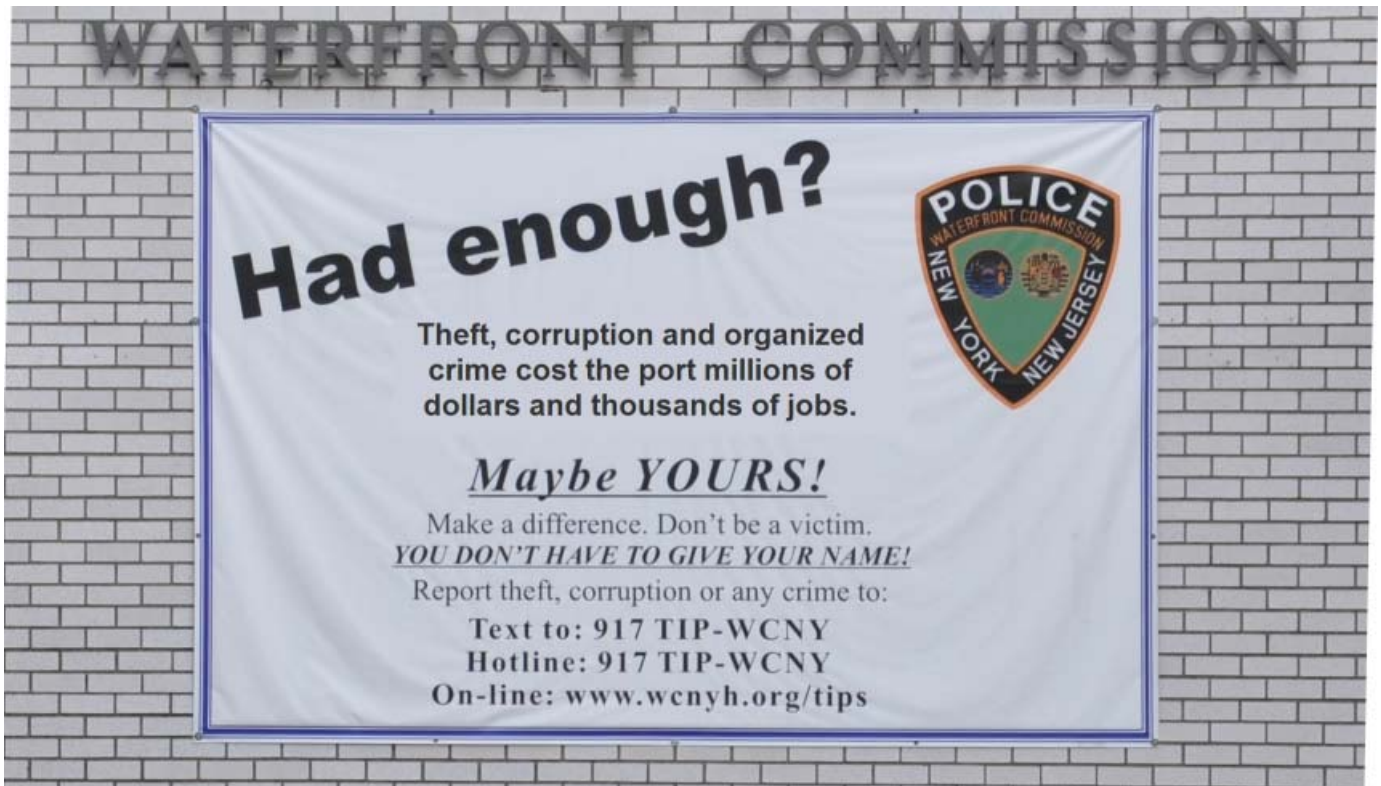


THE WATERFRONT COMMISSION OF NEW YORK HARBOR ANNUAL REPORT 2009 – 2010





**To the Honorable David Paterson, Governor and the
Legislature of the State of New York**



**To the Honorable Chris Christie, Governor and the
Legislature of the State of New Jersey**

The vestiges of the former Commission, rightfully criticized by the New York State Inspector General more than a year ago, have been banished, and under the auspices of our new administration, the Commission has undergone a complete transformation. It has evolved from a virtually moribund organization into a vibrant, model regulatory and law enforcement agency committed to fulfilling its statutory mandate. The Commission is striving to effectuate dramatic changes in the culture of a troubled industry, which has been historically and is currently plagued by organized crime and corruption. In the past two years, the new leadership of the Commission has rededicated itself to its core missions – to investigate, deter, combat and remedy criminal activity and influence in the Port of New York-New Jersey, and to ensure fair hiring and employment practices.

This Commission, which was once divided and crippled by political loyalties, has staunchly extricated itself from politics and has rededicated its focus to fulfilling its statutory mission. For the first time in over a decade, the Executive Division is united and is demonstratively setting the tone of collaboration and cooperation for the Commission's divisions to follow. Concerted efforts have been taken to ensure that all divisions within the Commission are fully briefed and extensively involved in Commission matters. Commission employees have all received extensive, relevant training regarding their job responsibilities and are accountable for their performance. All hiring, promotions and raises have been based upon merit alone, rather than on favoritism or political affiliation as in the past.

The Commission has worked hard during the past year to regain the confidence of members of the industry, rank and file workers and our law enforcement partners. Our success in this area is reflected in the dramatic, strong upsurge in complaints, tips and information that we have received. Instead of other law enforcement agencies being reluctant to work with the Commission, we find ourselves today involved with virtually every relevant law enforcement agency in New York and New Jersey.

This transformation is already producing dramatic results in criminal prosecutions and convictions, administrative proceedings and regulatory actions – all designed to combat organized crime which still infests the harbor and to bring about fair hiring and employment and stimulate economic growth.

We are proud to present for your inspection a summary of the significant activities of the Commission during the fiscal year 2009 – 2010.

ANNUAL REPORT

FY 2009-2010



The Waterfront Commission of New York Harbor
AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

MISSION OF THE WATERFRONT COMMISSION

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

WHY THE COMMISSION WAS CREATED IN 1953

In 1949, Malcolm Johnson's twenty-four part series of articles for the New York Sun titled, "Crime on the Waterfront" won the Pulitzer Prize for Local Reporting. Those articles exposed the culture of corruption, extortion, racketeering and organized crime in the Port of New York-New Jersey and led directly to the creation of the Commission. The 1954 film, "On the Waterfront," based on these articles, faithfully and dramatically depicted how a surplus of available labor provided the mobbed-up union leadership with the ability to control its membership. In one of the movie's most memorable scenes, during the "morning shape-up," hundreds of dock workers, after pleading with the corrupt hiring boss for one of the available jobs, scramble, spar and literally climb on top of each other to grab one of the tokens that would allow them to work. Only those members of the local who have supported the corrupt union leaders and have agreed to "kick back" a portion of their wages are guaranteed a spot on one of the gangs.

Other conditions on the piers were just as bleak. With the blessing of organized crime, loansharks lurked on the docks, all too willing to "assist" the underpaid longshoremen in feeding his family or supporting his vices. The inability to repay these usurious loans resulted in a strengthening of the mob's grip on the piers and often in violent consequences for the longshoreman-borrower. Mob sanctioned bookmaking on the docks increased business for the loansharks.

Theft and pilferage of cargo were rampant in the Port. Pier guards were unwilling or unable to contain theft.

Parasitic "public loaders" coerced truckers to employ them to load or unload trucks even though such "services" were not needed or desired.

Stevedoring companies were forced to employ "no show" employees and pay gratuities to union officials or suffer "wildcat strikes" that could cripple their business.

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

THE PORT TODAY

While the evils of the Public Loading racket and the Shape-up system were eliminated by the enactment of the Waterfront Commission Act, many of the other ills described above still exist on today's waterfront.

The continued economic downturn has once again resulted in an oversupply of available longshore labor – the very environment most conducive to racketeering. Over the last several months, the Commission and its law enforcement partners have made arrests of organized crime members, union officials and members for demanding and receiving “kick backs” in exchange for work, overtime or better assignments on the waterfront. Additional arrests in these investigations are expected in the near future. “No show” and “no work” jobs still exist at virtually every terminal within the Port. These evils, along with union featherbedding practices, continue to rob the Port of its economic competitiveness and vitality. To expose and highlight the prevalence of such practices and initiate change, the Commission is holding public hearings this Fall to examine these issues.

Individuals who lost their licenses or registrations through criminal convictions or misconduct still work on the waterfront in “non-covered” positions allowing them to continue receiving payment and exerting control. The Commission has been diligent in identifying these individuals and removing several of them. The new stevedoring applications for the December 2010 licensing period will expedite the removal of such undesirables. Organized crime still exacts a tax through overpriced or non-existent services in the cleaning, trash removal, snow removal or repair industries forced upon companies. The Commission has a number of investigations currently active in this area.

Mob control of the harbor is still a fact of life as evidenced by recent convictions. In July 2009, Genovese capo, Michael “Mikey Cigars” Coppola, was convicted of Federal Racketeering charges that he exercised criminal control of New Jersey ILA Local 1235 for 33 years. Gambino soldier Anthony “Todo” Anastasio was convicted of Federal Racketeering charges as well of other crimes in October 2009. His trial opened with the playing of a recording from a court-ordered bug in which Anastasio bragged about the Gambino family's illicit grip on the New York waterfront. Members of the Commission played vital roles in both investigations and trials. The United States Justice Department civil RICO suit against the ILA and several of its top officers is still pending. Allegations include rigged ILA elections, awarding an ILA welfare benefit fund contract to a company with organized crime ties, and defrauding beneficiaries of ILA pension and welfare funds. In light of such allegations, it is clear that the ILA continues to serve the interests of organized crime rather than that of its members. The Commission is working closely with the federal government in this matter. Four registrants were removed from the waterfront this year for associating with organized crime figures. The need for a strong and active Waterfront Commission has never been clearer.

Loansharks and bookmakers, with the approval of organized crime, continue to deplete the workforce of their hard earned money. The Commission, along with its law enforcement partners, has made significant arrests in both areas and has a number of active investigations as well. Cargo theft, often more sophisticated than in the past, is still a real problem. Workers'

Compensation fraud, narcotics importation and terrorism concerns have been added to the enforcement picture. Despite the economic downturn in the Port which directly affects the Commission's resources, the Commission is nevertheless addressing all of these concerns.

The Telephonic Hiring System has lessened abuses, but presents new challenges in guaranteeing fair hiring and employment practices. The Commission is particularly concerned with a lack of diversity in the workforce in the Harbor. The Commission is presently setting up a "pre-qualification" system for longshoremen, to ensure that there will be sufficient labor reserves when the economy revives and that the labor force reflects the diversity of the Port's communities. This undertaking is being accomplished with the cooperation of the New York Shipping Association.

While individual prosecutions and administrative and regulatory actions are required and necessary, these alone are insufficient to change a historically and presently corrupt industry. New, innovative approaches must be developed, hopefully, with the cooperation of the industry.

THE COMMISSION

The Commission is headed by a New Jersey and a New York Commissioner, appointed by the Governors of their respective states. Notably, for the first time in years, they were appointed not because of political patronage but rather, because of their extensive experience in criminal investigations and prosecutions, along with their expansive knowledge of organized crime and corruption. After years of divisiveness, the Commissioners are aligned in their deep commitment to the Commission's objectives, and have been instrumental in its transformation.

New York Commissioner Ronald Goldstock



Ronald Goldstock served for thirteen years as Director of the New York State Organized Crime Task Force, where he designed and developed the Independent Private-Sector Inspector General (IPSIG) program. In addition to currently providing IPSIG services to a number of corporate clients, Mr. Goldstock is on the faculties of the Cornell, Columbia and New York University Law Schools. Mr. Goldstock is a graduate of Cornell University and Harvard Law School, has served as Inspector General of the U.S. Department of Labor, Director of the Cornell Institute on Organized Crime, and Chief of the Rackets Bureau in the New York County District Attorney's office. He is a Past Chair of the ABA Criminal Justice Section, Past Chair of the ABA Criminal Justice Standards Committee and Past Chair of the Investigative Function of the Prosecutor Task Force. Mr. Goldstock is a Director of the New York Convention ("Javits") Center Operating Corporation and was a member of the Advisory Board of Project Rise of the International Brotherhood of Teamsters. He has recently served three Northern Ireland Secretaries of State as advisor on matters relating to international organized crime. He is the author of numerous articles related to organized crime and corruption, including, "On the Waterfront: RICO and Labor Racketeering."

New Jersey Commissioner Barry H. Evenchick



Barry H. Evenchick is a graduate of Rutgers University and Rutgers School of Law - Newark. He served as chief of the appellate section of the Essex County Prosecutor's Office from 1965 to 1968. He was administrative assistant to the President of the NJ Board of Public Utility Commissioners from 1968 to 1970. Mr. Evenchick also served as deputy attorney general and chief of the appellate section of the NJ Division of Criminal Justice from 1970 to 1972. He was municipal attorney for the Township of Livingston from 1975 to 1987. He served as a member of the Supreme Court Committee on Rules of Practice and Procedure. In 2007, he was appointed by the NJ Supreme Court to the Advisory Committee on Extrajudicial Affairs. Mr. Evenchick has served as chairman of the Motor Vehicle Study Commission and as counsel for the National Advisory Committee on Criminal Justice, Standards and Goals. He was a member of the Governor's Advisory Committee for the Implementation of the Penal Code and

the Supreme Court's Speedy Trial and Criminal Appeals Task Forces. He was a member of the NJ State Commission of Investigation from 1987 to 1993 and has served as the Chair and NJ member of the National Conference of Commissioners on Uniform State Laws since 1981. Mr. Evenchick is a vice chair of the Editorial Board of the NJ Law Journal. He is an adjunct faculty member at Rutgers School of Law - Newark.

Executive Director Walter M. Arsenault

Walter M. Arsenault was appointed Executive Director of the Waterfront Commission of New York Harbor on September 10, 2008. He is the grandson of a longshoreman and the son of a U.S. Customs Inspector and Supervisor who spent his career on the piers of New Jersey. Mr. Arsenault is a graduate of the Johns Hopkins University and Rutgers School of Law - Camden. He served as an Assistant Prosecutor in Bergen County, New Jersey from 1978 to 1984 where he was Chief of the Trial and Grand Jury Sections. Mr. Arsenault joined the New York County District Attorney's Office in 1984 where he served until 2003. Mr. Arsenault was the Chief of that office's Homicide Investigation Unit for most of his career there. He specialized in the investigation and prosecution of violent drug gangs. Mr. Arsenault also served as a Senior Trial Counsel in Trial Bureau 70 and investigated and prosecuted international narcotics smuggling and trafficking as a Senior Investigative Counsel in the Office of the Special Narcotics Prosecutor. In 2003, Mr. Arsenault was appointed First Deputy Commissioner of the New York City Department of Investigation. He oversaw that office's daily operations as well as leading high profile political corruption and organized crime investigations. He retired from city service in February 2008.

General Counsel Phoebe S. Sorial

Phoebe S. Sorial was appointed General Counsel in May of 2010 after former General Counsel Michele Meyer-Shipp left the Commission for the corporate world. Ms. Sorial brings a wealth of experience to the Commission. She is a graduate of Rutgers University and Rutgers School of Law - Newark, where she was the Managing Business Editor of the Computer and Technology Law Journal. In 2000, she served as a law clerk to the Honorable Rudy B. Coleman, Judge of the Appellate Division of the Superior Court of New Jersey, before entering into private practice. Ms. Sorial joined a prominent, full-service New Jersey law firm, where she represented corporate clients, state agencies and public entities in complex litigation at local, national and international levels. She also counseled clients regarding internal matters, including securities compliance, employment practices and other corporate protocols. In 2008, Ms. Sorial joined a Florida government relations firm, where she advised of legal implications of firm strategies and focused on legislative advocacy, alliance building and crisis communications. During her tenure, she met with legislative delegates and secured sponsorship for proposed legislation. Ms. Sorial is admitted to practice law in New York, New Jersey and Florida, as well as the U.S. District Court for the District of New Jersey and the Middle and Southern Districts of Florida.

THE COMMISSION'S DIVISIONS

Responsibility for the everyday operations of the Commission lies with the Executive Director, who supervises the Commission's six divisions.

Executive: The Executive Division is comprised of the Executive Director, General Counsel, Deputy General Counsel, Commission Secretary, Comptroller and a Human Resources administrator. This Division's responsibilities include: assisting the Commissioners in the formulation and execution of policy; proposing legislation, regulations and resolutions; preparation of annual and special reports; public relations; conducting labor relations with agency unions; formulation of the annual budget; keeping of financial records and administration of group insurance plans; providing legal advice to the Commissioners, conducting agency litigation and supervising outside counsel when required; initiation of investigations; ordering hearings and maintaining the seal and official records of the Commission.

Law, Licensing and Employment Information Centers: This Division is headed by Director Jeffrey R. Schoen, with a Deputy Director for Law and another Deputy Director for Licensing and E.I.C. The Division's six attorneys conduct investigations of applicants for licensing and registration to determine if they meet legal standards set forth in the Compact. These attorneys also investigate persons and companies already licensed to ascertain if they have engaged in any violations of the law. Hearings are conducted by assistant counsel to determine whether applications should be granted or denied and whether registrations and licenses should be suspended or revoked. In addition, assistant counsel conduct investigations into waterfront practices throughout the Port of New York District.

Licensing and Employment Information Centers in Newark and New York process applications filed by individuals and firms required to be licensed or registered. The Licensing Division supervises the Telephonic Hiring Employment Information Center in Edison, New Jersey which oversees the hiring of longshoremen, checkers and pier guards in the port. The Licensing Division also makes employment information available to these dockworkers and administers the "decasualization program" which, according to law, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.

Police: This Division is headed by Chief John Hennelly and presently staffed by four captains, five sergeants, thirty-one detectives and four civilian employees. All Commission police officers possess full police powers in both New York and New Jersey. The Police Division maintains field offices in Brooklyn and Newark. Waterfront Commission police investigate criminal activity in the Port and violations of the Waterfront Compact; perform background checks of individuals and companies that have applied for registrations and licenses; review pier and waterfront terminal cargo protection and security procedures and maintain the Commission's investigative files. The Police Division has detectives serving on the following Task Forces: Federal Bureau of Investigation Organized Crime Task Force (Newark); ICE Seaport Task Force (New Jersey); New Jersey Attorney General's Organized Crime Task Force; El Dorado Money Laundering (New York City); ICE Seaport Task Force (New York); and the NYPD-FBI Joint Terrorist Task Force (New York City).

Captain Jeffrey Heinssen commands the Brooklyn Field Office, and Captain William Brown commands the Newark Field Office. Captain Margaret Baldinger supervises Task Force personnel, oversees the Division's robust training programs and runs the New York office. Captain Scott Politano leads the night patrol and special operations.

Intelligence: Formed in late 2009, this Division collects, analyzes and disseminates data at strategic, operational and tactical levels regarding organized crime and racketeering activities in the port. The Division is led by Director Daniel Ramirez and staffed by three intelligence analysts.

Administration and Audit: This Division, headed by Director Richard Carbonaro, provides the agency with important clerical and administrative support functions. The Division maintains time keeping, personnel and attendance records, handles the Commission's mail, furniture and office supplies. This Division is also responsible for the delivery and collection of quarterly assessments, the analysis of payments made, and the imposition of penalties and interest for late fees payments. Administration, working in conjunction with the General Counsel, also assigns and monitors the work of the Commission's auditors who review assessment payments made and perform compliance audits. For the first time in over a decade, the Commission is current in all its audits.

Information Technology: This Division is headed by Lee Seeman and staffed by two technicians with expertise in software architecture, database design and network administration. The IT Division provides the Commission with computer, data, voice and other support services. The proper functioning of the Commission's wide and local area computer networks and application data bases is entrusted to this Division.

COMMISSION NOT FUNDED WITH TAX DOLLARS

The Commission is not funded with tax dollars. By law, and in lieu of any charges for the issuance of licenses or registrations, or for the use of Employment Information Centers, the Commission's budgeted expenses come from assessments on waterfront employers of persons utilized in the handling of waterborne cargo. Employers pay a maximum assessment of 2% on the wages of such employees.

During the Fiscal Year 2009-2010, the one hundred and six employee Commission operated with an \$11,500,000 budget which was approved by the Governors of New Jersey and New York.

CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. In FY 2009-2010, because of the depressed economy in the Port, the collected assessments fell over \$430,000 short of budgeted projections. Additionally, in order to bring the Commission's assessment and compliance audits to date as recommended by the New York Inspector General's Report, the Commission retained four outside audit firms. While ensuring that all audits were current, the use of these firms resulted in an unbudgeted cost of over \$650,000. These outside auditors recovered over \$484,000 in retroactive assessments, penalties and interest charges and have identified over \$3 million dollars in uncollected assessments from two other companies. The Commission has filed suit in the United States District Court for the Eastern District of New York to recover assessments owed from one company, and is actively pursuing almost \$2.5 million in back assessments from the other company.

The combination of the smaller assessment revenues, the outside auditor costs and rising costs for leases, gasoline, etc. would have resulted in an operating deficit of over \$1 million. However, the Commission was able to reduce this deficit through aggressive collection of overdue assessments, penalties and interest and austere budget monitoring. Salaries and employee benefits constitute approximately 80% of the Commission's total budget. The Commission carefully reorganized staff structure and has delayed filling budgeted vacant positions. Our staff size is currently eighty-eight compared to a one hundred and six budgeted headcount last fiscal year. This belt-tightening resulted in \$495,000 in savings in the payroll line alone. Any discretionary, non-essential expenditures were eliminated and a cost review of recurring expenses such as telephone, research, insurance and computer services was implemented with a resulting additional savings. These initiatives reduced the budget gap to \$340,000 which was covered by our reserve funds.

Despite the economic downturn, the Commission was able to end the fiscal year with an ending fund balance of over \$1.1 million, which is approximately the average ending fund balance for the previous ten years.

MEMBERSHIP IN ORGANIZATIONS

The Commission and its staff maintain memberships in several law enforcement organizations which routinely network to provide training and share information and resources to combat crime. These include the New York Prosecutors Training Institute, Middle-Atlantic Great Lakes Organized Crime Law Enforcement Network (MAGLOCLLEN), International Association of Crime Analysts, International Association of Law Enforcement Analysts, the Field Intelligence Support Team (FIST) of the U.S. Coast Guard, the National White Collar Crime Agency, the Multi-jurisdictional Counter-drug Task Force and the International Association of Airport and Seaport Police. The Commission is also a voting member of AMSEC.

PORT STATISTICS:

During calendar year 2009, the Port of New York – New Jersey, the Eastern seaboard’s busiest port, handled 28.24 million tons of waterborne cargo valued at \$123,800 million. The tonnage decreased by 10.2 % and the dollar value decreased by 18.9 % over 2008.

For 2009, 3,638,104 container units passed through the port, a decrease of 12.7% over 2008. For the same 2009 period, 617,831 vehicles were imported or exported, a decrease of 40.1% over the prior year.

The Port’s leading waterborne general cargo exports for the year 2009 (as calculated in metric tons) were wood pulp, vehicles and plastics. The leading general cargo imports (also in metric tons) were beverages, food preserves and plastics. The largest containerized cargo volumes for import were furniture, women’s and infant wear, beer and ale, and men’s’ wear. The largest containerized cargo volumes for export were paper, carbon, crepe, automobiles, scrap metal and household goods.

During FY 2009-2010, registered “deep-sea” longshoremen and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$348,041,890.80 comprising regular and overtime wages, vacation and holiday benefits. The below chart reflects the average earnings of longshoremen, special craft and checkers during FY 2009-2010.

Earnings over \$300,000.00	30
Earnings of \$200,000 to \$300,000	216
Earnings of \$150,000 to \$200,000	320
Earnings of \$100,000 to \$150,000	1,003
Earnings of \$75,000 to \$100,000	642
Earnings of \$50,000 to \$75,000	553
Earnings of \$25,000 to \$50,000	384
Earnings below \$25,000	213

On June 30, 2010, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 2087** "Deep Sea" Longshoremen;
- 461** Special Craft;
- 743** Checkers;
- 1814** Workers registered under authority of the 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as warehousing and maintenance work;
- 358** Port Watchmen;
- 112** Hiring Agents;
- 328** Pier Superintendents;
- 8** Telecommunications System Controllers.

The preceding **5911** registered or licensed workers have all be screened and evaluated by the Commission.

There were also **54** companies licensed as stevedores who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.

This year, the Commission has begun to study ways to overcome apparent ethnic/race and gender inequalities among the various types of registrants and licensees. An analysis of current registrants and licensees reveals the following:

- Only 5% of licensed pier superintendents are African American, and only 12% are of other minorities.
- Only 4% of licensed hiring agents are African American and only 9% are of other minorities.
- Although 42% of the "A"-type longshore register is minorities, only 5% of those minorities are African American.
- "A"-type longshoremen on average earn much less then their "deep-sea" longshore counterparts. The "deep-sea" longshore register is diverse due only in part to a 96% minority (91% African American) local in New Jersey. In New York, only 8% of the "deep-sea" longshoremen are African American and 7% are of other minorities.
- African American "deep-sea" longshoremen earn on average of 20% less then their white cohorts and all other minorities earn 8.5% less then their white cohorts.
- The gender gap is even greater. Women represent only 10% of "deep-sea" longshoremen, 5% of "A"-type longshoremen, 6% of pier superintendents and 9% of hiring agents.
- Female "deep-sea" longshoremen earn on average 35% less than their male counterparts.

THE YEAR
(July 1, 2009 to June 30, 2010)

All of the Divisions within the Commission are now collaboratively involved in Commission matters. No longer do Divisions work in secret and apart from each other, but investigations are now jointly undertaken by teams consisting of Senior and Assistant Counsels, Police Detectives, Auditors and Intelligence Analysts.

The Law Division has begun to employ legal approaches that have either never been used or have not been used for years, and is acting in coordination with the Police Division to re-establish the Commission's presence on the waterfront. For the first time, the Law Division, working together with the Police, Intelligence and Administration and Audit Divisions, successfully brought thirty matters to favorable conclusion at administrative hearings. This is nearly double the amount of last year's totals. Even more important, the nature and complexity of the hearings conducted by Division's counsel has become increasingly more sophisticated. The Commission charged and successfully removed four individuals from the Port for Associating with Organized Crime – an approach that had not been employed in a decade.

The following is a summary of the Commission's most significant cases:

John Shade: New York Supreme Court Justice Nicholas Figueroa denied former ILA Atlantic Coast Division General Vice President John Shade's Article 78 contesting his removal prompted by Section 8 of the Waterfront Commission Act and preventing him from holding any office with the Atlantic Coast Division. Section 8 prohibits any person who has been convicted of a felony, high misdemeanor or misdemeanor of moral turpitude from serving as an officer, agent or employee of any union which represents employees licensed by the Commission. Shade had been convicted of at least five offenses, several of which were for conducting illegal gambling businesses and illegal lotteries. One federal felony conviction was for conspiracy where the underlying charge involved racketeering. The Court rejected Shade's contention that an ACD vice president for Baltimore was beyond the Commission's jurisdiction and held that officials of the ILA International and the ACD hold positions that have substantial power to affect labor relations on the New York – New Jersey waterfront.

Roy Maglori: By Commission Order, maintenance man Roy Maglori was removed from working on the Waterfront for his association with Angelo "the Horn" Prisco, a capo in the Genovese Crime Family. Maglori communicated and visited with Prisco while he was in prison, transferred money to his commissary account and attended his 2009 criminal trial. At the conclusion of this trial, Prisco was convicted of racketeering, extortion, robbery and murder and as a consequence, he was sentenced to life in prison. In a telephone conversation with Prisco, Maglori discussed his new job at the waterfront. After Maglori complained about how hard he had to work at his job, Prisco directed Maglori to see "Nicky" or his son "Anthony" whom he described as good people. The capo told Maglori that both "know you're my friend." "They know I am close to you. They'll take care of you, Roy."

Edward Aulisi: By Commission Order, Edward Aulisi, a checker and son of former ILA Local 1235 President Vincent Aulisi, was removed from working on the waterfront for his association with Michael “Mikey Cigars” Coppola, a capo in the Genovese Organized Crime Family. Coppola was then a fugitive from justice when he had conversations with Aulisi that were electronically intercepted by the FBI. The conversations included Aulisi briefing Coppola about the murder investigation Coppola had fled from as well as assuring Coppola that Aulisi’s father was continuing to kick back to Coppola, at a better rate than the past president of ILA Local 1235. Coppola was convicted of the extortion of both the local and its members at trial. In addition to the association charge, Aulisi was also charged with being a “phantom” employee – that is – failing to work for hours for which he was paid after Commission detectives observed him on several occasions at his home while he was supposed to be at work.



Edward Aulisi mowing his lawn and barbecuing at home while he was being paid for “working” at the Port.

Joseph Ritornaro: The registration of maintenance man, Joseph “Joey Clams” Ritornaro was revoked after he failed to appear for a Commission ordered drug test. The action was the result of an investigation into illegal drug use in the Port. As part of the investigation, Ritornaro appeared at the Commission’s office for an interview and was instructed to report for a drug test. During the interview, Ritornaro was warned numerous times that failure to appear for the drug test would serve as an indication that if the a test was administered, the result would have been positive. Despite these warnings, Ritornaro failed to appear for the test. Ritornaro was charged with violations of the Waterfront Commission Act, including failure to produce material evidence in connection with an investigation being conducted by the Commission. At his hearing, Ritornaro failed to offer a reasonable explanation for his failure to appear for the drug test to the Administrative Law Judge. As a result, Ritornaro’s registration was revoked.

Anthony Furina, Sr.: The Commission revoked the temporary pier superintendent permit of Anthony Furina Sr. and denied his application for permanent licensing. Furina violated the Waterfront Commission Act by acting as a longshoreman and moving waterborne freight without being so licensed by the Commission. Furina was observed by Commission Detectives driving two trucks onto the ship Asian Trust at Pier 1402 in Bayonne, New Jersey and was charged with violating the Waterfront Commission Act. After a four day hearing, the Administrative Law Judge determined that Furina clearly violated the Act. Testimony established that this was not an isolated occurrence and that Furina had previously driven heavy

equipment onto ships. Evidence was adduced at the hearing that Furina had previously surrendered his “Special Craft” registration for acting beyond the scope of that registration. The Administrative Law Judge found that there were qualified longshoremen available to load the trucks and there was no reason presented justifying Furina’s actions. The Administrative Law Judge concluded that Furina lacked the good character and integrity required for a pier superintendent’s license and, in essence, that he had established his own “fiefdom” on the pier in deciding who drove trucks onto the ships. As such, the Administrative Law Judge recommended that Furina’s application for a pier superintendent license be denied and that his temporary permit be revoked. The Commissioners agreed.

John Nicaretta: Longshoreman John Nicaretta filed for retirement the day after Waterfront Commission detectives served him with a Notice of Hearing charging him with associating with members and associates of the Genovese Organized Crime Family, including capo Joseph "Pepe" LaScala, convicted associate Nicholas Furina and others. Nicaretta’s retirement prevented the Commission from taking him to hearing by removing the Commission’s jurisdiction over him. Nicaretta had been previously expelled from ILA Local 1588 for having furthered the influence of organized crime in the Port of New York and the Waterfront Commission had removed him as foreman at the Bayonne Auto Terminal Pier 42 because such privilege was not in conformance with the Waterfront Commission Act given his association with members of organized crime.

John Santore: Hiring Agent John Santore and his employer were served with a Notice of Hearing alleging that Santore had associated with Joseph “Joey the Bull” Bilotti, a soldier in the Gambino Crime Family, as well as other violations of the Waterfront Commission Act. After a review of the evidence, including photographs and surveillance by Commission detectives, his employer withdrew their sponsorship of Santore as a hiring agent removing him from the waterfront.



Former Hiring Agent John Santore with Gambino Soldier “Joey the Bull” Bilotti.

Nicholas Bergamotto: Checker Nicholas Bergamotto was arrested as part of Operation Terminal and charged with Loansharking and Money Laundering. The Commission temporarily suspended his license to work in the Port based upon the seriousness of the charges pending a hearing on his good character and integrity. The New Jersey Attorney General's Office asked that the hearing not be held until the criminal charges were adjudicated so as not to interfere or compromise the continuing investigation and prosecution. The Commission acceded to the AG's request and postponed the hearing until conclusion of the criminal matter. Bergamotto appealed this decision to the New Jersey Appellate Division, which remanded the matter to the Hudson County Superior Court. The Court there upheld the Commission's temporary suspension of Bergamotto and postponement of the hearing.

The following is a summary of other significant cases in which the Commission was involved:

Waterfront detectives, along with investigators from the New Jersey Division of Criminal Justice's Organized Crime Bureau, arrested a top official in the International Longshoremen's Association and four other current or former ILA members in early April 2010 on charges they extorted money from dock workers by demanding "tribute" for better jobs and pay, or engaged in loansharking. One of the men charged was a Newark police officer who was charged with official misconduct for using his access to police databases to obtain information on undercover police vehicles that were conducting surveillance near an ILA office. The loansharking operation was controlled by a soldier in the Genovese crime family who was one of the five arrested. These arrests represent just the beginning of Operation Terminal, a joint investigation into the activities of a criminal enterprise that has exercised control and corrupt influence over ILA locals operating in the Port of New York. The matter is now pending grand jury action and further arrests are expected.

Also, in April 2010, FBI agents working in conjunction with the U.S. Attorney's Office for the Eastern District of New York and the Waterfront Commission arrested another Genovese soldier (and former longshoreman) and charged him with racketeering including the extortion of ILA Locals and members, loansharking and gambling offenses. This same individual was also charged with conspiracy to aid the unlawful flight to avoid prosecution of Genovese Capo Michael "Mikey Cigars" Coppola by the U.S. Attorney's Office for the District of New Jersey.

Working with the Law Division, detectives from the Brooklyn Field Office investigated and arrested a foreman at a Staten Island terminal for extorting money from a shipping company to ensure the speedy release of a time sensitive shipping container. The foreman's waterfront registration has been suspended and he is being prosecuted by the Queens District Attorney's Office as well as facing administrative charges.

Detectives from the New Jersey Field Office investigated the theft of two refrigerated containers of frozen shrimp, each valued at over \$100,000. A suspect was identified and was arrested by Commission detectives on April 26, 2010 for theft by taking of movable property. The matter is being prosecuted by the Essex County Prosecutor's Office.

Detectives from the Brooklyn Field Office with the assistance of Customs and Border Protection investigated a Staten Island “house trucker” for distribution of cocaine on the piers. The trucker was arrested after he was found in possession of a number of packets of cocaine. The Richmond County District Attorney’s Office is prosecuting the case.

Working with the Law Division, Commission detectives arrested and charged a longshoreman with assaulting two other longshoremen and causing damage to a Manhattan pier after their union held its nominations for officers. The perpetrator and victims supported different candidates during the nominations and afterwards exchanged words which led to physical attacks and damage to a pier escalator. The longshoreman was charged by the Manhattan District Attorney’s Office and pleaded guilty in criminal court. He is currently awaiting an administrative hearing to determine whether his registration should be revoked.

A joint investigation with the United States Department of Labor and the United States Attorney’s Office for the Eastern District of New York initiated by the Commission resulted in the arrest of two longshoremen from New York Container Terminal on mail and wire fraud charges in connection with a half million dollar Workmen’s Compensation fraud. The longshoremen both pleaded guilty to conspiracy and mail fraud in August 2009. One longshoreman, who originated the scheme, was sentenced to two years in federal custody while his codefendant received probation. Both men were ordered to make full restitution.

The Police Division, working with the Law Division and Administration and Audit Division, identified and investigated a warehouse in New Jersey suspected of using unregistered and undocumented workers. Several gang checks by detectives substantiated the allegations and the warehouse was fined \$17,000 for its violations. The warehouse is now in compliance with the Waterfront Commission Act and immigration laws.

In addition to the significant cases set forth above, the following are some of the accomplishments of each of the Commission's Divisions during the fiscal year:

Executive Division

The Executive Director personally conducted case reviews of each legal, police and audit matter. In the past year, the Executive Director attended and critiqued almost every administrative hearing that was conducted. He continued to review the Police Division's weekly open case reports and every police report filed, and attended the weekly Police Supervisors' meeting. The Executive Director continued to hold weekly Directors meetings to ensure that all Divisions within the Commission are fully briefed and involved in every matter.

The General Counsel's Office continued to closely oversee and monitor all outside litigation and administrative agency proceedings, to ensure efficient case management and effective litigation strategies. The General Counsel also represented the Commission in all Court proceedings relating to Commission employment matters, including discrimination claims filed with the Equal Employment Opportunity Commission (EEOC) and the New York State Division of Human Rights. These claims were filed by Commission employees who were terminated pursuant to the Inspector General's findings and recommendations for the Commission's restructuring. All decisions rendered this past year were in favor of the Commission, with a finding of no probable cause.

The General Counsel also provided legal advice and support on all Commission labor and employment matters, and advised the Directors on employment law issues such as discrimination, termination and compliance with applicable employment laws. Up until the past year, the Commission had not had an updated Handbook or Code of Ethics for at least a decade. A new Employee Handbook and Code of Ethics were written, distributed and presented to the entire Commission by the General Counsel's Office. Job descriptions and performance evaluations were prepared and all Commission employees were all reviewed on their job performances for the first time in memory. For the first time in years, every new contract and agreement entered into by the Commission is closely reviewed by the General Counsel, to verify their legal sufficiency and to ensure that the Commission is properly protected.

Once again, the Executive Division, working in conjunction with the Law Division, met with New York State legislators regarding the proposed repeal of Section 5-p of the Waterfront Commission Act. These members of the legislature shared their concerns regarding the diminished vitality of the Port, the lack of minority employment and participation, as well as the potential labor shortage in the Port. The Commission echoed the concerns, demonstrating that Section 5-p is essential to remedying each of those problems and to the integrity of the Port. Indeed, it was made clear that without Section 5-p, those conditions would become only worse. Moreover, the Commission pointed out that the vitality of the Port is directly affected by organized crime influence, and that Section 5-p, which allows the Commission to regulate the size and diversity of the longshore labor force, is crucial to preventing the very environment – an over abundance of available labor – that history has repeatedly shown to be most conducive to organized crime and racketeering activity.

Given these powerful and virtually irrefutable arguments, the Commission successfully addressed and alleviated the concerns of the New York State legislators. As a result, the

proposed legislation to repeal 5-p was not passed in New York. The Commission indicated to New York State legislators that this year it would likewise work to reverse the State of New Jersey's repeal of 5-p, and to continue using the authority delegated to it by the Waterfront Commission Act to investigate and prosecute organized crime. In addition to holding hearings to address the rampant corruption in the Port, the Commission proposed to establish a system of pre-qualification of applicants to address any labor shortage concerns the industry might have. Although Section 5-p requires sponsoring employers to certify that selection was made on a non-discriminatory basis, the present composition of ILA locals is not representative of their cities' demographics. For example, Local 824 in Manhattan is 82% white, Local 920 in Brooklyn is 84% white and Local 1814 in Brooklyn is 82% white. Clearly, the ILA and the New York Shipping Association has not been committed to diversity of the workforce in the Port.



Comptroller Adam Cheung

Adam L. Cheung joined the Commission on November 23, 2009. Prior to that, he served as Comptroller and Vice President of the Association of National Advertisers, Inc. Mr. Cheung, a member of the New York State Society of Certified Public Accountants, has been instrumental in implementing the financial controls and balances recommended by the Inspector General's 2009 Report. Specifically, the Comptroller's Office has completely improved the accountability of the Commission's assets and consumption

of resources. Accounting records were improved by redesigning the accounts chart, posting all transactions of reserves and forfeiture funds, posting each vendor invoice separately in an accounts payable module and tracking all billings and purchases. To ensure that all grants, reserves and forfeiture funds are properly segregated, fund accounting has been introduced and separate bank accounts have been established.

The Comptroller's Office now maintains subsidiary ledgers, it reconciles sub-ledgers to the general ledger and performs monthly and year-end closings. The month's end closing procedures include analyzing over one hundred general ledger accounts with material balances and reconciling all cash and investments accounts. Financial reports are issued after reviewing all significant accounts and investigating significant over-budget variances.

In addition to streamlining and automating the accounting system, the Comptroller's Office now utilizes online banking with different levels of security access, to improve cash management. New systems have been utilized to ensure accuracy and control over payroll and related remittance. Finance policies and procedures, with emphasis on segregation of duties and documentation of cash receipts and cash disbursements, have been formulated and implemented. Different levels of approvals are required for each purchase or disbursement. Advance purchase approval is required to improve budget management. This serves as a guideline to assist in the accountability of funds.

Division of Law, Licensing and Employment Information Centers

In addition to the cases set forth above, as a result of the Law Division’s significant contributions, the Commission revoked a number of other licenses and registrants after substantiating such offenses as aggravated assault, illegally possessed firearms, possession and distribution of cocaine, unemployment fraud, theft, and receiving stolen property.

The Licensing Division has substantially re-written the background investigation questionnaire for all stevedores and has put into place the mechanism to process those applications. The new forms will help ensure that the Commission has all the relevant information needed to properly process these applications. The Commission will begin issuing permanent stevedore licenses in December 2010 for the first time in recent memory.

In accordance with its mandate to ensure fair hiring, the Licensing Division required the industry to reorder and reorganize a regular list based upon inequities observed by the Commission in the order, manner, and timing of the list by a particular company.

During FY 2010, the Licensing Division decasualized 12 registrants and licensees. This drastic drop in the number of decasualized workers is largely the result of the Commission temporarily revising the 15 day work requirement to 8 days in recognition of the continued sluggish economy in the Port.

Finally, replicating an initiative started by the Commission last year, the Licensing Division has been working with the NYSA to ensure that all able and available longshore personnel make their 700 hours of work necessary for health and vacation benefits. The Commission has instituted a priority hiring program at our Hiring Center to ensure that as many workers as possible reach the 700 hour minimum in order to obtain these benefits.

WATERFRONT COMMISSION DIVISION OF LICENSING & EMPLOYMENT INFORMATION CENTERS
Comparison of Hirings for the Years Ending June 30th 2009 and 2010

Piers and Areas	Hirings				% Share of Port Employment			
	2009-2010	2008-2009	Increase/ Decrease	% Change	2009-2010	2008-2009		
Manhattan	18,665	18,084	+ 581	+ 3.21%	2.53%	2.58%		
Brooklyn	50,674	49,486	+ 1,188	+ 2.40%	6.87%	7.06%		
Staten Island	88,198	83,127	+ 5,071	+ 6.10%	11.95%	11.85%		
Port Newark & Elizabeth	500,214	469,017	+ 31,197	+ 6.65%	67.78%	66.89%		
Jersey City, Bayonne	80,287	81,486	- 1,199	- 1.47%	10.88%	11.62%		
TOTAL NEW JERSEY	580,501	550,503	+ 29,998	+ 5.45%	78.65%	78.51%		
TOTAL NEW YORK	157,537	150,697	+ 6,840	+ 4.54%	21.35%	21.49%		
TOTAL PORT WIDE	738,038	701,200	+ 36,838	+ 5.25%	100%	100%		

Summer Internship Program

The Law Division's Summer Internship Program was comprised of six law school students this past summer. The Commission has entered into an agreement with area law schools to administer a clinical program for third-year law students. The students will work at the Commission on a part time basis in return for credit.



The 2010 Summer Legal Interns

Police Division

The Division continues to follow the Compstat model for case review, and conducts weekly Supervisors' meetings with both the Executive Director and the General Counsel. The Police Division, working in conjunction with the Law, Intelligence and Administration Divisions, had 55 open investigations pending as of July 1, 2010 and had completed 338 investigations during FY 2010 including 5 involving unregistered workers, and 89 involving violations of Waterfront Commission rules. The Division made, or participated in, 66 arrests in FY 2010.



Waterfront Commission Detectives Making a Pier Side Arrest

The Police Division fully participated in five Federal task forces, three in partnership with ICE and two with the FBI. All of these task forces focused on port operations. The ICE Seaport groups in New York and New Jersey work directly in the port attempting to identify narcotics smuggling rings operating on the terminals utilizing corrupt dockworkers; while ICE El Dorado focuses on tracking money laundering schemes in the metropolitan area which results from the sale of these illegal narcotics. Our joint effort with the FBI in New Jersey focuses directly on organized crime operations in the seaport; while our collaboration in New York lies in the fight against global terrorism with our participation in the Joint Terrorism Task Force, which includes protection of shipping terminals and cruise ports.

Since July 1, 2009, our collaboration in these task forces has resulted in the Commission participating in 47 arrests; seizing over 2 ¼ tons of marijuana and over 400 pounds of cocaine; and recovering 47 mostly high end stolen vehicles destined for export to foreign countries. Additionally, over \$ 15 million of drug proceeds money was seized.

A Commission Tip Line was established and anonymous tips can be reported to the Police Division by text, telephone or e mail. Several promising investigations have been initiated as a result of information provided by concerned dock workers.

In December 2009, the reception area of the Broadway office was reconfigured for security reasons. A uniformed detective receives all visitors who must pass through a metal detector before entering the office. The transition quickly proved its worth as a longshoreman who came to the office to complain about his decasualization was found to be carrying a loaded semi-automatic pistol.

Administration and Audit Division

The Division of Administration and Audit, with the assistance of the General Counsel, has been working with the Executive, Law and Police Divisions to rectify years of auditing mismanagement, and to strategically oversee pending audits from both an investigative and financial prospective.

The Division has streamlined the procedure for the collection of assessments while assuring that all proper monies are collected. All WC 30's are now sent out electronically and by mail. All companies who remit payment after the fifteenth day deadline receive a notice of interest and penalties, followed by a further notice after thirty days if necessary. If there is no response after the thirty day notice, the matter is turned over to the Law Division for hearing and collection of monies. Unlike the past, the Commission has been diligent in identifying companies that properly owe assessments but have not paid in the past. The Commission is no longer waiving penalties and interest owed without basis.

This past year, ten such companies were identified and \$87,439.98 was collected. In addition, the Division collected \$85,497.20 in interest and penalties on late payments, \$664,887.33 in back assessments and \$6,000.00 in assessments on newly licensed companies. The Division has also negotiated with three companies to pay back assessments on an installment basis, which will bring in an additional \$82,945.42 in revenue.

The Division, with the guidance of General Counsel and the Division of Law, has instituted a lawsuit in United States District Court for the District of New Jersey to recover \$500,000 in back assessments from one company. The Commission is also pursuing almost \$2.5 million in back assessments owed by another company operating in the Port.

Intelligence Division

The Intelligence Division is collecting, analyzing and collating information about organized crime figures operating in the Port of New York-New Jersey. The Division has already conducted hundreds of background checks on individuals and businesses, and telephonic record analyses central to investigations initiated by the Police and Law Divisions. The Division has established a network of analysts representing more than 30 law enforcement and intelligence agencies operating within the Port of New York-New Jersey at the federal, state and local level to facilitate inter-agency cooperation and information sharing.

The Division, in collaboration with the Executive, Law, Police and IT Divisions, has initiated the arduous task of collecting and classifying years of police report, surveillance photographs and other evidence for use by the rest of the Commission

It is also actively working with our law enforcement and intelligence partners to establish a legitimate presence within the greater intelligence community. This proactive networking has enabled the Commission to leverage the analytical resources and expertise of external agencies and keep pace with state of the art analytical tools and methodologies.



Intel Director Dan Ramirez conducts a briefing.

Information Technology Division



IT Technician Ariel Ventura

The IT Division has completed a number of projects that have strengthened the overall quality of information technology infrastructure within the Commission. These projects have allowed the Commission to enhance the security, overall capacity, value and performance of the Commission's communication and application infrastructure.

The IT Division has completed a NYS OGS contracted agreement with a major telecommunications carrier that converged the Commission's voice and data services. This project reduced the Commission's monthly recurring communications cost by approximately 37%.

The Division continues to embrace virtualization technology by consolidating and eliminating legacy systems. As a result, the Commission has been able to drastically reduce its energy and cooling needs, streamline server-system IT manageability, and maximize the return on investment through the removal of antiquated hardware and increased computing capacity per physical server.

CONCLUSION

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

Respectfully submitted,

Walter M. Arsenault
Executive Director

COMMISSION DETERMINATIONS

Year Ended June 30, 2010

APPLICATIONS AND REVOCATIONS

	Revoked				Suspended			<u>Totals</u>
	<u>Deni</u> <u>ed</u>	<u>Grante</u> <u>d</u>	<u>Revoked</u>	<u>L/R</u>	<u>Suspended*</u>	<u>Reprimanded</u>	<u>P/H</u>	
Longshoremen	1	2	7	0	21	0	4	35
Checkers	0	0	0	1	3	0	1	5
Hiring Agents	0	0	0	0	0	0	0	0
Security Officer	3	0	3	0	1	0	0	7
Pier	1	0	1	0	1	0	0	3
Superintendents								
Stevedores	0	0	0	0	0	1	0	1
Maintenance/Ware	7	0	5	1	5	0	2	20
-house								
Telecommunicatio	0	0	0	0	0	0	0	0
ns System								
Controllers								
Totals	12	2	16	2	30	1	7	70

* Includes summary proceedings and informal hearings

PETITIONS

	<u>Denied</u>	<u>Granted</u>	<u>Totals</u>
Petitions for Reconsideration	1	0	1
Petitions for Leave to Reapply	1	0	1
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	0	0
Petitions to Remove Ineligibility	0	3	3
Petitions for Restoration of Registration/License	5	2	7
Petitions to Vacate Temporary Suspension	0	1	1
Petitions for Retention or Reinstatement	13	0	13
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	0	0
Petitions to Amend Determination	0	0	0
Totals	20	9	29

ANNUAL FINANCIAL REPORT

WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Waterfront Commission of New York Harbor
Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2010

REVENUES:	
Assessments (Regular)	10,129,773
Assessments (Additional)	707,727
Interest Charges	76,373
Penalties	112,097
Subtotal	<u>11,025,970</u>
Dividend & Interest Income	3,190
Overtime Reimbursements	55,470
Other	30,745
Total Revenues	<u>11,115,375</u>
EXPENDITURES:	
<i>Personal Service:</i>	
Regular Payroll	6,925,451
Overtime Payroll	68,792
Group Health, Life Insurance, Dental	916,462
Workers Compensation Insurance	121,560
Employer Taxes	550,023
Pension Costs	476,633
Subtotal - Salaries and Benefits	<u>9,058,921</u>
External Auditors & Litigators	659,970
Administrative Judges, Scopists & Other	46,880
Subtotal - Professional Services	<u>706,850</u>
Total Personal Services	9,765,771
<i>Other Than Personal Service</i>	
Office Rentals	733,323
Utilities	109,651
General Insurance	367,785
Travel & Auto	287,386
General Office	70,402
Communications	123,795
Special Supplies	134,473
Information System	85,032
Repairs & Maintenance & Alteration	47,449
Printing	11,482
Furniture & Equipment	4,875
Continuing Education	2,930
Total Other Than Personal Service	<u>1,978,583</u>
Total Expenditures	<u>11,744,354</u>
Deficiency of Revenues over Expenditures	<u>(628,979)</u>
Transfers from Other Funds	<u>277,598</u>
Net Change in Fund Balance	<u>(351,381)</u>
Fund Balance at July 1, 2009	<u>1,532,432</u>
Fund Balance at June 30, 2010	<u>1,181,051</u>

See accompanying Notes to Statement of Revenues, Expenditures and Changes in Fund Balance

Waterfront Commission of New York Harbor
Notes to Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2010

(1) Description of Business and Accounting Policy

(a) Description of Business

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

(b) Accounting Policy

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

(2) Retirement Benefits

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

As of June 30, 2010 this reserve consisted of the following:

	<u>Fair Market Value</u>
State of New Jersey Cash Management Fund	\$ 723,300

This reserve is not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance.

(3) Unemployment Reserve

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

As of June 30, 2010 this reserve consisted of the following:

	<u>Fair Market Value</u>
State New Jersey Cash Management Fund	\$ 153,660

This reserve is not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance.

(4) Renovation Escrow Reserves

The Commission has established two Renovation Escrow Accounts to pay for the cost of renovating properties it has leased from the Port Authority of New York and New Jersey.

As of June 30, 2010 all the renovation projects were complete and these reserves were closed by transferring the balance of \$77,598 to the Operating Fund.

(5) Forfeiture Funds

The Commission has established three forfeiture funds for its share of forfeiture proceeds received from Federal and State Law Enforcement Agencies.

As of June 30, 2010 these reserves consisted of the following:

	<u>Fair Market Value</u>
JP Morgan Chase	\$ 155,322
State New Jersey Cash Management Funds	<u>1,245,663</u>
	<u>\$ 1,400,985</u>

These forfeiture funds are not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance.

WATERFRONT COMMISSION OF NEW YORK HARBOR

Ronald Goldstock
Commissioner for New York

Barry H. Evenchick
Commissioner for New Jersey

Walter M. Arsenault
Executive Director

Phoebe S. Sorial
General Counsel

Jeffrey Schoen
Director of Law, Licensing and EIC

John Hennelly
Chief of Police

Richard Carbonaro
Director of Administration and Audit

Daniel Ramirez
Director of Intelligence

Lee Seeman
Director of Information Technology

Adam Cheung
Comptroller

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