in lost and stolen securities; the nine million dollars lost annually by the garment trucking business in New York and even the percentage of losses of air freight passing through the airports of New York.

It should be born in mind that this loss figure includes losses from all causes, short landed cargo, misdelivered cargo, non-delivered cargo, and cargo stolen in New York. The term short landed has been used frequently throughout these hearings. Short landed is a term used to describe cargo that cannot be definately established as having been taken off the ship and landed at a pier or terminal in the Port of New York. It includes cargo that was originally manifested for a particular vessel but not able to be loaded aboard the vessel because of either space or time requirements; it includes cargo that was inadvertently taken off at an intervening port before arrival at New York; it includes cargo that was overcarried, i.e. should have been taken off at New York but was not and taken to the next port; it includes cargo that was stolen in the port of loading before loading on board the ship;

cargo that was stolen by the crew on board the ship; and cargo stolen by pier personnel at an intervening port before arrival at New York. It is a fact of life, although one that is oft times overlooked at hearings of this type, that cargo is in fact stolen at ports other than New York.

Misdelivered and nondelivered cargo covers those general categories of cargo that is damaged in transit or in loading or unloading which is proferred for delivery but refused by the truckman, cargo that could not be found at the time the truckman arrived for the pickup but is subsequently located and is still on the pier, and cross-deliveries. Misdelivered and nondelivered cargo constitute losses to the consignee but in fact the items or similar items are physically present on the pier or terminal and ultimately are salvaged by the carrier or terminal operator. The last category of lost cargo is the category in which we are primarily interested, that is cargo that is stolen in the Port of New York. This cargo may be stolen from the ship by personnel working on board the vessel, from the pier or terminal, or from a truck after the cargo has been signed for and has left the Marine Terminal. This latter class of losses has been growing in importance in recent years as evidenced by the nationwide increase in hijackings throughout the United States.

There is one other factor leading to the increase in losses from the Port of New York which should be stated. That is the inflated claim of loss made for insurance purposes. It is not at all uncommon for a consignee to file a claim under his

insurance policy for an alleged loss of twenty cartons of an eighty carton shipment and to have the investigation reveal that his truckmen in fact picked up seventy cartons at the pier on a given day, and subsequently returned and picked up five additional cartons which could not be found at the time of the first delivery. The original twenty carton loss is then discovered to be in fact a loss of only five cartons without any diminution in the claim by the original consignee. In effect the claim has been overstated by four times it's true amount.

It is obvious therefore that if losses from all sources in the Port of New York are less than 2/100 of 1% of the total value of general cargo passing through the Port of New York, the losses occasioned by reason of actual theft from ships or piers in the Port of New York is far less than this amount. This is not to minimize the problem in any way. Certainly we in the security field are constantly striving to reduce this figure still further.

The nature of the theft of goods from piers and ships in the Port may be further broken down into that which is generally termed pilferage, that is the stealing of individual items and cargo out of cartons or cases. It is generally conceeded that this type of loss has been largely controlled and is of decreasing significance in the Port of New York according to the testimony of the Commission's own witness Robert Maxwell of the American Importers Association, approximately 20% of all losses reported by his members were classified as pilferage. Another Commission witness Mr. Leonard Genzer of the New York Motor Truck Association stated

that containerization has virtually eliminated petty crimes of this type. This is the type of crime that the presence of uniformed watchmen, guards or police protect against. By far the most serious type of theft involves that of whole cartons and now with the improved technology of entire containers. These thefts basically result from one of three types of situations.

1. Collusion between truck drivers and pier personnel.
2. Theft by a truckdriver taking advantage of the carelessness of pier personnel.
3. Theft by a truckdriver through the use of fraudulent documents or faulty delivery proceedures.

That the collusive theft is by far the most serious threat to cargo security in the Port of New York, is fundamental knowledge to anyone who has even a passing acquaintance with the facts of life in the Port of New York. The Commission itself in it's annual report for 1962-1963 stated "Experience has shown that all significant pier thefts are accomplished through the collusion of truck drivers and pier personnel either by overloading vehicles properly on the pier or by the use of trucks specifically on the pier for that purpose"(p.10). Again in its annual report for 1963-1964, "thefts from the piers are frequently accomplished through collusion of a checker, a machine driver and a truck driver "(p.9). In the annual report for 1964-'65, commenting upon the investigations wherein the Commission Agents became fences for stolen property the Commission stated "This investigation established that large scale thefts from piers cannot be effected without the collusion of the checker, or

hi-lo driver and truck driver... Once again the success of these pier thefts hinged upon the concerted actions of checkers, hi-lo drivers and truck drivers"(p.25). Even during these hearings Commission Agents testified about"the unbeatable trio" of the checker, the hi-lo driver and the truck driver. Anyone familiar with operations at any pier or terminal in the Port of New York knows that this type of operation can be overcome only by surreptitious surveilance of the truck operations either through undercover operatives or developing informants on the pier who can advise security personnel imediately when such activities are undertaken. On innumerable occasions information of this type has been given to Waterfront Commission Agents by Port Guards and employees of watching agencies only to have the Commission Agents later say that they lost the suspect truck after it left the terminal or when they stopped it, it was found to contain additional cargo of the same type and destined for the same ultimate consignee so that the event was written off as a human error. It is unbelieveable to anyone knowledgeable in Waterfront Security that an undercover operative should have spent two years being involved in observing policy and crap games on the piers when the major problem is this type of collusive theft. In the last ~~three~~ four years for which the Commission has published it's report it has revoked or suspended the licenses of only ~~twenty one~~ thirty checkers for any and all causes, if the Commission utilized it's present powers and personnel to attack this problem which has been apparent even to the Commission for over seven years and followed it up with a prompt exercise of

it's power to suspend the license of the offending parties this problem could soon be brought under control.

Modern technology has also added a new dimension to the security problem in the Port of New York. As was stated by witnesses appearing on behalf of the Commission's Staff, New York has become the leading container port in the United States. This is especially true of the Port Newark and Port Elizabeth Area. It was pointed out that New York's preeminance in this field is largely due to the substantial investment in the peculiar physical facilities needed for the handling of containerized cargo. What was not described by the Commission's staff was the rather precipitous haste with which steamship companies entered into what has been termed the container revolution. The decision having been made to go to containerization all speed was expended preparing the necessary vessels to handle containerized cargo and the containers themselves. In most instances the ships and the hardware were ready long before the terminal facilities necessary for the proper handling of this cargo were complete. New York was then faced with the problem, shall we accept the containerized ships in New York with inadequate and makeshift facilities or permit this cargo to be diverted to other ports which were willing and thereby risk losing the container business in the Port of New York. The decision, which was a proper one for the long term benefit of the Port of New York, was to accept the container work while facilities were still being completed. A similar problem was involved in the fact that the personnel needed to staff these con-

tainer terminals had not had an opportunity for adequate training in the new techniques and approaches required by containerization. In large measure steamship companies and terminal operators were charting new courses with few guide lines to assist them in the operation of container facilities. Documentation and delivery proceedures that were adequate for conventional break-bulk operations were found to be inadequate in a container operation with it's emphasis on speed of pick-up and delivery. Entirely new concepts were involved in establishing terminals for container shipments in New York such as the multi-user type of facility which generated a completely separate set of problems. The thinking of the terminal operators and even of the steamship companies had to and still is undergoing radical change from that traditionally associated with the industry in break-bulk operations. The emphisis now is more on a trucking operation than it is on the carriage of goods by water.

The advent of the simple inexpensive copy machine which advertises that it can make duplicates comparable to the original, the growth in truck rental services and a greater reliance on them by trucking companies have further complicated and strained the old systems of delivering cargo. The loose manner in which delivery orders are treated by freight forwarders and or trucking companies coupled with the ease of renting the necessary equipment has given rise to the increasing use of false or fraudulent documents in obtaining cargo in spite of the established security systems. These are problems that must be attacked on a

joint basis by steamship companies, terminal operators, importers, truckers and security agencies as well as customs and other governmental agencies.

Perhaps the greatest distortion of all however has been the depicting of the functions and attitudes of Pier Guards in the Port of New York as it exists today. It has been inferred that the Port Guards in the Port of New York today are old, ineffectual, disspirited and with no incentive or motivation to do their job of protecting the cargo in the busiest port in the world. This is a gross distortion and the facts do not bear it out. No mention was made of the substantial increases recently given to pier guards both in wages and fringe benefits as a result of collective bargaining between the union and their employers. It was the stated desire of the parties in the negotiations to this contract that increasing wages and benefits would assist in attracting young men who will make cargo security a career at a time when all forms of law enforcement are experiencing grave difficulties in filling their necessary manpower requirements. Substantial advances were also made in the pension plan for Port Watchmen to provide a suitable pension at age 65 with provision for earlier retirement at age 55. Linked with these collective bargaining agreements was an agreement arrived at between members of the industry, the union and representatives of the Waterfront Commission to reduce the maximum age for applicants for Port Guards licenses from its present 55 to 50 years of age.

The work of a Port Guard is extremely difficult and try-

ing; it is conducted under difficult circumstances. Most of it, by virtue of its very nature, is dull and tedious. It is not the glamorous work of investigation or even is it as varied as routine police patrol which is considered the dullest part of police work. Furthermore, the waterfront, wherein these men must work day in and day out has never been known as a kindergarten. The work of moving cargo requires a certain amount of brute physical strength and it is not usually performed by Rhodes Scholars. The normal mode of conversation on many waterfront facilities is in obscene shouts. Many of the people who work on the waterfront have been raised according to a moral and "legal" code that is far different than that we are accustomed to generally. The testimony of Pier Guards Burcheck, Bales and Mazzella, clearly indicates that the waterfront is a difficult place in which to work and an extremely difficult place in which to work as a symbol of security or law enforcement. These men were confronted with threats, intimidation, and in several instances violance. But more importantly their testimony clearly indicates that they stood up to the threats, to the intimidation, to the physical violance and performed the job for which they were hired; the safety and security of the cargo entrusted to them. All of these men took prompt action in the face of threats. Appropriate administrative or criminal action was pursued by them and by their employers. They cleraly indicated that they would continue to perform their job even in view of these situations. This testimony quite clearly indicates that the Port Watchmen are doing an effective job under adverse circumstances.

One Port Watchman was called to testify by the Commission and chose to remain anonymous. I will respect his desire for anonymity and will do or say nothing to reveal his identity. However, if there is any question that what I am about to say concerns the same incident on which we heard some of the facts, I shall be pleased to inform the Commissioners privately or the Chief Counsel or Assistant Counsel of the name of the Port Guard involved.

This guard testified that he had been threatened when he attempted to question two longshoremen whom he suspected of stealing in the hatch of a ship. What Assistant Counsel for the Commission failed to reveal is as follows. The Guard in question made this fact known to his roundsman who in turn had both longshoremen and the Guard brought to the Security Office where they were questioned by the supervisor of security assigned to that operation. This supervisor was a man with twenty three years experience in the Federal Bureau of Investigation as a special agent and as a Supervisor of Squads in the New York office. Neither longshoreman was found to be in possession of any stolen property. In view of the threats which the Guard alleged the Waterfront Commission was notified. This was approximately 4 PM. At approximately 9 PM, some five hours later, two investigators for the Waterfront Commission arrived upon the scene. By this time one of the longshoremen had completed his work for the day and had left. The investigators questioned the Port Guard involved and they were fully apprised of the situation with reference to the threats testified to by the witness. At that time, approximately 10 PM, the investigators offered to drive the guard to his home. He declined their

kind offer.

The following day two different Waterfront Commission investigators again came to talk to the Port Guard and to get his story. Subsequently the Port Guard was subpoenaed to appear at Commission Headquarters to be interviewed by members of the staff and to have a stenographic statement taken. Following this statement no action was taken against either of the longshoremen involved. This in spite of the fact that Commission's own regulation 5.18 provides that no person shall directly or indirectly intimidate any Pier Guard or Pier Security Officer or interfere with or impede such pier guard or pier security officer in the performance of his duties or obligations. It is no wonder that this particular pier guard who is a young and physically strong man, finding himself abandoned by the agency which is supposed to support his position, at the first opportunity left this industry on a permanent basis and went into another field of activity. In reply to a question put to him by Assistant Counsel for the Commission, he stated that the present pier guards could do the job more effectively if they were given the powers to do the job.

Frequently during the testimony elicited by the Commission's staff reference was made to an alleged lack of respect for the Port Guards from other people working on the waterfront and also to their lack of police powers. One would have to be naive in the extreme if he was not aware of the general, all prevailing attitude prevalent in out society today wherein any kind of law enforcement is held in low esteem. This general phenomenon aside, if the Port

Guards are lacking in proper respect from the men with whom they come in contact, the Waterfront Commission must bear a large portion of the responsibility. In the first instance the Waterfront Commission screens, approves, and licenses all applicants for Port Guard Licenses. They establish the standards that they must meet. They approve and participate in the training program that they receive and examine them on their knowledge of the material presented in the training program. If this orgainzation, in it's day to day contact with the port guards does not afford these men respect, how can they expect the rank and file dock labor to treat the port watchmen with respect? The Commission has consistently and systematically undermined the position of the port guards.

It is ironic that the Waterfront Commission in these hearings in 1970 should list as one of it's major indictments of the port guards the fact that they lack the powers of a peace officer. Supervising Special Agent Galligan in his summation of the Commission's case on Wednesday, April 15, made reference to his reading of the fourth report of the New York State Crime Commission dated May 29th 1953. This report was the instrument that gave birth to the creation of the Waterfront Commission. If Agent Galligan had read the report carefully he would have noticed that in it's recommendations dealing with licensing of port watchmen the Commission recommended that whenever a licensed watchman is on duty on any pier or approach to a pier he should have all the powers and priveleges of a peace officer. This specific recommendation had been made to the Commission by the New York Shipping Association

at the recommendation of the Port of New York Contracting Watching Association. It is further interesting to note that this is the only recommendation made by the Crime Commission concerning port watchmen which the Waterfront Commission has never seen fit to implement over it's seventeen year history. They have steadfastly refused to aid in granting these powers to the port watchmen and now complain because they don't have them.

The Waterfront Commission and it's agents in day to day contact with the piers has systematically and routinely undermined the position of the port guard in the Port of New York. On numerous occasions Port Guards and their supervisors have requested assistance from the Waterfront Commission in connection with thefts or attempted thefts that were taking place at the time only to be informed that agents couldn't get there or worse yet no one showed up at all. As a result of this cavalier attitude by the Commission, port guards have learned to rely far more heavily on the services of customs personnel and other law enforcement agencies. In instances where Port Guards have made apprehensions for theft and pilferage and turned the perpertrators over to the Waterfront Commission, agents treat the guards exactly the same as they do the thieving defendant. This fact was brought to the attention of various administrators within the Waterfront Commission but the excuse was made that the investigators were inexperienced and incapable of making the practical distinction between the complainant and the defendant. On other occasions port guards have given information to Waterfront Commission

investigators concerning suspect activities and when the Waterfront Commission investigators have made an apprehension as a result of this information the investigators have violated a cardinal rule in any type of police activity by telling the person arrested who it was supplied the information leading to his arrest. On at least one occasion when this occured, in addition to helping destroy any type of working relationship between the security personnel and the Waterfront Commission, it almost percipitated a labor stoppage in the terminal. The investigator who was involved in this incident however shortly left the Commission under circumstances raising serious questions as to his own honesty and integrity.

The Commission has failed to use it's far reaching licensing powers effectively and has further undermined the position of the guards as a result. Agent Ozelski, in testifying for the need for powers over truck drivers stated that at the present time a truck driver who is arrested is back at the piers the next day after making bail. This is not unusual because this is virtually the same situation that exists with reference to licensed longshore personnel. Most of the men who are apprehended either by port guards or on information furnished by port guards are back doing business at the same stand the following day. In cases where the port guard's activity is known they are back virtually thumbing their nose at the port guard because the Commission does not see fit to suspend their license. According to the statistics published by the Commission in it's last ~~three~~ four annual reports, of a total of ~~804~~ 1072 registrants arrested for various and sundry crimes, only ~~96~~ 114 had their licenses suspended pending a hearing. Hearings

in most cases await the outcome of the criminal prosecution, if any. Thus in many instances the thieving longshoreman or pier worker is back at the same old stand working on the pier for up to two years while his criminal prosecution grinds through the courts. Then and only then is he brought to a hearing and even though convicted of stealing from the pier or being in possession of articles stolen from the pier he receives a minor suspension. Is it any wonder that he laughs at the port watchman who has been brought to the Waterfront Commission three or four times to have statements taken for hearings, etc. at the loss of a days pay in some instances.

The classic case of the undermining of the position of pier security by the Waterfront Commission occured several years ago at a North River pier. The roundsman received confidential information that one carton of a two carton lot which contained valuable cargo had not been placed in the crib but had been secreted amidst general cargo in preparation to being removed surreptitiously from the pier. It so happened that at the time he obtained this information two Waterfront Commission investigators were present in the terminal having lunch. He advised them of the situation. It was decided to maintain a surveillance over the situation and to get additional assistance and to allow the carton to be placed on a truck so that the "unbeatable three" who might be responsible for placing it on the truck could all be rounded up at once. One of the investigators asked if he could see the companion carton which was in the crib. Upon being brought into the

crib, the investigator, with great flourish, examined the carton carefully, took out a pencil and paper and copied its marks, etc. much to the interest of the group of longshoremen and checkers working in the area. Then, to top it off, he asked to walk by the area where the case was secreted. He could not have pinpointed his intentions and desires any greater if he had gotten on the public address system of the pier. Needless to say, when the investigator got near the section where the cargo was hidden, a longshoreman advised the roundsman that he had found a case which belonged in the crib. The roundsman advised him to take it back to the crib. In plain and simple language, the Waterfront Commission Investigator, "blew the case". This was bad enough, but what happened subsequently is even worse. The partner of the astute professional investigator who mishandled this case, took it upon himself to go to the terminal manager and accuse the roundsman, who had given them all of the information initially, of being in cahoots with the longshoremen on the pier. This was a blatant and obvious attempt to cover up for the ineptitude displayed by the investigators in the handling of this case. These facts were made known to administrators of the Commission and were verified by them. Commission Administrators had to call the terminal manager and apologize for the improper actions of their investigators. How much more could anyone do to try to undermine the position of security on the pier? Is it any wonder that the roundsman and security personnel at that pier were reluctant in the future to cooperate with Waterfront Commission Investigators?

When it came to numbers the Commission's staff did a fantastic job in presenting a confused and totally irreconcilable set of statistics. One witness testified that he and five agents had examined the files of the Commission in great detail and presented some records concerning arrests. These statistics alleged that between July 1st, 1965 and February 1st, 1970- 1,127 licensed personnel were arrested for various offenses. According to this witness 809 of these were arrested by agents of the Waterfront Commission, 294 by all other law enforcement agencies combined and that in only 24 cases pier guards actually made the arrests or supplied the information to the law enforcement agency that made the arrest. It is impossible for those of us outside the Commission and not having access to their file to challenge these statements in detail. However, it is more than passing strange that in it's published reports for the four year period beginning July 1, 1965 and ending June 30, 1969, the Commission's agents by the Commission's own official reports to the Governors and Legislatures of the states of New York and New Jersey arrested only 397 persons while other agencies according to the same reports arrested 678 registrants. Something doesn't add up somewhere. I hardly think it possible that between July 1, 1969 and February 1, 1970 the Commission Agents were able to effect 412 arrests. Those of us who are engaged in the security field on a day to day basis in the Port of New York certainly have not seen that kind of activity at any time on the part of the Waterfront Commission Agents. Even more surprising is the fact that ac-

cording to the witness who testified at the hearings all other law enforcement agencies, U.S. Customs, F.B.I., New York City Police Department, Newark Police Department, Jersey City Police Department, etc. not only did not make any arrests of registered personnel but actually apparently gave back 384 arrests that they had made in the earlier four year period. It is also interesting to note that according to the official reports of the Commission to the Legislatures and the Governors, the Waterfront Commission Agents averaged less than 2 arrests per man per year. This is hardly an outstanding record for a group of allegedly skilled professional investigators. This degree of activity would hardly qualify one to remain as a detective, for instance, in the Police Department of the City of New York. I'm sure that the same situation applies to most of the law enforcement agencies in the State of New Jersey. It also is interesting to note that of the 397 arrests made by Commission Agents over the ~~three~~ four year period mentioned less than 50% of them were for theft.

Even the accounting witness produced by the Commission did not produce an accurate statement of the situation. Apparently the accountant did not talk to some of the earlier witnesses from the Commission's staff who testified nor did he bother to check the facts on which he based some of his computations and projections. The Commission's own exhibit 3-A indicates that the man hours spent by port watchmen in the Port of New York for the year 1968 was approximately 2.9 million hours. A further check would have indicated that man hours for the fiscal year 1969 were down

to approximately 2.6 million hours. In spite of this fact the accountant, when attempting to project the cost of watching in the Port of New York for the year 1970 used as his estimated base hours 3,227,000 hours. The Commission's files should have revealed there have not been these many hours worked by Port Guards since 1960. The net result of this elemental miscalculation is that the projected cost for security for 1970 was overstated by well over one million dollars. A mistake of a million dollars may not seem significant to the Commission but to those of us in private enterprise a million dollars is a lot of money.

Much time was spent in the hearings reviewing cases that occured six, seven, and in one instance, twelve years ago, as if they were typical of the situation that exists today. This is grossly misleading. In a number of other instances that were cited by members of the Commission's staff there were gross misrepresentations of fact. This is especially true with reference to an armed robbery of two cartons. It was alleged by the witness for the Commission that when the travelers checks arrived it was the responsibility of the roundsman to notify the head clerk so that the head clerk could order them placed in the crib. This is completely false. In fact the contrary is true. The head clerk would know long before the roundsman when any especially valuable cargoes are received on the pier, since the dock receipt must go to the head clerk first. This investigator should have known, because everyone else in law enforcement who was involved in the matter knew, that the two cartons in question were not listed as

travelers checks at all but were manifested solely as financial papers. In point of fact it was not until nine hours after the robbery that the steamship company involved knew for certain what the contents of those cartons were. The security department had not been alerted at all to the presence of these extremely valuable documents and there was no lapse or breach of regulations or custom by any member of the security department in the handling of this particular shipment.

In another instance, the investigator indicated that a substantial theft occured from a particular Marine Terminal when a cursory examination of the records kept at the terminal and I'm sure in the Commission's file would indicate that this particular container never arrived at the Marine Terminal but had been taken from a different location altogether. A detailed review of the transcript for the two days of testimony presented by Commission witnesses with the numerous misstatements and mistakes gives rise to the growing feeling that the presentation was either ill prepared or deliberately misleading. Neither situation is commendable for an organization that professes to be a professional investigative agency. It is certainly not the type of testimony or conduct that one would expect from an ethical and reputable investigation agency functioning in the private sector. I suspect that any privately licensed investigative agency that produced such evidence would find it's license in serious danger.

A good deal of testimony was devoted during the presentation of the Commission's staff to the questions of apprehensions made by the various segments of law enforcement on the waterfront. As I have noted previously, many of the figures cited appear suspect when compared with the Commission's own published reports. However, nowhere in the Commission's presentation was there any attempt made by the Commission's witnesses, who profess to be professional law enforcement personnel, to make the basic distinction between a uniformed force and an investigative force. It is axiomatic in law enforcement, that the primary function of a uniformed force is to prevent crime. It is the duty of the investigative force to investigate crimes after their commission and to apprehend the perpertrators. Thus, in any police department, the number of arrests made by the uniformed personnel do not compare with those made by the detective force. In the context of waterfront security, the private pier guards are analogous to the uniformed police force and the Waterfront Commission Investigators might be compared to a detective division. Even bearing this distinction in mind I submit that the figures offered by the Commission's Agent Hoffmann were grossly misleading. A review of the files of our company for the period from January 1 , 1966 to December 31,1969, a slightly less period than that referred to by Agent Hoffman, indi= cates that guards employed by our company were responsible directly or indirectly for the apprehension of 88 people. These apprehensions were made for crimes and offenses ranging from loitering and intimidation to theft and burglary. Fourty-five of these de-

fendants were turned over to the Waterfront Commission Agents. I might add that in every single instance the Waterfront Commission was advised of the actions taken by the Pier Guards involved. In addition to Commission Agents information on arrests were conveyed to the United States Customs to the Federal Bureau of Investigation, New York City Police Department, the Hoboken Police Department, Newark Police Department, and the Port Authority Police Department.

In addition to these arrests and apprehensions, I would particularly call the Commissioners attention to the fact that pier guards employed by our company have been extremely vigilant and alert in preventing the illegal importation of narcotics. Several years ago our guards worked in close cooperation with detectives of the New York City Police Department in breaking up a group of seamen who were systematically importing narcotics into the city of New York. On another occasion we worked closely with Agents of the Federal Bureau of Narcotics along with the New York City Police in helping smash a major importation scheme into the Port of New York. Last December a pier guard employed by our company discovered a large quantity of hashish concealed in the crating of cargo being brought through Port Newark for ultimate delivery to the Midwest. Through the alert actions of this guard the matter was turned over the the United States Customs Authorities. At the beginning of this month the alert actions of another guard employed by us discovered another quantity of narcotics that had been dropped by a visitor to a ship in the Port of New York. This was also turned

over to the United States Customs and through the identification of the guard involved the man was apprehended and found to be in possession of stolen cargo. It was also discovered that he was an illegal alien in this country. Within the past week the actions of a roundsman employed by our company led to the search of a ship in Brooklyn which uncovered a cache of twenty five pounds of hashish.

We have received numerous commendations from various law enforcement agencies for the intelligent work of our guards through the years. In some instances, such as the United States Department of Justice, Immigration and Naturalization Service, these written commendations have even been accompanied by cash awards for the guards. We even have within our files letters of commendation that were given by this Commission, although it appears this practice of acknowledging extraordinary work on the part of the pier guards has been discontinued by the Commission.

Repeated references were made during the course of these hearings to a "professional guard force". It appears that the attempt was being made to equate a professional guard force with a publicly operated force. I submit to the Commission that the two phrases are not synonymous. Our company was organized almost fifty years ago by a professional police officer, who had been Captain of Police of a major railroad, with juristiction over the states of New York, New Jersey, Maryland and Washington D.C. It is licensed and meets all requirements of the states of New York and New Jersey and has met those requirements long before those imposed by the Waterfront Commission. These are the same require-

ments that govern all agencies involved in private security work such as Pinkerton, Burns, Wackenhut and others. During our 50 year existance we have specialized primarily in maritime security and have accumulated a knowledge and expertise in this specialized area. Our emphasis in operations has always been on the quality of our supervision and throughout our history we have laid great stress on employing men with distinguished records in law enforcement. Through the years and at the present our supervisory personnel have included distinguished law enforcement officers from the Federal Bureau of Investigations, various New Jersey Police Departments, the Police Department of the City of New York, the Port Authority Police Department, United States Customs Service, United States Immigration and Naturalization Service, and others. Unlike the Commission's witnesses who testified concerning professionalization, these men were not merely police officers or detectives, but in every instance were men who had substantial command authority in addition to their own personal abilities. At the present time we number among our supervisory staff a former Deputy Chief Inspector of the Police Department of the City of New York who served as Borough Commander of Detectives in every borough of the city of New York that has waterfront facilities. I think it safe to state that almost every Commission Investigator who was a detective in the City of New York at one time or another worked under this man's command. In addition we also have at the present time two supervisors who are retired Lieutenants of the Police Department of the City of New York with long and distinguished records. One of these men formerly was an investigator for the Commission. We also have as a supervisor

a former inspector of the United States Immigration and Naturalization Service who has written extensively on police matters and who has been a frequent lecturer at municipal and state police training schools in the state of New Jersey. Another supervisor is a former member of the Police Department of the Port of New York Authority and has had over twenty five years experience involving Waterfront Security not only in the Port of New York but all over the world. I might also add that I am not a stranger to organized law enforcement activities myself, having spent eight years as Chief Assistant District Attorney of Richmond County New York.

I would also like to call to the Commission's attention that almost every item which the Commission claims credit for introducing to improve security in the Port of New York, was in fact an established practice and policy of our company long before the Commission included it in it's regulations. I particularly refer to the training program which was in existance before the Commission's regulation as well as the use of memo books, gate logs, etc.

In passing, I think some reference should be made to the testimony adduced, before this hearing by Mr. Cassidy of the National Harbours Board of Canada. Any attempt to make a meaningful comparison between the Port of New York and the ports Mr. Cassidy referred to would, in my opinion, be falacious in the extreme. There can be no comparison of the physical situations. We are not concerned here with a group of ten or twelve piers compactly located in two or three closed locations. The Port of New York, as has been testified to, extends over six hundred miles, through eight or nine coun-

ties in two different states. There is also the question of ownership of the marine facilities. We do not have, as exists in Canada, a common, state ownership of the physical marine terminals and piers. New York is a combination of municipally owned, authority owned, and privately owned facilities. Of great importance is the fact that the level of security envisioned by this new concept in Canada would be far less than we are presently enjoying in the Port of New York under private management and control. There is also the interesting question of liability for any lost cargo resulting from governmental operation and control of a security force. In Canada, it appears, that the terminal operators and or steamship companies at the present time do not assume any responsibility or liability for cargo entrusted to care custody and control. This is not the case in the Port of New York. If a governmental agency were to assume responsibility for all security, would they also be liable for any losses? If they are not what recourse does the terminal operator have? If they are, where does the money come from to pay the claim? Any governmental agency maintaining a police force, would exist by virtue of an assessment or charge levied on the industry. Any monies used to pay claims would have to be raised through means of that levy or assessment. In effect, the steamship industry would be underwriting it's own claims, with the net result that an operation that was concerned and interested in providing good security at it's facility would be paying the same assessment and levy as one that was careless and slipshod. In short there would be no incentive for management to take proper security measures. Last but by no means least, is the question of the increased cost of the Canadian system. Although

it was not indicated in the testimony, the published reports concerning the Canadian plan indicate that the Government itself anticipates that the cost of security will increase by over 50%. It is interesting that in testimony before Congress, the Executive Director of the Waterfront Commission indicated that the cost of a governmentally operated police force in the Port of New York would be approximately 50% more than the present cost. Unfortunately, we are all too well aware of the ~~ephermal~~ ephemeral nature of projected costs on any governmental takeover. Cost overruns of 50 to 200% have become all too common, so that we can reasonably anticipate that any attempted Government takeover would cause a substantial, almost astronomical increase in the cost of security in the Port of New York. This increase, without any showing of a significant decrease in a loss experience of 2/100 of 1%, would clearly be passed on to the ultimate consumer of the commodities and would increase the cost of the cup of coffee to the housewife just as much as increased losses.

Testimony was given at the hearings indicating an increased incidence of losses as a result of documentary frauds. Four incidents were related that occured last year resulting in losses of $270,000. In addition, last year there were additional losses reported in five incidents involving similar types of transactions for an additional $284,000. This type of theft could be effected even if the terminal were surrounded by a battalion of Marines. A careful analysis of these cases indicates that the security of documents in the hands of freight forwarders, truck companies, and others in the field of importing goods must be improved. If delivery orders tallies,

and other documents which effectively release cargo are not properly controlled, we will have substantial losses. These nine cases alone accounted for over $550,000 worth of losses in 1969. If signed blank checks are left around loose where they can fall into improper hands, is it any wonder that money is stolen? The method of operation of many of the trucking companies which pick up cargo at the piers of the Port of New York leaves a great deal to be desired from a security point of view. The use of "gypsy truckers", fly by night and other independant truckers working on behalf of someone else leaves much to be desired. It is not only the truck drivers and their helpers who pose a problem. In many instances dispatchers who make the arrangements with the pier for pick-ups and deliveries and expediters and messengers who visit the pier facilities have been found to pose serious security problems. In at least one instance we have witnessed an amazing situation, internally within one of the major trucking companies servicing the Port of New York. One of it's dispatcher-expediters was arrested, indicted, tried and convicted of five counts of theft of property moving in interstate and foreign commerce. These thefts occured in cargo that his company was picking up for various consignees. After concluding a five year jail term.we not only find that this dispatcher-expediter was rehired by his former employer but has now risen to become a vice president of the company. This company has figured in several of the large losses in the Port of New York involving fraudulent documents or the fraudulent use of genuine documents.

In discussing the problem of security in the Port of New York, I regret to say that the presence of the Waterfront Commission has not contributed to its fullest possible measure. In fact, in some areas, the presence of the Commission has acted as a deterrent to effective security and has placed the shipping industry in a more difficult position than it was before the advent of the Commission. I particularly have reference to the Commission's powers to license and register virtually all waterfront personnel. The existance of this license has created a presumption of employability for those who hold such license. This coupled with the collective bargaining agreements and the established seniority in many instances forces employers to hire people they would not otherwise employ. Thus, at the present time, if a longshoreman is caught stealing or attempting to steal his employer cannot refuse to employ him as long as he retains possession of a valid license or registration. If the employer does attempt to discharge the employee,and a grievance is brought under the established grievance machinery of the collective bargaining agreement, an arbitrator looks to the continued presence of the license and the presumption of innocence and orders the man rehired. This is so even though the Commission, by statute of rules has the authority to suspend licenses and registrtion pending a hearing it certainly has the right to expedite formal hearings in these cases. Unfortunately, the Commission has not seen fit to exercise these powers which it has to any great degree. I would like to set forth two cases illustrative of this situation.

In December of 1965 two registered longshoremen were apprehended by members of a New Jersey Police Department attempting to sell two ingots of silver. When this fact was communicated to the security department of the steamship line for whom these men worked, an investigation ensued. It was discovered that the two bars of silver were cargo from a ship that both longshoremen had loaded and that these bars were in fact missing from the ship. The Waterfront Commission was notified at once. The case was ultimately brought to trial in New Jersey and both defendants were convicted. In June of 1967 both defendants received suspended sentances in the court of New Jersey. Up to this point, some 18 months after the event, the Waterfront Commission had taken no action with reference to the licenses or registration of either of these men. They continued to work at the same pier every day during the 18 months. The only time they missed from work was during the actual course of court appearances. The Commission was promptly notified of the sentence imposed by the court and still no action was taken by the Commission until February 1968, eight months after the imposition of sentence and 26 months after the crime had occured. At that time the Commission held a hearing and simply suspended the licenses of these two convicted felons for a period of four months. At the conclusion of this period of suspension at least one of the two longshoremen returned to the waterfront resumed working at the same pier. The only reason he is not currently working on the waterfront is that the piers in question have ceased operating. He still possesses a valid license and in fact has collected almost three thousand dollars from the

Shipping Industry during this current fiscal year under the guaranteed annual income provisions.

In another case a registered longshoreman was apprehended by security guards while attempting to steal an entire container of cargo. Investigation revealed that this longshoreman had stolen a pass that had been legitimately issued to a truck driver, from the truck driver. He had made arrangements to get a truck, and using the stolen pass had brought the truck into the terminal. He then used a hi-lo to take a container and load it aboard the truck. He was unsuccessful in getting out past the port guard assigned to the gates on several attempts and was apprehended by other members of the security department in the terminal in possesion of the truck and the container. He was promptly arrested and the Waterfront Commission was notified of all of the facts. This occured in August of 1967. In April of 1968 the defendant pled guilty and in May of 1968 he was sentenced to four months in Rikers Island. During all of this time from August of 1967 until May of 1968 no action was taken by the Waterfront Commission concerning the suspension or revocation of this man's license, and aside from court appearances he worked on the waterfront, the same location every day. With the statutory time off for good behavior this defendant completed his sentence in approximately 3 months and the day after he was released from Rikers Island Prison, he was back working at the same pier under his license. No further action was taken by the Commission until some six months later when in April of 1969 he was suspended for ten months. This sus-

pension did not take place until twenty months after the crime involved.

During the investigations of the New York State Crime Commission some 17 years ago, that gave rise to the creation of the Waterfront Commission, it was pointed out that the courts were particularly lenient in dealing with thefts from the waterfront. This situation has not changed. In fact it is a common situation, that those who are found guilty of waterfront theft are given light sentences or suspended sentences by the courts because defense counsel argues that they are jeoprody of losing their Waterfront Commission License and their livelyhood anyway. Unfortunately we see that this is not the case. The Commission's attitude and conduct as exemplified by the two cases I have cited, hardly acts as a deterrent to those who are involved in serious theft from the Waterfront of the Port of New York.

Since enforcement of the laws on the waterfront was one of the major factors in the creation of the Commission it would appear, almost without stating, that cooperation with those in the security field charged with the day to day protection of the cargo in the port would be of first importance. Unfortunately we have found through the history of the Commission that cooperation is generally a one way street, that is, the security agencies cooperate with the Commission. There is very little return of cooperation in the security field. Although I must say that this has varied widely dependant on the composition of the Commission at any given point in time. To our knowledge, there has been no constructive cooperation eminating from the Commission with the security agencies

charged with the security of the cargo in the Port of New York.

I have already discussed in connection with the undermining of the position of the port guards in the port of New York by the Waterfront Commission, the lack of professional conduct on the part of it's investigative staff. Of equal significance is the effect this situation has on the total aspect of security. The Waterfront Commission is notified promptly of a theft or attempted theft by a port guard and in many instances the investigator will arrive on the scene the next day or several days later, if at all. In a great many cases, as I have illustrated above, the conduct of the investigators in responding to the situation is perfunctory at best or actually disruptive of a successful conclusion to the matter.

Those of us who are involved directly in the security of the cargo in the Port of New York realize that there is still a continuing problem in the area of cargo security. We feel that we have much to be proud of when our record is compared against that of other industries. However, we are not satisfied with the security situation in the Port of New York. We will never be satisfied with the security situation until all losses are reduced to zero. However, we know the industry and the conditions existing in the Port of New York. We know what can and should be done to reach, or at least attempt to reach perfection. It is not the further fragmentation of law enforcement in the port by the interposition of another layer of bureaucracy with its attendant rising costs. There are workable, effective, alternatives that will enable New York to retain it's paramount position as a port of foreign commerce with what the Commission conceeds is an extremely low

loss per ton figure. This can be accomplished without the economic strangulation that would virtually close the port.

If there is one recommendation that has come out of these hearings it is that the guards employed on the piers of the Port of New York must have greater power. We agree. We have asked for this power since 1953; the New York State Crime Commission has recommended this power be granted and the Waterfront Commission has not seen fit to implement that request. Certainly, if full police or peace officer powers are not to be given to the port guards then the absolute least that can and should be done is to enact legislation similar to that contained in article 12-B of the General Business Law of the State of New York. This article permits owners of retail mercantile establishments or their agents to detain, question and investigate persons on their premises upon reasonable knowledge that they have concealed merchandise to which they are not entitled. This power is currently granted and exercised by private security forces far less trained or experienced than the port guards of the Port of New York. I have been advised that this law has been enacted by fourty states of the union. It would be of tremendous help to us in security in the Port of New York.

The agency charged with licensing and registering waterfront personnel must be more vigorous in envoking its power to revoke or suspend licenses. Thieves should not be permitted to be back on the pier the next day after making bail. The axiom that justice delayed is justice denied has great applicability in this area.

There should be a substantial increase in the number of customs personnel assigned to the Port of New York. They are especially valuable in this area, since their powers of search far exceed those of any peace or police officers in the states of New York and New Jersey. They are knowledgeable of waterfront proceedures and have been extremely cooperative.

There should be increased cooperation and coordination between all law enforcement agencies having juristiction over the waterfront. This list includes United States Customs, United States Immigration and Naturalization Service, F.B.I., and all local police departments having waterfront facilities. In those municipalities having waterfront facilities, some effort must be made to establish specialists within the local police department with knowledge of the peculiar problems of the waterfront of the Port of New York.

On an area wide basis there must be a task force approach to eliminating any vestiges of organized crime from the activities of the Port of New York. This would most probably best be handled by the United States Department of Justice and be broad enough to include not only persons and organizations working directly on the waterfront but all those who serve it in an ancillary position such as truckers, freight forwarders, etc.

The shipping industry and all those connected with it such as terminal operators, freight forwarders, truckers, importers, customs and security personnel should institute an on-going study of the form and control of documentation involved in the shipment and delivery of goods and in establishing sound proceedures.

In short the name of the game is cooperation and understanding. More can be accomplished through the mutual efforts of all who are involved in the shipping industry than can be done by legislative fiat or bureaucratic autocracy. This was established through the testimony of Mr. Lyle King of the Port Authority who testified to the voluntary and cooperative efforts made in the Port Newark Port Elizabeth area to improve security in 1969. In explaining the great improvement that occured with the advent of this organization Mr. King said :

> " So that I think, all in all, we have proven to ourselves that, if enough hard work goes into it, and if the resources are adequate and the education goes along with it and the tenants and the others who are concerned, know that someone wants to do something about it, there is no question in my mind that a great improvement can take place."

And this was done by the industry without any great expenditures of money.

FOLLOWING STATEMENT SUBMITTED BY JOSEPH L. SCHMIT

STATEMENT OF WILLIAM S. McROBERTS
PRESIDENT, McROBERTS PROTECTIVE AGENCY
PRESENTED APRIL 27th, 1970 AT
PUBLIC HEARING OF BI-STATE WATERFRONT
COMMISSION

My name is William J. McRoberts and I am President of the McRoberts Protective Agency, located at 21 West Street, New York City. I appear before you not only as a businessman, but also as an experienced professional in the field of security and cargo protection. I personally have operated in this field at the Port of New York and away from the port as well, for over 20 years.

I joined the McRoberts Agency in the years following World War II, having served, incidentally, in the Military Police as a platoon leader. In that capacity I participated in security work in many communities occupied by the United States in France, Germany and the Low Countries.

I think it is pertinent to take note, for a moment, of the situation as I encountered it over twenty years ago in the Port of New York. The force of watchmen available at that time very well could have been characterized as the collection of tragic figures which the Waterfront Commission would have us believe they are today. Twenty years ago the force of security guards performed their duties without any uniforms, with little backing from the industry which they served and without the control of a licensing system such as we have today.

They admittedly were not very effective twenty years ago. Certainly they were not disciplined. There were then eighteen agencies working in the security field, as well as some sixteen steamship companies hiring private watchmen on their own, rather than through any of the agencies.

Today the picture is entirely different, but I will speak of that in specific terms later in this statement. Suffice it to say here that our men are uniformed, licensed, trained, well-paid, loyal and dedicated. They are trained according to a program which the Bi-State Waterfront Commission itself participates in and approves.

With all due respect to the individual members of this Bi-State Waterfront Commission, in the interest of compiling an accurate record for the public, it is necessary to state that the evidence compiled by your staff, and introduced at your hearing under your rules, and not in any way subject to cross-examination, amounts to a misleading picture of the waterfront security picture.

Because it is your agency's responsibility to inform your governors and your legislatures in an accurate, unbiased manner, we must ask how your organization could have gathered such a large body of evidence and still failed to point out the following:

1. That the age level of the force of guards is not only at fully acceptable levels for proper security, but also has significantly dropped over recent years.

2. That large numbers of reports concerning thefts, pilferage and shortages in the Port of New York have been turned over to the staff of the Waterfront Commission. My organization alone rendered 386 reports of losses to your staff between January 1st, 1967 and December 31st, 1969. Yet the testimony provided through the efforts of your staff, or directly by your staff, sought to leave the impression that thefts generally go unreported.

3. That cargo shortages in the Port of New York, while certainly a problem, account for only one penny on each $50.00 of general cargo moved through our port. Nor was it pointed out that this loss rate is far below that experienced in many other lines of business, most notably in large retail establishments of all types.

4. That the containerization of freight is a relatively new development in our port, and that we are still perfecting methods of protecting containerized freight. Despite this, it was not brought out in the

commission's case that all of the container thefts last year in the Port of New York scarcely equalled the entire highway high-jacking haul for only the New York area in an average three-day period.

5. That ultimately the protection of containerized cargo on the docks is far easier than the protection of general cargo.

6. That the increased cost of cargo protection resulting from the establishment of a Waterfront Commission police force will ultimately be passed on to the consumers of goods which move through this port.

7. That the port watchmen - this supposedly "tragic figure" - has been sufficiently well thought of to be called upon by other organizations and prominent individuals away from the waterfront to provide security protection and even important bodyguard service.

This "tragic figure" concept, incidentally, is plagiarized from the 1953 report of the New York State Crime Commission, which report led to the establishment of the Waterfront Commission. And this report recommended that the watchmen be given Peace Officer powers so as to better do his job. Why did the Waterfront Commission fail to support this recommendation of the New York State Crime Commission, then and now?

Testimony introduced by the Waterfront Commission has sought to establish basically two things: First, that the cargo security system at the Port of New York is woefully inadequate, and second, that the force of port watchmen is made up of substandard men who do not properly protect cargo. Through testimony offered at these hearings, you have sought to destroy public confidence in our security force. But you yourselves in recent reports to the public, have given contrary evidence.

Let me read from the very first paragraph of the 1968 Annual Report of the Bi-State Waterfront Commission.

> "The Port of New York, the major seaport of the United States and terminal for world-wide shipping, has emerged under the reform measures administered by the Waterfront Commission of New York Harbor

over the past fifteen years as one of the most progressive and respected seaports in the world. Since news of crime, particularly from the waterfront, oftentimes borders on the sensational, the port has sometimes been represented unfavorably, and perhaps unfairly. Recent surveys of cargo security in other ports throughout the world have disclosed that the problems of cargo protection in our port are not unique and that, indeed, <u>at present there is less incidence of theft per ton of cargo moving through the Port of New York than in most other ports.</u>"

The Commission then calls for the improvement of waterfront security, an objective to which we all subscribe.

On the very next page of that same report - the first paragraph of your section entitled "Inadequacy of the Present Cargo Protection System" . . . . this enlightening material appears:

"In recent testimony at a hearing before the United States Senate Select Committee on Small Business, which was concerned with cargo thefts in ports throughout the United States, the Waterfront Commission was commended for its leading role in the great reduction of cargo thefts and pilferage in the Port of New York. The Assistant Commissioner of the Bureau of Customs testified that since the Commission's creation, loss conditions in this port had considerably improved, and a vice-president of a nation-wide importers association testified that other United States ports have not been nearly as effective in controlling pilferage as has the Port of New York."

Or consider this self-congratulatory statement made in the 1965 annual report of the Commission:

"These measures are bringing about a change in the port's reputation from a corrupt, high-pilferage, costly port to a port that is clean, efficient and progressive. This changing reputation should encourage new business for the port and thereby make a substantial contribution to the improvement of the economies of the State of New York and New Jersey."

Only this week did your latest annual report, for 1969, proclaim:

> "The Waterfront Commission is proud of its role in the reversal of the Port's reputation a decade and a half ago as a crime-infested and unreliable seaport."

That same paragraph, written by your staff, now characterizes the Port of New York "as one of the most advanced, efficient, and highly regarded harbors."

Is this the same port which your testimony indicated is losing business to other American seaports? Have not the port watchmen, who have been on the job all these years, in fact played any important part in making this port such an exemplary facility for the movement of cargo?

It is hard to reconcile this very positive view of conditions in our port with the gloomy picture which emerges from the testimony offered by the Commission's own staff. Perhaps different departments within the Commission's staff are responsible for preparation of annual reports and for material to be presented at public hearings.

Contrast your most recent view of the port, as contained in your latest annual reports, with the fact that much of the material offered at the hearing covered events which occurred over a period of years stretching all the way back to 1958. We would consider the use of older material to be unwarranted when it is the current situation which must be taken into account, not conditions which no longer apply.

This Commission, when it makes its report to the Governors and Legislatures of New Jersey and New York, I would hope will be strongly faithful to its responsibility to bring before them all of the pertinent facts about the proposal that the Commission establish its own police force. In doing so, it would seem worth taking into consideration the job which was initially assigned to the Waterfront Commission some seventeen years ago - to remove the influences of criminal elements. In considering whether it wants to turn over to the Commission an entirely new police job, the legislators of both states, no doubt, will want to ask themselves, "Did the Waterfront Commission, over the last seventeen years, do its basic job? Did it rid the waterfront of the influence of organized crime?"

The Commission's testimony has gone to great lengths to establish that despite the presence of the force of port watchmen, thefts and highjackings continue to occur at an extensive rate.

In the first place, this basic premise does not stand up in light of the statistics available on the volume of losses of all types, whether due to crime or not, compared with the volume of cargo moving through the Port of New York. Moreover, much of this loss, if not most of it, emanates from losses outside of the Port of New York. Short loadings, theft at sea, or more likely, theft at foreign ports where protection is far inferior to that offered in the Port of New York, could well account for the bulk of our loss. An important portion of our losses, however, can be attributed to illegal activity in our own port, and for that reason, we continuously strive to improve our security system. When considered on the basis of economic significance, however, our losses are not exactly overwhelming. Whether due to theft here in New York or not, our losses amount to about two cents for each $100.00 of general cargo passing through our port. Two cents.

By contrast, the loss to a large department store in New York would amount to many times that two cents for each $100.00 of merchandise handled. Has anyone suggested the creation of a special police force to patrol our department stores? How about the higher proportional losses suffered by the average supermarket. Should we establish, at ultimate expense to the buying public, a Supermarket Police?

But please contrast, if you will, the climate around a department store or a supermarket with that of the waterfront. When considering the problem faced by the port watchman, whom you have denigrated, it should be remembered that he is not exactly asked to guard cargo that is left lying in a church vestibule. This is the waterfront we are talking about.

While the Waterfront in the Port of New York has been a haven for the racketeers, our department stores and our supermarkets, where losses run proportionally higher, are not known as playgrounds for the mob or the Mafia. No one, to my knowledge, has yet suggested that we have need of a Bi-State Department Store Commission, or a Bi-State Supermarket Commission. Rather, we created such a commission where there was a rackets problem, and the public has reason to hope for some results in this area.

In any event, our port watchmen are called upon to guard cargo in a most difficult environment. And they do it with courage, resourcefulness and, the statistics show, with effectiveness. But your people, in their testimony, ran the port watchman down, belittling his ability and his preparation. Let me provide, for your benefit, more detailed information on what is involved in the duties of a port watchman:

1. Supervises and places all guards on the pier.

2. Examines manifest of all ships arriving at the pier.

3. Makes his own list of all special cargo.

4. Makes up a sort book for each individual guard as to what cargo they are to look for.

5. Counts, as far as possible, all special cargo.

6. Attempts to make sure that all crib cargo actually arrives at the crib.

7. Counts, through his crib man, all cargo entering or leaving the crib.

8. Counts cargo, as far as possible, going on trucks.

9. Searches, as far as possible, through gateman all trucks and vehicles leaving the pier.

10. Notes and reports all damaged and pilfered cargo leaving the hatches.

11. Is continually and everlastingly a checker's checker. Because of long experience with marks and contents, he almost daily saves many cross deliveries.

12. Apprehends or causes to be apprehended many theft suspects. On pier 32 alone, we have numerous arrests and convictions because of the prompt action of our supervisor.

13. Checks all outward cargo receipts for special cargo arriving on trucks. Makes certain that said cargo get to proper destination.

14. Makes spot checks of checkers tallier of cargo leaving the pier.

15. Notes and records all damages and pilferages to cargo and to the pier itself.

16. Makes reports of all injuries, accidents, property damage or fire.

17. Makes periodic inspection of pier and recommends changes that will benefit security.

There also was an effort in earlier testimony to portray the force of watchmen as a collection of aging individuals, too old to do the job. Much was made of the fact that a large number of our watchmen are over 50. The majority of them incidentally, are under 50, something that your staff did not point out. But still, many are over 50. Is the suggestion being made that a man over the age of 50 is washed up? There would be a lot of empty police uniforms, and a lot of empty chairs behind desks at the Waterfront Commission offices if that were the case.

Of greater significance than the information offered earlier on the subject of age levels is the fact that the age level of men hired in recent years has been dropping, not rising. In my agency, which accounts for about half of the force of port watchmen, we hired about 80 men in 1967. Precisely 40 percent of these were under the age of 40, ranging in age from 20 to 40. The other 60 percent were in the 40 to 50 age range. Two years later, in 1969 when we hired about 70 men, the age level had dropped clearly. In that year the percentage in the 20 to 40 age range had increased to 48 percent, while there was a corresponding eight point drop in the category of newly hired men in the age 40 to 50 classification.

There also was testimony, again not subject to any cross-examination, to the effect that there were over the years a number of instances of dishonesty among a few pier guards. There were very few specifics cited in this testimony, mostly generalizations. Even if the few specific instances, which could not be challenged by cross-examination, were in fact accurate, it is bitterly unfair that you would allow this testimony to lead you to the conclusion that watchmen generally lack integrity. On the contrary, we are prepared to offer the testimony of recognized police professionals who have had extensive experience with the

waterfront and with organized crime, that our port watchmen have considerable devotion to duty, a high level of responsibility and an almost unfailing willingness to do their job even under adverse circumstances.

The contention that there have been scattered instances of dishonesty among watchmen is to be deplored, without any question. But this cannot be allowed to condemn the great majority of men, or to condemn the entire system of security which your own commission in its past annual reports has bragged lavishly ranks with the best cargo security systems in the world.

Your testimony presented by the Commission staff also sought to discredit the capability of the port watchmen. Certainly that is the only interpretation which can be placed upon the remark made in the opening statement by your assistant counsel to the effect that "The present men employed as port watchmen do not have the physical dexterity or the mental capabilities to do an effective job of preventing crime."

That is not only an outrageous slur on our port watchmen, it is also an utterly false statement. Our port watchmen are held in extremely high regard in the field of private security.

You have relied for some of your information about the quality of security in our port on testimony provided by John C. Hughes, pier manager of the Cunard Steamship Company. This

gentleman from England does not seem to think much of the type of person serving as a pier guard. Holding such a view, he probably does not know that when Queen Elizabeth came through New York the last time the British called for the services of a port watchman to provide the royal party with personal security.

Captain Rozen, port captain of the American Israeli Shipping Company, not only testified that our port security system is very poor, (in direct contradiction incidentally to the findings of your recent annual reports) but also suggested he did not have great confidence in pier guards. Captain Rozen probably does not realize that his own company, which when it had to seek protection recently against possible violence, sought out specifically the services of port watchmen. And on this very day a port watchman is guarding American Israeli officials in their downtown offices.

When his Holiness, Pope Paul, visited New York three years ago, again the call went out for the services of our tragic figures, the port watchmen.

Personally I am proud of these instances of recognition, and I can tell you that they have far more meaning than the testimony introduced by you, without cross-examination, that one of your men saw a crap game here, or a numbers pickup there, or a negligent or dishonest guard somewhere else, all over a space of many years.

Staff testimony from the Waterfront Commission seemed to place great stress upon the climate of intimidation which faces some of our men. Of course there are instances of intimidation and threats. If this Commission had succeeded in sweeping organized crime away from the piers, there might be no one around who would stoop to this sort of vicious tactic. But we understand the environment in which we work, and our men demonstrate just how highly qualified and dedicated they are by having the courage to do their jobs, and live up to their duties, despite the presence of many unsavory elements in the pier areas.

The testimony of three pier guards, Edward Bales, Salvatore Mazzella and Walter Burchek, was introduced to support the commission's contention that port watchmen are not sufficiently motivated to stop crime. But it should be stressed that in each of the cases described by these men they told stories of incidents in which they actually did succeed in preventing crime, and had to take action to do so.

It also should be noted, with emphasis, that in the testimony which attempts to show that watchmen are subject to intimidation, in each and every instance described the watchmen actually did his job and made the required reports. In every case, also, action was taken against those accused of theft. That is the really significant fact about the job done by port watchmen.

The testimony of Robert Patterson of the Massachusetts State Police was introduced to show, among other things, that the services of port watchmen do not provide the kind of quality security needed in a port. I find astonishing the use of anyone connected with the Port of Boston to cover that subject. To begin with, watchmen in that port are not uniformed, not licensed and not trained, in full contrast to those of our port. And the Port of Boston is notorious as absolutely the worst in the nation, a situation brought about, by the way, not by poor security, but by the worst labor situation ever to afflict any port in our part of the country.

Then there was the introduction of testimony from Donald Cassidy, head of police and security for the National Harbors Board of Canada, who speaks of his recommendation that private watchmen be eliminated in Canadian ports. As a professional harbor police official, and incidentally as President of the International Association of Harbor Police, you could hardly expect him to provide an objective, unbiased opinion on the subject of port police versus port watchmen. Had we been permitted to cross-examine Mr. Cassidy, we could have established these facts:

1. The majority of Canadian security guards receive the minimum wage.

2. Out of their meager earnings, they are required to pay for their own uniforms.

3. Overtime pay is virtually unknown in spite of the fact that many of them are required to work 15 hour shifts and 84 hour weeks.

Testimony introduced by your staff laid importance to the fact that while cargo tonnage has increased in recent years in this port, the number of watchmen hours have decreased. The statistics, of course are correct, but it is also true that there are obvious reasons for this which in no way compromises good security:

1. We are coming into the era of the container. We all know that better procedures, which are now being introduced, are the key to stopping container thefts.

2. Five major American passenger ocean liners are no longer operating, and their disappearance took out of service a large number of watchmen.

3. Watchmen during the 1950's were not nearly as well trained, as experienced or as well supervised as they are today. Individuals did not work as effectively then as they do now. It often takes far fewer men to do a given security job today than were needed for the same job 10 or 20 years ago.

4. Some new piers have been built, modern facilities replacing older piers. There usually are fewer gates, more open areas, better design for general security considerations, and they require fewer guards than did the older piers.

Perhaps the testimony of the commission staff with respect to hours reduction was intended to establish that the shipping industry seems to care less than it once did about port security. I can testify that the shipping industry cares a great deal about security, and it is doing a great deal. The figures available to this Commission show that industry has spent, over the years, some $50 million dollars on security since the system of assessments by the Waterfront Commission was instituted. I consider this to be very important evidence of industry's concern with its responsibility in this area.

Certainly industry is not unmindful of the cost of security. The public can be thankful of that, for it is the public which eventually pays the bill for the security, in the form of higher prices for the goods which come through the port. If that bill now is to be raised to a still higher level by the institution of the proposed new police force, the higher bill, too, will reach the public.

If this commission were truly interested in better security on the waterfront, it would take every possible step to build up the system of security, and to strengthen the position of those responsible for protecting cargo.

For one thing, peace officer powers could have been given to our port watchmen which would have added to their authority to take action to prevent theft. I cited before that the New York State Crime Commission 17 years ago recommended that port watchmen be given peace officer powers. This was not done then, and it has not been done since, despite the fact that industry and the security agencies have repeatedly suggested it as a step toward improvement.

I should point out that society has not been so remiss in strengthening the hand of security personnel in certain other fields of business, even though they do not have the problem of dealing with the sort of criminal element which is drawn to the waterfront. I refer to the fact that general business law in New York, and in approximately 40 states of the union, provides retail store personnel with the right to stop an individual within the store and, within reason to do whatever is necessary to determine whether that person is carrying stolen goods. Port watchmen do not have similar latitude on the piers.

Actually, certain steps could be taken which might help lessen the extent to which criminal elements are able to operate on the waterfront. For one thing, greater attention could be given to the need to keep away from the waterfront men who have already been convicted of a crime, in many instances of stealing from the piers. It is harder to protect cargo when we allow such individuals, who have demonstrated their willingness to break the law, to go on working in a situation that makes the repeat of these crimes all too convenient.

I would suggest that you include in your report to government authorities in New York and New Jersey an answer to this important question:

How many men have had their registrations taken away or suspended by the Waterfront Commission for illegal activity, and then later returned to them?

It would also be interesting to learn, if possible, how many of these men actually are now working on the piers.

Such specific information might prove far more enlightening than mere general attacks on port watchmen.

On the subject of improving security, it is important to remember that the problem of protecting containers while they are on the piers is relatively new to the shipping industry. It has only been during the last two or three years that container shipping has become a major factor in the context of the overall activity in the port.

Even though much of the responsibility for avoiding container thefts rests with authorities other than port watchmen, because of the problems of falsified documents and highjackings, away from the piers, we recognize that we must do our end of the job as well as possible. The port security industry is constantly improving its own techniques in the protection of containers, and it will continue to do so until, I am certain, the incidence of container thefts in proportion to the total amount of container business in the Port of New York will drop far below what it has been. As a matter of fact, despite previous testimony forecasting record levels of container thefts in this port in 1970, I am confident that the total number of containers stolen or lost from pier areas in 1970 will be lower than it was in 1969, despite the fact that there continues to be a sharp rise in the total number of containers moving through the port.

I am, in my position, well acquainted with what goes on around the port, and I am particularly aware of the strong steps being taken to make it ever more difficult to steal a container, even employing the use of false documents and collusion. Terminal users and terminal operators, in conjunction with the security agencies, are undertaking a number of steps to give better protection to containers. Some of these, in many cases still being put into effect, include:

1. The systematic sealing and locking of containers, with keys remaining in the possession of the head of security until the container is ready to leave the pier. While on the waterfront such a container is still checked several times a day to keep it invulnerable.
2. Truck park areas where loaded trucks and containers are placed at night, on weekends and on holidays have been lighted, fenced and placed under a 24-hour guard service.
3. Companies have installed alarm systems and have increased and improved lighting in all areas, including cargo security areas.
4. A closed circuit T. V. surveillance with replay tapes is being utilized in one of the largest container complexes in the world.

5. The amount and quality of security fences surrounding waterfront facilities has been greatly increased, thus facilitating security of cargo.

6. Companies are regularly filing loss reports with the Port Authority and have stepped up their campaign of cooperation with federal and local police agencies.

These measures not only greatly reduce opportunities for crime, but also serve as an efficient, psychological deterrent to the would-be waterfront criminal.

Yes, this port, to quote again from your newly published annual report to the public for the year 1969, is "one of the most advanced, efficient and highly regarded harbors."

We in the security business agree with that assessment, for we played a leading role in making our harbor that kind of a place. We know we are not perfect. That is why we strive to improve. But we are doing our job, which is to protect cargo. Is the Waterfront Commission dealing with organized crime in an equally satisfactory manner?

Submitted by Mr. Frank A. Cardman

March 1970

Pan American has never taken lightly its custodial responsibilities for the cargo of its customers at JFK and elsewhere. We have had losses--serious, aggravating losses in the past; but we have made every effort to put an end to them and that effort, we feel, is paying off.

We are deeply concerned with the allegation that organized crime has moved into JFK; as to Pan American, no effort is spared to eliminate or reduce this alleged influence on and interference with our cargo operations.

Our employees handling cargo are members of the International Brotherhood of Teamsters, Local 295; the vast majority of them are good, hard-working and honest individuals. When we have found the few who are dishonest and even the few who may be in the clutches of organized crime, we have dismissed them. In 1969, 18 such employees of our own were arrested as well as 26 outsiders who were involved in or otherwise perpetrated thefts of cargo from Pan American. Two additional employees were dismissed who were known to be pilfering cargo but against whom we did not have adequate evidence to make arrests. In 1970, four additional employees and five outsiders have been arrested. In this conjunction there have been no known thefts from our Cargo Building 67 since October 1969.

Losses arising from all causes have been reduced in the same period by some 25 percent.

Pan American reported to the Airport Security Council thefts of $589,451 in the year from March 1, 1969, through February 1970. Just as banks are still being subjected to armed robbery, so did we sustain an armed robbery during which $432,000 was taken from what we know to be one of the finest valuables security lock-ups on the airport. The rest, or some $157,450 worth of cargo losses due to theft, can be described as that portion of our losses in which dishonest employees themselves, in collusion with outsiders, have been or may have been involved.

During the same period, 129,160,000 pounds of cargo was handled through our JFK terminal with a released value under our airwaybills of $971,000,000; and this is the minimum value for which we are liable. The true invoice value including currency and other high-value articles handled would make the invoice value at least three times greater or approximately $2,914,000,000. Based on these figures, our theft losses including those from armed robbery are .06 percent of released value or .02 percent of estimated invoice value. Limiting ourselves to theft and pilferage losses excluding armed robbery or $157,452, such losses amounted to .02 percent of the released value of cargoes carried, or .0054 percent of the estimated invoice value.

We offer these figures only as the measure of criminal activity against the cargo handled by Pan American World Airways; and, even then, we would be the first to admit that the level of losses must continue to be brought down.

Pan American has had security forces for the past 18 years; in September 1969, we formalized the Security Department under a Director-Security and expanded our security forces with particular reference to implementing greater cargo security at JFK. The thrust of our security effort is prevention. Toward that end we made the following security improvements in 1969:

---Despite the fact that our $14 million cargo terminal is only three-and-a-half years old, we have nevertheless modernized and updated our cargo handling and storage systems, and are currently spending $3 million to expand our cargo terminal building.

---We have put in special handling procedures for valuables shipments, including the use of guards on the transfer of valuables shipments between aircraft and cargo terminal, and special handling procedures for other attractive shipments, such as watches.

---We have improved our cargo perimeter control, including the installation of guard control for truckers moving into and out of our bulk storage areas.

---We have improved lighting.

---We have drastically reduced the amount of storage time on incoming shipments, thus reducing their exposure to theft.

---We have sealed and locked all cargo towcarts which transfer cargo between our various terminals.

---We have unified and increased our guard services, which, in 1970, in the cargo building and terminal services, will represent an expenditure of approximately $700,000.

---We have given full support to the Airport Security Council; our Director-Security is its secretary.

---We are supporting with all energy the Air Transport Association's Security Committee. We have helped in the development and are implementing its recommended practices for cargo security.

---We also acknowledge the effective assistance and greatly-expanded efforts of the Federal Bureau of Investigation, and other Federal agencies, the New York City Police Department, and the Port of New York Authority Police.

Our efforts have paid off in reducing cargo thefts and depredations at JFK; we are confident that in the future further results will be achieved in guaranteeing the safe handling of our customers' cargoes .

AIRPORT SECURITY COUNCIL

97-45 QUEENS BOULEVARD
FOREST HILLS, NEW YORK 11374
(212) 275-9300

MARIO T. NOTO
EXECUTIVE DIRECTOR

File: 4/76

April 1, 1970

Hon. Paul J. Curran, Chairman
New York State Crime Investigation
Commission
270 Broadway
New York, New York 10007

Dear Chairman Curran:

In accordance with your request on March 17, 1970, at a conference which the Commission held with various members of the Airport Security Council, I am attaching hereto various compilations which will reflect the actions taken by Council members in adherence to recommendations which were made by the Port of New York Authority relative to air cargo security.

I believe it relevant to reflect that on September 16, 1969, I furnished the Assistant Superintendant of Police and the Assistant Director of Aviation, both of the Port of New York Authority, with a summarization of the specific actions taken by the members as of August 29, 1969 with respect to each individual recommendation which had been made by that Authority.

For reference purposes, you will find attached hereto the following charts:

1. A narrative summary for each PONYA specific recommendation made and airline action taken in adherence to it as of March 17, 1970. (Attachment A).

AMERICAN AIRLINES, Inc.
APR 3 1970
Vice President
Audits & Security

2. Consolidated chart reflecting individual and collective actions taken by Council members relative to each recommendation and dates thereof. (Attachment B).

I wish to take this opportunity to express the appreciation of the Airport Security Council, and of course my own, for the courtesies extended to us during the conference with the Commission on March 17, 1970.

With warm personal regards, I am,

Sincerely,

Mario T. Noto
Executive Director

Attachments
cc: John Steele
Joseph Schmit
Frank Cardman

P.O.N.Y.A. SECURITY RECOMMENDATIONS

AND AIRLINE ACTIONS IN RESPONSE

I. EMPLOYEE MATTERS

RECOMMENDATION: 1. "Each airline should assign a qualified security officer to its cargo activities."

P.O.N.Y.A. Statement of 5/23/68: "Those airlines who employed a full-time security officer and complied with this recommendation numbered eighteen, or 46%."

AIRLINE ACTION: The Airport Security Council in Circular Memorandum No. 3/0A, November 15, 1968, Page 4, requested consideration of this recommendation.

Airline Status as of 3/17/70: Twelve member airlines employ full-time security officers at stations at JFK Airport; another eight employ security officers at their headquarters who furnish security advice to local stations. Two airlines plan the employment of security officers soon. Upon completion of the foregoing, twenty-two airlines (66%) of the membership will have the services of security officers.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 18 - 46%
3/17/70 AIRLINE ACTION: 22 - 66%

ATTACHMENT A

RECOMMENDATION: 2. "Employers should secure background check to determine accuracy of job application form."

P.O.N.Y.A. Statement of 5/23/68: "Those airlines who conducted a background check on their employees to determine accuracy of job application form numbered twenty-four, or 61%."

AIRLINE ACTION: Circular Memorandum No. 3/0B, December 3, 1968, Page 3, recommended this to member airlines.

Furthermore, Circular Memorandum No. 1/3, October 10, 1968, proposed to the Airport Security Council membership the amendment of employment application forms to include questions pertinent to the security of the applicant.

Airline Status as of 3/17/70: The number of airlines adhering to this recommendation has increased to thirty-one and constitutes 94% of total membership.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 24 - 61%
3/17/70 AIRLINE ACTION: 31 - 94%

RECOMMENDATION: 3. "Identification cards should be issued bearing pictures that must be worn on outer-most garment."

P.O.N.Y.A. Statement of 5/23/68: "None of the airlines surveyed required photographic identification cards to be worn on the outer-most garment. Compliance was 0%."

AIRLINE ACTION: The broad program of photographic identification badges mandated upon the carriers by Circular Memoranda No. 1/1, 1/1A, October 24, 1968 and 1/1D, January 28, 1969 is a major step.

Airline Status as of 3/17/70: All Council members have participated and completed adherence to program of badge identification.

STATUS AS OF

5/23/68	P.O.N.Y.A.:	0 -	0%
3/17/70	AIRLINE ACTION:	33 -	100%

RECOMMENDATION: 4. "Supervisors should be trained to question presence of unknown persons in the cargo area."

P.O.N.Y.A. Statement of 5/23/68: "Although all of the airlines gave an affirmative answer when questioned with regard to their supervisors being trained to question the presence of unknown persons in the cargo area, the majority of them do not comply with this recommendation. Cargo squad detectives neatly dressed were permitted to wander freely in cargo areas for a considerable period of time before being challenged at all."

AIRLINE ACTION: Circular Memoranda No. 3/0A, November 15, 1968; 1/1, October 10, 1968; and 1/1A, October 24, 1968 embody this principle for the guidance of the carriers.

Airline Status as of 3/17/70: Each airline maintains outstanding instructions to its cargo supervisors to challenge unauthorized persons (strangers) found in the cargo areas. This is repeatedly brought to the attention of supervisors for compliance.

STATUS AS OF

5/23/68 P.O.N.Y.A.: - - -
3/17/70 AIRLINE ACTION: 33 - 100%

RECOMMENDATION: 5. "Cargo area should be restricted. Only specified (by name list) employees should be permitted in the area."

P.O.N.Y.A. Statement of 5/23/68: "Although four of the thirty-nine airlines listed received a negative response relative to their respective cargo areas, it can be safely said that numerous others fail to comply with this recommendation. Company truck drivers and clerical employees wander freely among crates and packages."

AIRLINE ACTION: Instructions to the airlines to this effect appear in Circular Memorandum No. 3/0A, November 15, 1968, Paragraph (b), Page 3.

Airline Status as of 3/17/70: As indicated in response to Recommendation #3, Council members, in adherence to the photographic identification system, require that not only cargo employees, but all visitors to the cargo area exhibit the identification badge, or positive identification and authority to be on the premises.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 35 - 90%
3/17/70 AIRLINE ACTION: 32 - 97%

RECOMMENDATION: 6. "Supervisors should be accountable for whereabouts of cargo handlers during tour. Work schedule should never permit the area to be abandoned at any time."

P.O.N.Y.A. Statement of 5/23/68: "With regard to supervisors knowing the whereabouts of cargo handlers during their respective tours, most airlines demand this. Hourly wages are determined by time-clock recordings and any deviation from normal working patterns would be spotted immediately. It can be safely said that those airlines which operate cargo terminals without supervision on weekends or during the 12-8 tour cannot possibly know the whereabouts of personnel at all times."

AIRLINE ACTION: Circular Memorandum No. 3/OA, November 15, 1968, Paragraph (c), Page 5, imposes the obligation upon members for "responsible supervisory personnel to conduct checks."

Airline Status as of 3/17/70: All Council members comply with this recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: - - -
3/17/70 AIRLINE ACTION: 33 - 100%

RECOMMENDATION: 7. "Burden of responsibility for signing freight in and out must be clearly assigned to a specific employee. Name, number and license plate of trucking outfit should be listed on all delivery receipts, and if a hired truck, driver's license number."

P.O.N.Y.A. Statement of 5/23/68: "Hardly any of the airlines assign a specific individual as a freight sign-out man. Those who do are in complexes where truckers are screened when they arrive and who are given freight directly by the supervisor. Of the thirty-nine canvassed only eight received a yes for compliance of 20%."

AIRLINE ACTION: This principle is embodied in the guidance provided in Circular Memorandum No. 3/0A, November 15, 1968, Paragraph (c), Page 5. Further recommendation appears in Circular Memorandum No. 3/0G, June 4, 1969, Paragraph (c), Page 3. In addition, a detailed procedure for accepting and releasing cargo under secure conditions was recommended to the carriers in Circular Memorandum No. 3/0I, August 21, 1969.

Airline Status as of 3/17/70: Twenty-eight (85%) of the Council members comply with this recommendation. The remaining carriers advise that complete implementation is not feasible because the heavy volume of traffic demands preclude the same.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 8 - 20%
3/17/70 AIRLINE ACTION: 28 - 85%

RECOMMENDATION: 8. "No employee should be permitted to park a private vehicle at any cargo building."

P.O.N.Y.A. Statement of 5/23/68: "With regard to the permitting of employee parking near cargo buildings, more than 57% failed to comply with the recommendation forbidding such parking. Of the 43% who stated they do comply, a percentage of these have no control on weekends."

AIRLINE ACTION: Circular Memorandum No. 3/0A, November 15, 1968, commits the carriers to the principle of "restriction of private vehicles inside the perimeter."

Airline Status as of 3/17/70: All Council members report complete compliance with this recommendation, except one.

STATUS AS OF

5/23/68	P.O.N.Y.A.:	17 - 43%
3/17/70	AIRLINE ACTION:	32 - 97%

RECOMMENDATION: 9. "Airline gate guards should record all movements into and out of the cargo area rampside. A failure to exit within a reasonable time should be reported to the Port Authority Police. All rampside vehicles not driven by uniformed personnel should be questioned and identification obtained."

P.O.N.Y.A. Statement of 5/23/68: "Only 18% of the airlines surveyed have guard services which require the recording of movements in and out of the cargo areas. Those who comply with the recommendation are in individual complexes with gates adjacent to their cargo buildings."

AIRLINE ACTION: Circular Memorandum No. 3/0A, November 15, 1968, reminds the Airport Security Council member airlines of the value of guard surveillance. Furthermore, the survey of protective service provided by Circular Memorandum No. 3/0D, January 31, 1969, disclosed that reporting airlines use an average of 5,719 man-hours of guard service from outside agencies each week, at an estimated annual cost of over $335,000.

Airline Status as of 3/17/70: Complete compliance with this recommendation is not possible since gate guards covering four points of entry are employed under the sponsorship of the KAAMCO Committee. Twelve (36%) Council members who do have cargo area gates report complete compliance with the recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 7 - 18%
3/17/70 AIRLINE ACTION: 12 - 36%

II. NON-EMPLOYEE MATTERS

RECOMMENDATION: 1. "Persons other than authorized airline employees should not be permitted to:
(a) Enter warehouse streetside;
(b) Remain rampside without surveillance;
(c) Handle freight from one truck to another except under responsible supervision;
(d) Locate and handle freight to be picked up."

P.O.N.Y.A. Statement of 5/23/68: "With the exception of four airlines, practically all of the airlines enforce this recommendation with regard to unauthorized persons handling freight from truck to truck; remaining rampside without surveillance; entering warehouse to locate freight, etc. However, on weekends when only skeleton crews are available, the possibility of non-compliance exists. This would be especially true in the absence of supervision. Compliance 89.8%."

AIRLINE ACTION: Guidance analogous to these recommendations appears in Circular Memoranda No. 3/0A, November 15, 1968, Paragraphs (i) and (m), Page 5 and No. 3/0G, June 4, 1969, Paragraph (c), Page 2. These provisions call for "gate security controls", "restriction of private vehicles inside the perimeter" and "regulations that prohibit non-cargo handling people access to cargo terminals."

Airline Status as of 3/17/70:

Thirty Council members report compliance with this recommendation. The other members endeavor to restrict outsiders to accessibility to their warehouses, however, in some areas the physical limitations of the building render this difficult.

STATUS AS OF

5/23/68	P.O.N.Y.A.:	34 - 89.8%
3/17/70	AIRLINE ACTION:	30 - 88.5%

RECOMMENDATION: 2. "Parallel parking of trucks in front of bays should be prohibited. Back-in parking should be enforced."

P.O.N.Y.A. Statement of 5/23/68: "Over 75% of the airlines canvassed are unable to cope with parallel parking in front of their cargo areas due to the fact that when a trucker has small freight to pick up he will stop, run in to the desk and get clearance for his article. Parallel parking in front of the bays usually occurs when loading platforms are overloaded."

AIRLINE ACTION: Comparable recommendation is found in Circular Memorandum No. 3/OA, November 15, 1968, Paragraph (i), Page 5.

Airline Status as of 3/17/70: Thirty-two Council members report compliance with this recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 9 - 25%
3/17/70 AIRLINE ACTION: 32 - 97%

RECOMMENDATION: 3. "Trucking firms should not be permitted to use airline leased parking lots as their base of operations. However, if this is necessary for the benefit of the airline, the airline parking lots should be realigned to segregate truck parking areas from private vehicles. Loaded trucks should not be left in the parking lot unless a guard is on duty."

P.O.N.Y.A. Statement of 5/23/68: "The use of airline leased parking lots for truck storage and a base of operation for trucking firms is forbidden by all of the airlines with the exception of one at Building #86. However, it was noted by detectives that large numbers of tractors and trailers park in the lots opposite cargo buildings, supposedly without the knowledge of the airlines and after the hours of darkness."

AIRLINE ACTION: Circular Memorandum No. 3/OG, June 4, 1969, Paragraphs (f) and (g), Page 4, contain analogous recommendations to the carriers.

Airline Status as of 3/17/70: Twenty-nine Council members who have maintained leased parking lots report complete compliance with this recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: - - -
3/17/70 AIRLINE ACTION: 29 - 88%

RECOMMENDATION: 4. "Brokers' runners should be supervised at all cargo areas and their access to the specific shipment involved."

P.O.N.Y.A. Statement of 5/23/68: "All of the airlines canvassed consider the brokers' runners very shady characters. Access to cargo areas is strictly forbidden in order to preclude the possibility of their spotting valuable cargo and passing the information on to confederates. The availability of brokers' pickup orders to runners and the possibility of collusion with cargo thieves is an ever-present threat to security."

AIRLINE ACTION: Implementation of this recommendation is embodied in Circular Memorandum No. 3/0G, June 4, 1969, Paragraph (c), Page 2, relative to "regulations that prohibit non-cargo handling people access to cargo terminals." Additional progress in this area can be seen in the recommendation for improved security of shipping documents, furnished to the carriers in Circular Memorandum No. 3/0C, January 10, 1969.

Airline Status as of 3/17/70: All Council members report complete compliance with this recommendation, except two.

STATUS AS OF

5/23/68 P.O.N.Y.A.: - - -
3/17/70 AIRLINE ACTION: 31 - 94%

RECOMMENDATION: 5. "No private vehicles should be parked near cargo building loading and unloading areas."

P.O.N.Y.A. Statement of 5/23/68: "Only three of the airlines received a yes for compliance, and this was due to their physical location. Private vehicle parking is a big problem where brokers' runners are concerned because practically all of them use their own cars to deliver necessary paperwork. Non-compliance, 92%."

AIRLINE ACTION: Implementation of this recommendation appears in Circular Memorandum No. 3/0A, November 15, 1968, Paragraph (i), Page 5, relative to "restriction of private vehicles."

Airline Status as of 3/17/70: Only twenty-six Council members report implementation of this recommendation. The other seven members find complete enforcement not feasible due to the volume of traffic and geographical complexities of the cargo premises.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 3 - 8%
3/17/70 AIRLINE ACTION: 26 - 79%

RECOMMENDATION: 6. "No pick-ups should be permitted without valid orders, especially when hired equipment is involved. Any doubts should be cleared with consignee or broker."

P.O.N.Y.A. Statement of 5/23/68: "More than 10% of the airlines admit to giving cargo without a pickup order, however, investigations have revealed that if a trucker is a regular cargo handler and is known by the supervisors and warehousemen he will be given freight as long as he signs for it."

AIRLINE ACTION: Comparable guidance is provided to the member airlines in Circular Memorandum No. 3/OG, November 15, 1968, Paragraph (c), Page 3. This provision calls for "an effective system for the receipt and delivery of cargo."

Airline Status as of 3/17/70: All Council members adhere to this recommendation, except one.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 35 - 90%
3/17/70 AIRLINE ACTION: 32 - 97%

III. EQUIPMENT MATTERS

RECOMMENDATION: 1. "Each company should have a burglar proof high-value storage area with very limited access. Airlines and Port Authority should consider construction of a central "depository" for off-hour storage of high-value cargo."

P.O.N.Y.A. Statement of 5/23/68: "Only 10% of the airlines have burglar-proof, high-value, storage areas."

AIRLINE ACTION: This recommendation is embodied in Circular Memoranda No. 3/0G, November 15, 1968, Paragraph (d), Page 4, and No. 3/0H, June 12, 1969, Paragraph (III), Page 1. In addition, according to the replies to the survey of Circular Memorandum No. 3/0E, March 17, 1969, eleven carriers have installed or strengthened their high-value security vaults or rooms.

Airline Status as of 3/17/70: Twenty-nine Council members (88%) comply with this recommendation. In addition, for a period of time, Airport Security Council has actively participated and conducted surveys and consultations with the Port of New York Authority to determine the need and feasibility for a centralized depository for high-value cargo.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 4 - 10%
3/17/70 AIRLINE ACTION: 29 - 88%

RECOMMENDATION: 2. "A direct silent alarm with provision for alert to the Port Authority Police Desk should be considered; safes, value vaults, doors and/or cashiers' areas should be specially equipped."

P.O.N.Y.A. Statement of 5/23/68: "A little over 3% of the airlines have direct silent alarms with provisions for alert to the Port Authority Police Desk at JFKIA."

AIRLINE ACTION: This practice was commended to member carriers by Circular Memorandum No. 3/0G, June 4, 1969, Paragraph (d), Page 4.

Airline Status as of 3/17/70: Eighteen (55%) Council members have installed alarm systems which have been connected to either the Port of New York Authority police desk or private alarm companies, which cover their cargo terminals.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 1 - 3%
3/17/70 AIRLINE ACTION: 18 - 55%

RECOMMENDATION: 3. "Loaded mobile equipment should never be stored outside without surveillance. When possible they should be secured inside when the operation closes for the night."

P.O.N.Y.A. Statement of 5/23/68: "Some airlines admit to storing loaded mobile equipment on the apron and other areas, others do likewise. Detectives have, at one time or another, seen cargo left unattended for lengthy periods of time. This is especially true during Easter week and prior to seasonal changes."

AIRLINE ACTION: Analogous guidance was provided to the carriers by means of Circular Memorandum No. 3/0G, November 15, 1968, Paragraph (d), Page 2, to the effect that cargo should be promptly removed from loading area and not left unattended.

Airline Status as of 3/17/70: All Council members adhere to this recommendation and have implemented the same, except two.

STATUS AS OF

5/23/68 P.O.N.Y.A.: - - -
3/17/70 AIRLINE ACTION: 31 - 94%

RECOMMENDATION: 4. "All mobile equipment should have positive locking devices that are key operated (including pallets and carts)."

P.O.N.Y.A. Statement of 5/23/68: "Not one airline has pallets or carts with positive locking devices. The only equipment which can be secured are trucks' ignitions and doors and small unrelated dollies."

AIRLINE ACTION: This practice, as already implemented by an airline, was recommended to the carriers by Circular Memorandum No. 3/OF, dated May 29, 1969.

Airline Status as of 3/17/70: Twenty-one Council members have reported compliance with this recommendation. The remaining airline members report complete implementation is currently impractical because pallets and carts are not capable nor equipped with locks.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 0 - 0%
3/17/70 AIRLINE ACTION: 21 - 64%

RECOMMENDATION: 5. "No keys should be left in ignition locks of unattended vehicles."

P.O.N.Y.A. Statement of 5/23/68: "Only 23% of the airlines surveyed insist upon their drivers locking the ignition and removing the keys. The remaining 77% state that it would be foolish to insist upon this recommendation as different employees are assigned to the same trucks each day. Removal of a key from an ignition would result in it being misplaced without the possibility of blaming an individual for its disappearance. Also, they feel there's a great possibility of an off-going driver inadvertently taking the keys home with him."

AIRLINE ACTION: This recommendation is included, in principle, in Circular Memorandum No. 3/OH, June 12, 1969, Paragraphs (d) and (e), Page 2. These provisions prescribe positive responsibilities for drivers of cargo vehicles to protect their equipment and the air cargo contained therein.

Airline Status as of 3/17/70: Twenty-eight (85%) of the Council members have in effect regulatory practices which substantially are an implementation of its recommendations.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 9 - 23%
3/17/70 AIRLINE ACTION: 28 - 85%

RECOMMENDATION: 6. "Cargo containers, whether empty or loaded, should always be locked."

P.O.N.Y.A. Statement of 5/23/68: "None of the airlines lock cargo containers, be they loaded or empty."

AIRLINE ACTION: Even more specific requirements are provided by Circular Memorandum No. 3/OH, June 12, 1969, Paragraphs (c), and (III), Page 1.

Airline Status as of 3/17/70: Fourteen (42%) Council member airlines report compliance with this recommendation. Seven other members advise that the recommendation is not applicable to them since in their operations containers are not used except as provided or carried by shippers. The balance of members report the containers used on their routes are not capable of being locked because of construction.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 0 - 0%
3/17/70 AIRLINE ACTION: 14 - 42%

RECOMMENDATION: 7. "Contents of cargo trains should not be open to view:

(a) Clear plastic covers should never be used.

(b) Open trailers and trucks should be phased out to be replaced by enclosed vehicles."

P.O.N.Y.A. Statement of 5/23/68: "All of the cargo trains are open to view; clear plastic covers are used, and all of them (the airlines) have open trailers and trucks. Therefore, it is reasonable to assume that there is no compliance with this recommendation."

AIRLINE ACTION: The substance of this recommendation is included within the provisions of Circular Memorandum No. 3/OH, June 12, 1969, Paragraph (c), Page 1.

Airline Status as of 3/17/70: Twenty-seven Council members currently report compliance with this recommendation. Two Council members report that the recommendation is inapplicable to them since they are not involved with ground movement of cargo and their operations involve closed trucks, in lieu of cargo trains.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 0 - 0%
3/17/70 AIRLINE ACTION: 27 - 82%

RECOMMENDATION: 8. "Forklift vehicles should receive special attention to prevent their use in forcing doors."

P.O.N.Y.A. Statement of 5/23/68: "28% of the airlines at JFKIA give special attention to forklift vehicles which can be utilized to pry open or force a cargo door. Of those who comply with the recommendation, all stated that forklifts are secured inside the cargo building at the close of business. 72% of the airlines leave unattended forklifts on the apron at night, easily accessible to anyone in the immediate area."

AIRLINE ACTION: Circular Memorandum No. 3/0A, November 15, 1968, Paragraphs (i) and (l) include broad recommendations to the member carriers to control the movement of private vehicles inside their grounds and also to utilize mechanical and electrical devices as protection for their premises.

Airline Status as of 3/17/70: Thirty-one (94%) Council member airlines now report compliance with this recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 11 - 28%
3/17/70 AIRLINE ACTION: 31 - 94%

RECOMMENDATION: 9. "Trucks containing cargo should have locked gates and doors across the rear and should be kept locked when unattended."

P.O.N.Y.A. Statement of 5/23/68: "Not one airline at JFKIA complies with this recommendation with regard to trucks being equipped with locked gates and doors across the rear."

AIRLINE ACTION: Comparable practices, actually required by a member carrier, were commended to all airlines by Circular Memorandum No. 3/OF, May 29, 1969, Page 1.

Airline Status as of 3/17/70: Thirty-one Council member airlines have implemented this recommendation.

STATUS AS OF

5/23/68 P.O.N.Y.A.: 0 - 0%
3/17/70 AIRLINE ACTION: 31 - 94%

COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
AEROLINEAS ARGENTINAS	NO	YES 1956	YES 1968	YES 1968	YES 1956	YES 1956	YES 1956	NO	N/A
AERONAVES DE MEXICO		YES 12/69	YES 12/69	YES 12/69	YES 12/69	YES 10/69	YES 3/70	YES 3/70	YES *
AIR CANADA	NO	YES 1/60	YES 12/68	YES 1/60	YES 1/60	YES 1/60	YES 3/70	YES 1/60	N/A
AIR FRANCE	YES 2/70	YES 11/69	YES *	YES 2/70	YES 2/70	YES 2/70	YES 2/70	YES 2/70	N/A
AIR INDIA	YES Recent	NO	YES *	YES Recent	YES Recent	YES Recent	--	YES *	YES *
ALITALIA	YES 1969	YES 1968	YES 1969	YES Prior	YES Prior	YES Prior	YES 1968	YES 1967	N/A
AMERICAN AIRLINES	YES Before 5/68	YES Before 5/68	YES 12/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 8/68	YES 7/68	YES Before 8/68
BOAC	YES Before 1968	YES Before 1968	YES 1968	YES 1/68	YES Before 1968	YES Before 1968	YES 3/69	YES *	YES Before 1968

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ATTACHMENT B

COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
BRANIFF	NO	YES *	YES 10/68	YES *	YES *	YES *	YES *	YES *	N/A
DELTA	YES 2/68	YES Before 5/68	YES *	YES Before 5/68	YES Before 5/68	YES Before 5/68	NO	YES Before 5/68	N/A
EASTERN	YES 1/64	YES Prior	YES 10/68	YES 6/64	YES 6/64	YES 6/64	YES 3/68	YES Prior	YES 12/66
FLYING TIGER	NO	YES Before 1968	YES 12/68	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968
IBERIA	YES 8/69	YES *	YES *	YES *	YES *	YES *	YES *	YES *	YES *
ICELANDIC	YES 5/68	YES *	YES 10/68	YES *	YES *	YES *	N/A	YES *	N/A
IRISH INTERNATIONAL	NO	YES 1968	YES *	YES Prior	YES Prior	YES Prior	YES 1/70	YES Prior	N/A
JAPAN	NO	YES 1969	YES *	YES *	NO	YES 1969	YES 10/69	YES 6/69	N/A

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
K L M	YES 1957	YES 1957	YES 10/68	YES Prior	YES 1968	YES 1957	YES 1969	YES 1969	N/A
LAN-CHILE	NO	YES *	YES *	YES *	YES *	YES *	N/A	YES *	N/A
LUFTHANSA	YES 1/69	YES 5/69	YES 12/68	YES 1958	YES 4/69	YES 1958	YES 11/69	YES 1958	N/A
MOHAWK	NO	YES Prior	YES 10/68	YES Prior	YES *	YES *	YES 11/69	YES 6/69	N/A
NATIONAL	NO	YES Before 1967	YES 10/68	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	N/A
NORTHEAST	YES 1/60	YES 1/68	YES 1/69	YES 1/70	YES 1/69	YES 1/68	YES 1/70	YES 1/69	
NORTHWEST	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	NO
OLYMPIC	YES 6/66	YES 6/66	YES 1/69,	YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66	

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
PAN AMERICAN	YES 1968	YES Before 1968	YES 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968
SABENA	YES 8/68	NO	YES 10/68	YES 11/68	YES 11/68	YES 11/68	YES 1958	YES 1960	NO
SCANDINAVIAN	YES 1966	YES 1967	YES 12/68	YES 1962	YES 1964	YES 1959	YES 1965	YES 3/69	N/A
SEABOARD	YES 4/69	YES 1966	YES 5/69	YES 9/68	YES 2/70	YES 7/69	YES Before 1969	YES 1967	YES 5/66
SWISSAIR	NO	YES 1/69	YES 10/68	YES Since 1950's	YES Since 1950's	YES Since 1950's	YES Since 1950's	YES Since 1950's	YES Since 1950's
TRANS CARIBBEAN	YES 10/66	YES 11/66	YES 12/68	YES 11/66	YES 11/66	YES 11/66	YES 11/66	YES 11/66	N/A
T W A	YES 1965	YES 1958	YES 1969	YES 1967	YES 1967	YES 1958	YES 1969	YES 1967	YES 1967
UNITED	YES Before 5/68	YES Before 5/68	YES 12/68	YES Before 5/68	YES 12/68	YES Before 5/68	YES 1969	YES Before 5/68	YES 2/70

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
VARIG	YES 1/68	YES 1965	YES 10/68	YES 1965	YES 1967	YES 1962	NO	YES 1968	N/A
TOTAL AFFIRMATIVE AIRLINE ACTIONS	22	31	33	33	32	33	28	32	12
PERCENTAGE AIRLINE COMPLIANCE	66%	94%	100%	100%	97%	100%	85%	97%	36%
P.O.N.Y.A. STATUS 5/23/68	18	24	0	--	35	--	8	17	7
PERCENTAGE AIRLINE COMPLIANCE AS OF 5/23/68	46%	61%	0%	--	90%	--	20%	43%	18%

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

NON-EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 6

	1	2	3	4	5	6
AEROLINEAS ARGENTINAS	NO	YES *	NO	YES 1956	NO	NO
AERONAVES DE MEXICO	YES 12/69	YES *	YES 2/70	YES 3/70	YES 3/70	YES 2/70
AIR CANADA	YES 1/60	YES 1/60	YES 1/60	YES 1/60	NO	YES 1/60
AIR FRANCE	YES 2/70	YES 2/70	YES 2/70	YES 2/70	YES 2/70	YES 2/70
AIR INDIA	YES *	YES *	YES *	YES *	YES *	YES *
ALITALIA	YES Prior	YES Partial	YES Partial	YES Prior	YES Partial	YES 1968
AMERICAN AIRLINES	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 8/68	YES Before 8/68
BOAC	YES 6/68	YES Before 1968	YES Before 1968	YES 2/68	YES *	YES 3/69

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

NON-EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 6

	1	2	3	4	5	6
BRANIFF	YES *	YES *	YES *	YES *	YES *	YES *
DELTA	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68
EASTERN	YES 6/64	YES Prior	N/A	YES 6/64	NO	YES 3/68
FLYING TIGER	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968
IBERIA	YES *	YES *	YES *	--	YES 7/69	YES *
ICELANDIC	YES Prior	YES *	YES *	YES *	YES *	YES *
IRISH INTERNATIONAL	YES Prior	YES Prior	YES Prior	YES Prior	YES Prior	YES Prior
JAPAN	YES 6/69	YES 6/69	YES 6/69	YES 6/69	YES 6/69	YES 6/69

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

NON-EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 6

	1	2	3	4	5	6
K L M	YES 1960	YES Prior	YES 1960	YES 1967	YES 1969	YES 1968
LAN-CHILE	N/A	YES	N/A	N/A	N/A	YES
LUFTHANSA	YES 4/69	YES *	YES 1958	YES 1958	NO	YES 1958
MOHAWK	YES 6/69	YES *	N/A	N/A	NO	YES 10/69
NATIONAL	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967
NORTHEAST	YES 1/69	YES 1/70	YES 1/70	YES 6/69	YES 6/69	YES 6/69
NORTHWEST	NO	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70	YES Before 3/70
OLYMPIC	YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66

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OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

NON-EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 6

	1	2	3	4	5	6
PAN AMERICAN	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	NO	YES Before 1968
SABENA	YES 1950	YES 1960	YES 1960	YES 10/69	YES 1960	YES 1960
SCANDINAVIAN	YES 1965	NO	YES 1959	YES Before 1968	YES 1968	YES Before 1968
SEABOARD	YES 2/70	YES 1967	YES 1967	YES 1969	YES 1967	YES 1967
SWISSAIR	YES Since 1950's	YES Since 1950's	YES Since 1950's	YES 1950's	YES 1950's	YES 1950's
TRANS CARIBBEAN	YES 11/66	YES 11/66	YES 11/66	YES 11/66	YES 11/66	YES 11/66
T W A	YES 1967	YES 1967	YES 1967	YES 1967	YES 1967	YES 1969
UNITED	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68	YES Before 5/68

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

NON-EMPLOYEE MATTERS - RECOMMENDATIONS 1 THRU 6

	1	2	3	4	5	6
VARIG	YES 1965	YES 1968	YES 9/67	YES 2/68	YES 1968	YES 9/67
TOTAL AFFIRMATIVE AIRLINE ACTIONS	30	32	29	31	26	32
PERCENTAGE AIRLINE COMPLIANCE	88.5%	97%	88%	94%	79%	97%
P.O.N.Y.A. STATUS 5/23/68	34	9	--	--	3	35
PERCENTAGE AIRLINE COMPLIANCE AS OF 5/23/68	89.8%	25%	--	--	8%	90%

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EQUIPMENT MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
AEROLINEAS ARGENTINAS	YES 1956	YES 1956	NO	N/A	NO	N/A	YES 1956	YES 1956	YES 1956
AERONAVES DE MEXICO	YES *	YES 1/68	YES 12/69		YES 2/70	YES *	YES 3/68	YES 8/69	YES *
AIR CANADA	YES 1/67	NO	YES 2/68	YES 2/68	YES 2/68	YES 2/68	YES 1/68	YES 1/60	YES 1/68
AIR FRANCE	YES 12/69	YES 12/69	YES 2/70	NO	YES 2/70	N/A	YES	YES 2/70	NO
AIR INDIA	YES *	YES *	YES *	YES Recent	YES *	YES *	YES *	YES *	YES *
ALITALIA	YES *	N/A	YES Partial	YES Partial	YES Partial	YES Partial	YES *	YES Partial	YES Partial
AMERICAN AIRLINES	YES Before 5/68	YES Before 8/68	YES Before 5/68	YES Before 8/68	YES Before 5/68	YES Before 8/68	YES Before 5/68	YES Before 5/68	YES Before 8/68
BOAC	YES Before 1968	YES 1968	YES *	YES *	YES 2/68	YES *	YES *	YES *	YES Before 1968

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EQUIPMENT MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
BRANIFF	YES *	NO	YES *	NO	YES *	N/A	YES *	N/A	YES *
DELTA	YES Before 5/68	NO	YES Before 5/68	NO	YES Before 5/68	N/A	YES 1968	YES Before 5/68	YES Before 5/68
EASTERN	YES 6/64	YES 1/70	YES *	NO 1/70	YES 12/69	NO	YES 1/68	YES Prior	YES Prior
FLYING TIGER	YES 6/69	NO	YES Before 1968	YES Before 1968	YES Before 1968	NO	YES 3/69	YES Before 1968	YES 2/70
IBERIA	YES *	NO	YES *	YES *	--	--	NO	YES *	YES *
ICELANDIC	YES *	YES *	YES *	YES *	YES *	YES *	YES *	YES *	YES *
IRISH INTERNATIONAL	YES 1965	NO	YES 1969	YES *	YES 1968	NO	NO	YES 1968	YES 1967
JAPAN	YES 6/69	YES 6/69	YES 6/69	YES 6/69	YES 6/69	N/A	YES 6/69	YES 6/69	YES 6/69

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OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EQUIPMENT MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
K L M	YES 1966	YES *	YES Before 1967	YES *	YES Before 1968	YES 5/69	YES 5/69	YES 1966	YES 1964
LAN-CHILE	NO	YES *	YES *	YES *	YES *	N/A	YES *	YES *	YES *
LUFTHANSA	YES 1967	YES *	YES 1958	YES 1958	YES 1958	NO	YES *	YES *	YES *
MOHAWK	NO	YES 10/69	NO	YES 1969	YES Prior	N/A	N/A	N/A	YES *
NATIONAL	YES Before 1967	NO	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967	YES Before 1967
NORTHEAST	YES 1/65	NO	YES 1/68	YES 1/65	YES *	YES *	YES 1/68	YES *	YES 1/65
NORTHWEST	YES Before 3/70	YES Before 3/70	YES Before 3/70	NO	YES Before 3/70	NO	YES Before 3/70	YES Before 3/70	YES Before 3/70
OLYMPIC	YES 1/68		YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66	YES 6/66

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EQUIPMENT MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
PAN AMERICAN	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	YES Before 1968	NO	YES Before 1968	YES Before 1968	YES Before 1968
SABENA	YES 1964	YES *	YES 1961	YES *	YES *	N/A	YES 1966	YES 1967	YES 1969
SCANDINAVIAN	YES 1967	NO	YES Before 1968	YES Before 1968	YES Before 1968		NO	YES 1959	YES 1959
SEABOARD	YES 1967	YES 1968	YES 1968	NO	YES 1968	NO	N/A	YES 1967	YES 1969
SWISSAIR	YES 1950's	NO	YES 1950's	N/A	YES 1950's	NO	YES Prior	YES 1950's	YES 1950's
TRANS CARIBBEAN	YES 7/67	NO	YES 11/66	NO	NO	YES 2/70	NO	YES 11/66	YES 11/66
T W A	NO	NO	YES 1967	NO	NO	YES 1967	YES 1967	YES 1967	YES 1967
UNITED	YES Before 5/68	YES 12/69	YES Before 5/68	NO	NO	NO	YES Before 5/68	YES Before 5/68	NO

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COMPARATIVE ANALYSIS OF P.O.N.Y.A. SECURITY RECOMMENDATIONS
OF MAY, 1968, AND 33 A.S.C. MEMBERS' ACTIONS AS OF MARCH 17, 1970

EQUIPMENT MATTERS - RECOMMENDATIONS 1 THRU 9

	1	2	3	4	5	6	7	8	9
VARIG	N/A	N/A	YES When Possible	YES *	YES 1965	YES *	YES *	YES 6/67	YES 12/69
TOTAL AFFIRMATIVE AIRLINE ACTIONS	29	18	31	21	28	14	27	31	31
PERCENTAGE AIRLINE COMPLIANCE	88%	55%	94%	64%	85%	42%	82%	94%	94%
P.O.N.Y.A. STATUS 5/23/68	4	1	--	0	9	0	0	11	0
PERCENTAGE AIRLINE COMPLIANCE AS OF 5/23/68	10%	3%	--	0%	23%	0%	0%	28%	0%

The totals reflected represent airline affirmative action upon P.O.N.Y.A. recommendations made on May 23, 1968.

* - Where specific date does not appear, carrier unable to furnish same.

N/A = Not Applicable to this carrier's operations.

Prepared by Airport Security Council

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue at 15th Street, New York, N.Y. 10011

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STATEMENT OF

AUSTIN J. TOBIN

EXECUTIVE DIRECTOR OF

THE PORT OF NEW YORK AUTHORITY

to the

SPECIAL SENATE

COMMITTEE WITH RESPECT TO

SENATE, NO. 791

Honorable Chairman and Members of the Special Senate Committee:

The Port of New York Authority is pleased to express to your Committee its complete support for the prompt approval by your Committee, the Senate, the Assembly and the Governor of Senate No. 791.

As you know, the bill would apply the police power of the two States through the mechanism of an expanded Waterfront Commission to deter and hopefully to eliminate criminal and racketeer infiltration and consequent theft and pilferage of air cargo at the metropolitan New Jersey-New York airports. The proposed legislation would bring to bear on the serious

airport problem the basic techniques which the two States enacted in 1953 with respect to the deplorable and lawless conditions prevalent at that time on the piers and docks in the Port of New York-New Jersey Harbor.

In a sense, history is being repeated today in this recommendation by The Port of New York Authority. In 1953 The Port of New York Authority played a leading role in the creation of the Waterfront Commission as above described. Just as that action in 1953 was predicated on the inability of the industry or traditional law enforcement measures to root out corrupt and criminal conditions detracting significantly from the economic health of the Port, today we find in the air cargo situation a critical need for immediate and resourceful action by the two States.

In 1969, air cargo passing through John F. Kennedy International Airport was valued at $9-1/2 billion. In 1966 the total value was $5 billion, 16 million. In three years, therefore, the value of air cargo at Kennedy has almost doubled. The fantastic growth of air cargo is further revealed by the fact that when the air cargo center at Kennedy opened in 1956, only 65,600 tons of cargo were handled, whereas in 1969 753,366 tons were handled.

The reported net losses at Kennedy Airport in 1969 were valued at $3.3 million. While some might feel that the loss ratio is not alarming, it would be rash for the two States to ignore the conditions which have led to these serious losses. We do not believe that crime can be tolerated even if statistically speaking an argument can be made that it is minor.

That a pattern of organized theft and pilferage is prevalent in the air cargo field is indisputable. Hearings held by the State Commission of Investigation of the State of New York in 1967 resulted in a Commission finding that notorious racketeer types had infiltrated both a key union and an air cargo management association. The Commission's publication of these facts and the efforts of other law enforcement officials resulted in the scuttling of one insidious arrangement at Kennedy, symptomatic of the Commission's conclusion that "the dominant union and the truckmen's association at Kennedy" were "in the hands of criminal elements". (Tenth Annual Report of the Commission p. 56) However, in its excellent series on the security problems at Kennedy the New York Daily News on March 19, 1970 reported that the Chairman of the Commission of Investigation stated:

> "The truckers and the unions have the same characters, indicating there has been no internal housecleaning."

The two States cannot stand by and permit sinister elements to gain a stranglehold on this vital industry.

The Port Authority has supported extension of the Waterfront Commission's power into the air cargo field since 1968 when Governor Rockefeller and Governor Hughes made a joint recommendation to that effect. We supported the 1968 legislation. As you may know, it failed of enactment in part because the airlines pledged that they would form an Airport Security Council in an effort to deal with the problem.

Such action was entirely appropriate on the part of the airlines inasmuch as they have the primary responsibility for the security of valuable cargo entrusted to their custody. The Port Authority has the general policing responsibility at the airports for the protection of the public and public property. But, of course, just as is the case with municipal police, such responsibility does not extend to the guarding of private property handled or stored on leased premises. Furthermore, the airlines have the primary responsibility for the character and integrity of the employees handling cargo.

The Port Authority's police have always worked diligently and in cooperation with other law enforcement agencies in connection with the investigation and proper prosecution in the case of reported thefts of cargo at our airports. With this knowledge and with our continuing concern for the promotion of air cargo volumes flowing through these airports, we worked closely with the airlines' Airport Security Council. In January of 1968, I, transmitted to each airline president 24

recommendations for improving air cargo security at Kennedy Airport. The recommendations included that the airlines should hire qualified security officers, obtain background checks on employee applicants, require identification cards, restrict access to cargo areas, improve processing and authentication of documentation, make physical improvements to the cargo areas and cargo-moving equipment, install burglar-proof high-value storage areas and provide direct silent alarms connecting to the Port Authority police desk. Because the airlines' response to these recommendations was inadequate in our opinion, our Aviation Department reiterated these recommendations on July 9, 1969, noting that in the first six months of 1969 (18 months after our initial recommendations) the reported value of losses had actually increased over the same period in 1968.

In the meantime, the Port Authority assigned a special detective squad under the command of a lieutenant for the purpose of surveying airline industry operations and making recommendations for improvements in airline security. A uniformed police patrol of the cargo areas was instituted on a 24-hour a day, 7-days-a-week basis.

Our cargo squad in December, 1969 surveyed the matter of airline compliance with the recommendations made by the Port Authority almost 2 years earlier. Not all of the airlines had retained security officers; not all of them were performing background checks on new employees; whereas the Security Council required photographic identification to be worn by cargo handlers,

the requirement was not in fact enforced; there was no check made on persons seeking access to the cargo areas; there was continued laxness in the responsibility for processing and authenticating documents; the performance of private gate guards retained by the airlines in checking and inspecting vehicular movements was lackadaisical and slipshod with a few exceptions; only five of the 43 airlines handling cargo have provided burglar-proof high-value storage areas, and only four airlines had arranged for direct silent burglar alarms connected to the Port Authority police desk.

Therefore, after evaluating the efforts of the Airport Security Council, I advised Mr. George Spater, Chairman of the Aviation Development Council, on March 4, 1970 that:

> "You are undoubtedly aware, as well, that the Port Authority has intensified its own police activities considerably with regard to detection and apprehension of persons misappropriating air cargo. I regret to say that, on balance, the airlines have not similarly responded with effective action to cope with an evil which is basically their responsibility as the custodians of the valuable property entrusted to them."

Accordingly, we do not believe that the two States should refrain any longer from exercising their police powers to fill the vacuum.

By licensing employees handling air freight, the contract trucking firms, the operators of air freight terminals or warehouses and labor relations consultants in the air freight industry, the Waterfront Commission will be able, under this

legislation, to apply its expertise to root out any existing criminal and racketeer elements in the industry, including the unions and employer associations and to prevent them from placing operatives in key positions affording access to information as to the arrangements for handling high-value shipments. The legislation will prevent the domination of air freight unions by criminals and the functioning of criminals as alleged labor relations consultants to the air freight industry. It should be emphasized that the legislation includes the regulation of trucking firms and their employees. The absence of such regulation in the existing Waterfront Commission statutes has been a recurring source of difficulty to the Waterfront Commission. The pending bill would also require that any non-licensed persons seeking access to cargo areas must obtain permits from the Commission. This important provision would obviate the employment of known criminals as messengers in the processing of cargo documents. It should, as well, obviate a current problem stemming from the employment, as messengers, of some persons afflicted with drug addiction.

I am informed that the airlines have proposed alternate legislation. However, I urge that you reject their proposal for the important reasons that, as we understand their proposal, it fails to require licensing and it fails to permit

regulation of labor relations consultants and the trucking operation. It also fails to preclude regular access to the air cargo areas by criminals and drug users.

I wish now to deal with suggestions that the Port Authority itself should be given the responsibility which the pending bill vests in the Waterfront Commission. Governor Dewey raised this same question in 1953 when the creation of the Waterfront Commission was being considered. My response to Governor Dewey with respect to the piers and docks is equally applicable to air cargo areas. I advised the Governor that:

> "We also feel that there would be an obvious conflict of interest. The Port Authority was created as a general proprietary and financing and developing agency, and as you know, Governor, we do operate about ten per cent of the dock and waterfront facilities in the port, mostly in New Jersey. We think there would be obvious conflicts of interests between our proprietary interest in the operation and our business interest in the operation of those facilities, and in the type of state regulation and control that is talked of here."

In closing, I wish to note that, while principal public attention has been directed to the air freight industry at Kennedy Airport, there are substantial air freight operations at Newark and the air freight industry, particularly the truckers, functions on the same regional basis as the airline passenger operations in the New Jersey-New York metropolitan area. However, even considering Newark in isolation, produces the identical security concerns. In 1966, reported cargo thefts at Newark were valued at $6,847.38. For 1969, despite the

intensified attention of the airlines and the law enforcement agencies, the reported net losses had risen in value to $237,852. The reported cases rose in the same period from 3 to 46.

Accordingly, there is no question in our mind but that both States should act to regulate the air freight industry through a bi-state commission having jurisdiction in both States.

Respectfully submitted,

Austin J. Tobin
Executive Director

Trenton, New Jersey
May 4, 1970

WATERFRONT COMMISSION OF NEW YORK HARBOR
15 PARK ROW
NEW YORK, N. Y. 10038
WORTH 4-3520

THIS IS A MEMORANDUM CONCERNING THOMAS R. SULLIVAN'S TESTIMONY AT THE CARGO SECURITY PUBLIC HEARING - 4/27/70

Mr. Thomas R. Sullivan, Executive Vice President of Sullivan Security Services, Inc., one of the major employers of port watchmen in the Port of New York with gross income from the shipping industry of over $6,000,000 a year, testified on April 27, 1970 at the Public Hearing to oppose the establishment of a government controlled security cargo protection force in the Port of New York Harbor.

At present the day-to-day responsibility for the cargo entering and leaving the Port of New York District rests with the terminal operator. The terminal operator, who may be either a steamship company or a stevedore, carries out this responsibility by hiring port watchmen himself or by engaging in a contract with a private watching agency. The agency pursuant to that contract then supplies the port watchmen.

It is the terminal operator who deploys the port watchmen on the piers and who decides on the number of port watchmen that are to be hired on a given day.

The Waterfront Commission, with its investigative staff of 49 men, is not entrusted with the daily watching and protection of cargo. The Commission in no way directs or controls the activities of the port watchmen. The Commission function is to investigate thefts and apprehend thieves involved in larcenies from the piers.

In order to establish that the Waterfront Commission should not replace the present system and operate a government controlled cargo protection force, Mr. Sullivan in his testimony made a number of criticisms concerning the Waterfront Commission in the performance of its duties. This memorandum is prepared to point out that these criticisms are unfounded.

Mr. Sullivan criticized the Commission by stating that "On numerous occasions pier guards and their supervisors have requested assistance from the Waterfront Commission in connection with thefts or attempted thefts that were taking place at the time only to be informed that agents could not get there or worse yet no one showed up at all." When requested to specify incidents of this kind of conduct, Mr. Sullivan cites only one incident on a Sunday, January 21, 1968, in which four bars of copper were found outside the fence of a Brooklyn terminal. He states that the Waterfront Commission was informed of that fact by the terminal superin-

tendent, who was advised that the Commission could not send anyone that day. The Waterfront Commission has a total of 49 agents who have to be assigned to investigate crimes committed on the 650 miles of developed waterfront within the States of New York and New Jersey. The manning schedule to provide this protection cannot assign a team of agents to work on Sunday. There is a provision that agents are assigned on a stand-by reserve call on Sunday for emergencies. It must be left to the discretion of the Commission's Operations Desk to decide whether an incident reported is of such import to necessitate calling in an agent, who has worked a full tour of duty, on his day off. In the incident cited, the report did not indicate a crime being committed or having been committed and no one was being detained for questioning. The copper should have been returned to the pier by the security force or pier personnel. It is not the Commission's responsibility to pick up mislaid cargo. No one could possibly be persuaded to believe that the Commission does not respond to make an investigation or an arrest when circumstances warrant it by Mr. Sullivan's recitation of a single incident that occurred on a Sunday.

Mr. Sullivan criticizes the Commission Agents for their "cavalier" treatment of pier guards and the fact that they do not differentiate between the pier guard and potential

defendant. When called upon to produce the specific instance of this, it turns out that he was referring to an incident that occurred in October of 1964 in which Commission Agents in conducting an investigation into loss of cargo gave a Miranda warning to a suspect in the theft, as well as pier guards who had knowledge of the incident.

The Commission Agents do not treat the pier guards in a "cavalier" manner and the reason for giving a Miranda warning to guards in a particular situation is that at the outset of an investigation it is impossible to tell exactly who would be involved in a crime. Testimony was elicited at the Hearing that it is not uncommon to find pier guards acting in collusion with longshoremen to steal. It is, therefore, a good law enforcement practice to advise all persons in an investigation who are being interviewed of their rights. Advising a person being interviewed of his rights is certainly not treating him in a "cavalier" manner.

Mr. Sullivan continues by stating that the Waterfront Commission has undermined the pier guards confidence by never seeking peace officer powers for the port watchmen. In fact ever since the inception of the Commission, the Commission has maintained and stated in its annual reports that the men employed by the industry as port watchmen did not have the background, incentive or motivation to do an effective job of cargo pro-

tection. Certainly it would be foolhardy to recommend peace officer powers for such an agency. Testimony adduced at the Public Hearing on April 14 and 15, 1970, clearly revealed that in less than 5 years 50 port watchmen were involved in crimes. In addition shipping industry executives have testified at the Hearing that they are dissatisfied with the performance of port watchmen and would not wish to see them armed while on the piers.

Some of Mr. Sullivan's criticisms deal with vague fact situations omitting details and are not substantiated either in his statement at the Hearing or in details supplied by him at a later date. As examples of this kind of cloudy incomplete criticism, he testified that, "On innumerable occasions information of this type has been given to the Waterfront Commission Agents by port guards and employees of watching agencies only to have the Commission Agents later say that they lost the suspect truck after it left the terminal or when they stopped it, it was found to contain additional cargo of the same type, and destined for the same ultimate consignee so that the event was written off as human error."

Another instance of vagueness by Mr. Sullivan is where he stated that one of the investigators who had testified in the Hearing had indicated "that a substantial theft occurred from a particular marine terminal when a cursory examination of the records kept at the terminal, and I am sure in the Commission's file, would indicate that this particular container

never arrived at the marine terminal but had been taken from a different location altogether."

Mr. Sullivan did give certain specifics as to a few of the instances testified to. However, there is no mention of any specifics concerning the Commission's action in losing any trucks during the course of a surveillance. Neither is there any specificity as to which container theft he is talking about. A careful examination of the record will reveal that all of the specific container thefts testified to by witnesses at the Hearing clearly show that all of the containers taken were stolen from the piers. One would be led to believe that since Mr. Sullivan neglected to, or was unable to supply the necessary details for these cases, that he dealt in generalities at the Hearing merely to embellish or give emphasis to his unfounded criticism of the Commission.

Mr. Sullivan criticized the Commission for not taking any action in reference to the situation to which the anonymous pier guard had testified to at the Hearing on April 14, 1970. A pier guard testified on behalf of the Commission that upon coming into the hold of a ship and finding various cartons of cargo being pilfered, he tried to search the longshoremen who he felt were involved. The longshoremen claimed the port watchmen had no right to search them and threatened to assault the pier guard if he did so. Mr. Sullivan

stated that no action was taken against the longshoremen, because he claimed the longshoremen violated the Waterfront Commission Regulation 5.18 which prohibits intimidation of pier guards. In fact, the Waterfront Commission did take remedial action against both the longshoremen involved in this incident.

Both longshoremen were brought into the Commission office, interviewed and reprimanded by an Assistant Counsel. The case was closed after the Assistant Counsel ascertained from the port watchman that he had no further difficulties with either of the longshoremen. No evidence had been elicited to sustain a charge of misappropriation of either of the longshoremen. The threats of physical violence arose over a dispute as to the authority of the watchman to physically search the longshoremen. Since the watchman had no police powers, he had no such authority to search.

What Mr. Sullivan failed to comment on was the extremely important and compelling testimony of the pier guard in which he testified that he was removed from that post guarding the hold of the ship, because a union delegate of the ILA demanded that he be removed from the pier. Mr. Sullivan was unable to comment on this pressure by the union to transfer a watchman who may be performing his duty.

Mr. Sullivan stated that, "The Waterfront Commission investigators have violated the cardinal rule in any type of

police activity by telling the person arrested who it was that supplied the information that led to his arrest". In detail of this statement, he claims "sometime in 1967 Investigator Watson informed one Manny Rodriguez that Joseph Simeone had 'fingered' him. The Commission cannot verify this statement since Watson has left the employ of the Commission.

Mr. Sullivan has stated that the Commission has the authority to suspend a pier worker's registration pending a hearing, but has not seen fit to exercise this power of temporary suspension to any great degree. Mr. Sullivan does not seem to understand that the power of temporary suspension in which a man's registration, and therefore his livelihood, is taken away is a very drastic measure. The disruption of a man's right to work is done ex-parte, without any hearing and without any right to be heard with counsel by the registered dock worker. Such a procedure must of necessity be used only in the most serious cases. The Commission has on many occasions exercised this power to temporarily suspend a man's registration. It has done this in the appropriate cases. The Commission has temporarily suspended the pier personnel in such serious cases ranging from homicide, thefts of cargo from the piers, larceny by false pretenses, major gambling cases, possession of burglar's tools, and major narcotics violations. Mr. Sullivan criticizes the Commission

for not using this power in any case that he may deem appropriate. The Commission will not use this power reckless-lessly as Mr. Sullivan would seem to want the Commission to do.

Another consideration which the Commission must consider is that the paramount interest in many criminal cases lies with the State and its prosecutorial authorities. Prosecutors are always consulted in whether hearings at the Commission should proceed before criminal cases. They are often consulted, prior to making a decision on a temporary suspension. Often a prosecutor will request that the Commission not proceed with a hearing in a particular case while the criminal case is still pending to avoid any possible prejudice in the criminal case.

Such criteria as the seriousness of the case, the background of the individual involved and the wishes of the prosecutor are all weighed prior to making a determination by the Commission in determining whether to suspend, or to go forward with a hearing before the conclusion of a criminal case.

Mr. Sullivan referred to the attempted theft in August of1967 by a longshoreman of a container of cargo. Mr. Sullivan's recitation of the facts leads one to believe that there was tremendous organization in planning the taking of the container. However, this is not the case. The longshoreman

involved was apparently intoxicated, got into a flatbed truck which contained a container of welding machinery. He was stopped by the roundsman at the gate of Pier 61, North River. This was a case, then, of an apparently drunken longshoreman who didn't know what was on a truck.

This longshoreman had been on the waterfront for over 20 years. He was married and had five children. He had served in the United States Navy and received an honorable discharge. He had never been convicted of any crime.

All of these above facts were made known to the Commission at the time of the arrest. The Commission decided in fairness to this longshoreman with his substantial equity on the waterfront and on the facts of this case that there should be no temporary suspension. Such a drastic remedy was not to be used in this case. A notice of hearing, however, was prepared and issued about a week after the incident.

The Commission deferred its hearing until after final decision in the New York County District Attorney's Office in this case. In May of 1968, the longshoreman pled guilty to the misdemeanor of petty larceny and received a four-month prison sentence. A hearing was held on October 9, 1968, shortly after the respondent's release from prison. Final action was taken by the Commission in April of 1969 when the respondent's registration was revoked. The Commission

stated it would consider a petition to reapply after 90 days. He reapplied and was restored to the Register about ten months later.

The Commission took into consideration the fact that there was a plea to petty larceny, and the equity of the respondent. An investigation of his petition to reapply revealed that the longshoreman had been on welfare for about eight months after his revocation and that the longshoreman's wife had undergone open heart surgery and was confined for quite some time at a New York City hospital. The longshoreman for many months had been caring for his five children. It was all of these considerations that led the Commission to allow him to return to the Register.

Mr. Sullivan referred to a case which occurred in December of 1965, in which two longshoremen were apprehended by Newark police officers with two bars of silver taken from a vessel. They were arrested in New Jersey and charged with receiving stolen goods. They were indicted in March of 1966.

The Commission did not proceed to a hearing until after the completion of the case in Newark. This was an arrest by another law enforcement agency in which Commission agents did not participate. The physical evidence was in the possession and custody of the Newark Police Department and not in the custody of the Commission. If the Commission proceeded

with an administrative hearing in advance of the criminal trial, it might have prejudiced the subsequent criminal trial.

Once the case was finally completed and the longshoreman convicted of receiving stolen goods, the Commission held a hearing. The Commission took into consideration that each of the men involved were veterans and had been working on the waterfront for over 15 years. Neither of the men had any previous criminal record. Letters were received on their behalf from Monsignor Patrick Raferty, the Port Chaplain for the Port of New York. The Commission took these letters and previous good character of the longshoremen into consideration in its decision to revoke for four months with leave to reapply thereafter.

The two above-mentioned cases are instances of the Commission's permitting persons, under certain circumstances, to return to the waterfront after revocation upon a showing of equity of employment on the waterfront, extreme hardship and rehabilitation, and when the Commission determines that its actions will serve as a sufficient deterrent to future misconduct. For this purpose the Commission has a formal probationary system under which a man's conduct on the piers is carefully scrutinized.

In addition during this period of probation, the waterfront workers are placed under the supervision of a

responsible person or organization such as individual clergymen, the Greenwich House or the Veterans of Foreign Wars.

This system has proven successful. Out of 152 probationary cases, only five have engaged in subsequent misconduct which warranted permanent revocations.

Mr. Sullivan would want the Commission to discard its important rehabilitation program because he is dissatisfied with the Commission's actions in two isolated cases.

The primary responsibility for the security of cargo in the Port of New York rests with approximately 1500 port watchmen who are employed by the industry to guard cargo. Mr. Sullivan who is one of the largest employers of these port watchmen has attempted by his testimony to blame the inadequacies and the shortcomings of the port watchmen system on the Waterfront Commission. This agency does not have responsibility for the protection of cargo. With 49 agents, the Commission has a very commendable record in apprehension of thieves and recovery of stolen cargo. In the past nine years the Commission has recovered stolen cargo valued at $1,663,000 and arrested over 500 persons for stealing cargo. In the last five years Commission agents made over 800 apprehensions of registered personnel for all causes. Mr. Sullivan is attempting to shift his responsibility and make excuses for his pier guards. The plain and simple fact is that the port

watchmen have not been doing the job to protect the cargo and Mr. Sullivan is trying to divert attention from the real issue by relating these incidents.

OPENING STATEMENT

Pursuant to the direction of the Commission, the Commission Staff has conducted an extensive survey over the past year into every facet of cargo security on the New Jersey and New York piers that comprise the Port of New York District.

As a result of this survey, the Commission Staff will present witnesses and offer evidence to show exactly what the system of cargo protection is in this port. You will hear evidence that cargo security on our piers in the Port of New York is the responsibility of the shipping industry. The terminal operator who runs the pier has the primary responsibility for the protection of the billions of dollars worth of cargo that enter and leave this port. The terminal operator then, in turn, may hire port watchmen who are private citizens. The terminal operator does this directly with watchmen or he contracts with a private watching agency which supplies the port watchmen. They are hired by and deployed on the piers by the watching agency or by the terminal operator if he has hired them directly. It is the terminal operator who decides on the number of guards to be used on a given day. The watchmen's duties are to man the gates on the piers. They are also to cover all exits and entrances; they are assigned to guard hatches on vessels, and are assigned to cover parking areas and string pieces. They are also to cover the crib area. This is

a designated area on the pier where valuable cargo is stored. There are presently 1,554 licensed port watchmen. On a busy day in the port anywhere from 1,000 to 1,100 of these private port watchmen are working.

It is these private watchmen that have the day-to-day, minute-to-minute responsibility for the guarding and protection of the 114 millions of tons of cargo that pass through our port, with general cargo alone amounting to a value of 20 billion dollars. It is this group of men that has the task of guarding the valuable cargo passing through the physical property of over the 650 miles of developed waterfront within the States of New Jersey and New York.

The Port of New York is America's primary gateway and the most valuable natural asset of the States of New York and New Jersey. It is the center of the world's foreign, as well as America's domestic sea trade. The Port is benefited by companion transportation facilities, including an inland waterway, thruway, arterial railroads and airports. These facilities form the crossroads of world transportation. As a consequence, the Port of New York and surrounding areas are the leading manufacturing, processing, distributing and consuming centers in the world. As a result of the Port's preeminent position it is one of the world's largest general cargo ports

and is vitally essential to the economy of the two states and of our nation.

It is obvious that a Port, which makes such a dynamic contribution to the state, national and world economy, must use every means possible to protect the billions of dollars worth of goods that pass through it so that this port will continue to receive this cargo and not have it diverted because of excessive losses.

Witnesses will testify that the present system of cargo security has not been doing the job. The present system has proven ineffective to stop the systematic looting of our Port's goods. Why is it failing? It has failed because:

1. INDUSTRY HAS LITTLE APPRECIATION AS TO MAGNITUDE OF THEIR OWN RESPONSIBILITY FOR CARGO PROTECTION AND ITS IMPORTANCE IN THE VITALITY OF THE PORT.

2. INDUSTRY HAS FAILED TO ADEQUATELY REPORT ITS LOSSES CREATING A CLIMATE CONDUCIVE TO THEFTS.

3. INDUSTRY HAS FAILED TO COOPERATE EFFECTIVELY WITH LAW ENFORCEMENT IN PROSECUTING OFFENDERS.

4. INDUSTRY IS NOT ADEQUATELY CONCERNED WITH THE PROVIDING OF THE NECESSARY PHYSICAL FACILITIES TO AMPLY PROTECT CARGO.

5. THE PRESENT PRIVATE WATCHING SYSTEM IS INADEQUATE TO COPE WITH THE PROBLEM OF CARGO PROTECTION.

6. THE PROBLEM OF CARGO SECURITY HAS BEEN EXTREMELY AGGRAVATED BY THE RECENT USE OF CONTAINERS WHICH HAVE ATTRACTED PROFESSIONAL THIEVES.

I am going to discuss each of these topics in detail.

INDUSTRY HAS LITTLE APPRECIATION AS TO THE MAGNITUDE OF THEIR OWN RESPONSIBILITY FOR CARGO PROTECTION AND ITS IMPORTANCE IN THE VITALITY OF THE PORT.

The shipping industry, being a highly competitive business, is very much concerned about costs, and although cargo imports and exports have risen drastically in the past 15 years, the industry is using less manpower to guard the increased cargo. It has allowed security to suffer in an effort to keep its costs down. We will present charts to show that as the volume of tonnage has increased over the years, the number of port watchmen and the amount of man hours worked by the watchmen have decreased and not increased with the volume of cargo handled in the Port. You will hear examples that illustrate that the shipping industry is concerned only with supplying necessary personnel and keeping its costs of security down to a minimum. The industry is concerned with doing "business as usual" and as a result it has subordinated security and made law enforcement subservient to the profit motive. When the industry, charged with the primary responsibility of maintaining security, does not consider security very important and subordinates security to profit, it has a disastrous effect on effective cargo protection.

INDUSTRY HAS FAILED TO ADEQUATELY REPORT ITS LOSSES CREATING A CLIMATE CONDUCIVE TO THEFTS.

In addition the whole system of security has been undermined by a climate conducive to theft. The industry has

not made an effective effort to adequately report its losses from thefts, and claims that it cannot do so. Whatever statistics were supplied as to losses have proven worthless in determining the extent of the thefts of cargo on the piers.

Oftentimes, only after recovery by Waterfront Commission agents or other law enforcement agencies of cargo stolen from their piers is there any acknowledgment at all from industry that the cargo had been stolen. The industry had never made any previous reports of these losses. What a boon to thieves who are assured by the system that the cargo they steal will never be reported and what a detriment to law enforcement officials who will never know that a crime has been committed.

Witnesses will tell you about the alarming extent to which goods are stolen and not reported. You will hear at this hearing of how Commission agents posing as "fences" conducted undercover stores which bought stolen cargo. Through this method, undercover agents in the stores recovered approximately $277,000 worth of cargo stolen from the piers. You will actually see films taken with hidden cameras in and outside the stores which show truck drivers fencing goods they've stolen from the piers in collusion with pier personnel. After the Commission agents had arrested people for these larcenies, they checked the piers that the cargo had arrived at. They found only one bale of goods reported as stolen and the remainder of the cargo was reported

as not received. Except for the Commission's Agents' operation, no one would have known that approximately $277,000 worth of cargo had been stolen.

INDUSTRY HAS FAILED TO COOPERATE EFFECTIVELY WITH LAW ENFORCEMENT IN PROSECUTING OFFENDERS.

To add to this degenerating climate, the industry has not completely cooperated in the prosecuting of complaints against thieves who loot the cargo from the piers. You will hear testimony of numerous instances in which apprehensions are made of thieves who steal cargo and are released in criminal courts because of the reluctance of shipping industry officials to prosecute the case. By not completely cooperating with the courts and law-enforcement agencies the industry has invited thefts. A system which permits a thief to steal without effective prosecution because of industry's attitude has a disastrous effect on the security system and undermines any effective law enforcement on the piers. Again, what a boon to thieves!

THE INDUSTRY IS NOT ADEQUATELY CONCERNED WITH THE PROVIDING OF THE NECESSARY PHYSICAL FACILITIES TO AMPLY PROTECT CARGO.

You will hear evidence and see revealing photos of glaring breaches of physical security in areas where valuable cargo is kept. These pictures exhibit shocking breaches of security. You will see pictures of unattended doors leading

directly to warehouses where valuable cargo is kept, open and unattended gates, unfenced areas where cargo is kept, fences destroyed and holes in fences surrounding the piers. Crib areas which are used to enclose especially valuable cargo, subject to a high incidence of theft, are entirely inadequate. Often they are left unattended, many times they are areas enclosed by little more than chicken wire, and in many cases there is no enclosure at all and the crib is just a designated area of the piers. The Commission can merely bring these instances of improper security to an industry's attention. They cannot and do not have the power to compel the industry to mend its fences and guard its gates and doors.

THE PRESENT PRIVATE WATCHING SYSTEM IS INADEQUATE TO COPE WITH THE PROBLEM OF CARGO PROTECTION.

1. The present system is inadequate because the port watchmen lack motivation and incentive. They turn their backs on crime and rarely apprehend any thieves.

2. They are unable to acquire the degree of professionalism essential to the important task of cargo protection.

3. Even properly motivated port watchmen find it difficult to operate effectively because of union and industry pressure.

4. They do not have any real support and backing by the industry and often are the objects of derision, intimidation,

coercion and even assault.

5. There are high instances of thefts committed by port watchmen.

The port watchmen are not police officers. They are not trained as professional police officers and they are not armed. Their average age is about 50 years and many of them are much older. The majority of them have an average educational experience of 9.66 years of school. The port watchmen often hold down two or three jobs. They are often retired individuals receiving a pension.

The position of Port Watchman holds no attraction for young, vigorous, professional men. The present men employed as port watchmen do not have the physical dexterity or mental capabilities to do an effective job of preventing crime. These ill-equipped, insufficiently trained men have been placed in situations where they are often not backed by their employers. They do not have the authority, dignity or respect accorded to persons normally entrusted with the protection of valuable cargo and the prevention of theft of that cargo. Because of this lack of authority, lack of professionalism and talent, lack of backing and respect, the port watchman has had no motivation or incentive to protect cargo properly and do an effective job. Men who have second jobs do not want to get involved in stopping thefts that might lead to court appearances interfering with their own other employment. Men who are retired and on pension and who will soon

leave the watching industry have a tendency to "play" it cautiously and not get involved in stopping thieves.

Men who have no backing or authority are afraid to report wrongdoers because they fear reprisals. They have to return to the piers the next day and work side by side with the buddies of the men they have turned in. As a result, they will turn the other way when crimes are committed.

You will hear testimony from a Commission undercover agent that he has seen crimes being committed here in New Jersey under the very noses of pier guards, and the watchman not only did nothing to stop the crime, but never even reported the incident.

You will hear evidence from watchmen, themselves, who have been intimidated, threatened, beaten and even transferred for trying to do their job.

You will also hear evidence of a watchman who was so indebted to loansharks that he was forced to steal to pay back the loanshark. Evidence will be presented of other watchmen who stole cargo and committed crimes while they were acting in this position of trust in guarding the cargo.

You will hear that over a five-year period there were more instances of port watchmen being arrested for stealing the cargo they were to protect than there were instances of apprehensions by pier guards of pier personnel for any type of crime. The port watchman just does not want to get involved. The port watchman is,

and always has been, the tragic figure on the piers. All of this evidence can but lead to one, inescapable conclusion -- that the present system of cargo security by the use of port watchmen has failed to deter those persons intent upon stealing the cargo of the port.

THE PROBLEM OF CARGO SECURITY HAS BEEN EXTREMELY AGGRAVATED BY THE RECENT USE OF CONTAINERS WHICH HAVE ATTRACTED PROFESSIONAL THIEVES.

Gentlemen, there is a new and more compelling reason why the present cargo security system must be improved. The last few years have seen a revolution in the handling and packaging of waterborne freight in the use of the pre-packaged and mobile container. The container may to some extent, deter petty pilferage. It does not deter organized thefts. A larceny of a container is obviously not the result of impulse. A theft of a container requires organization and collusion.

Professional thieves have sufficient connections to easily secure valuable information on containers. They have sufficient connections and associations to distribute and sell stolen cargo in such large volume.

You will hear testimony of containers being stolen in the last two years adding staggering losses to the Port. A container of Johnnie Walker Scotch was stolen, valued at $100,000 in July, 1969 from Port Elizabeth; a container of

$100,000 worth of cigarettes was stolen from a pier in Staten Island in August, 1969; a theft of a container of Grant's Whiskey, valued at $85,000 was stolen in Port Elizabeth in September, 1969; and a theft of a container of McGregor's Scotch Whiskey, valued at $65,000 was stolen in October, 1968 from Port Elizabeth.

Although not a container theft, you will hear of a theft of $600,000 worth of traveller's checks from a North River Pier. These are just some of the cases that will be presented to you.

Without forward-looking cargo security programs which keep pace with the expanding ocean-borne container industry, the losses will be more and more staggering. Losses of and from containers have increased every year.

There will be testimony from witnesses in the shipping industry who, themselves, are not satisfied with their own system of cargo protection.

The shipping industry must realize that it cannot cope with organized and sophisticated crime by using antiquated methods. Without some change in the present security system, it might happen that the Port of New York could lose its prestigious position among the world's seaports.

There is another glaring deficiency in the cargo protection system. In order to steal large volumes of cargo from the docks, it is necessary to utilize a truck with a driver.

You will hear evidence that truck drivers are closely involved in collusive thefts of cargo with pier personnel. You will hear of a number of instances where truck drivers were

and more efficient cargo protection in this Port. The protection of cargo is not just a local problem, it is important to the economy of the entire nation. The actual dollar value of lost cargo, though large, is of the least importance. The real serious effects of cargo losses are that manufacturing schedules are not met; job lay-offs may occur for lack of raw materials, seasonal markets are lost, customs' revenues are lost, insurance premiums are increased and the stolen goods are put into commerce by thieves in competition with legitimate business. All of this is an addition to the degeneration of the moral climate of the community resulting from unchecked criminality.

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