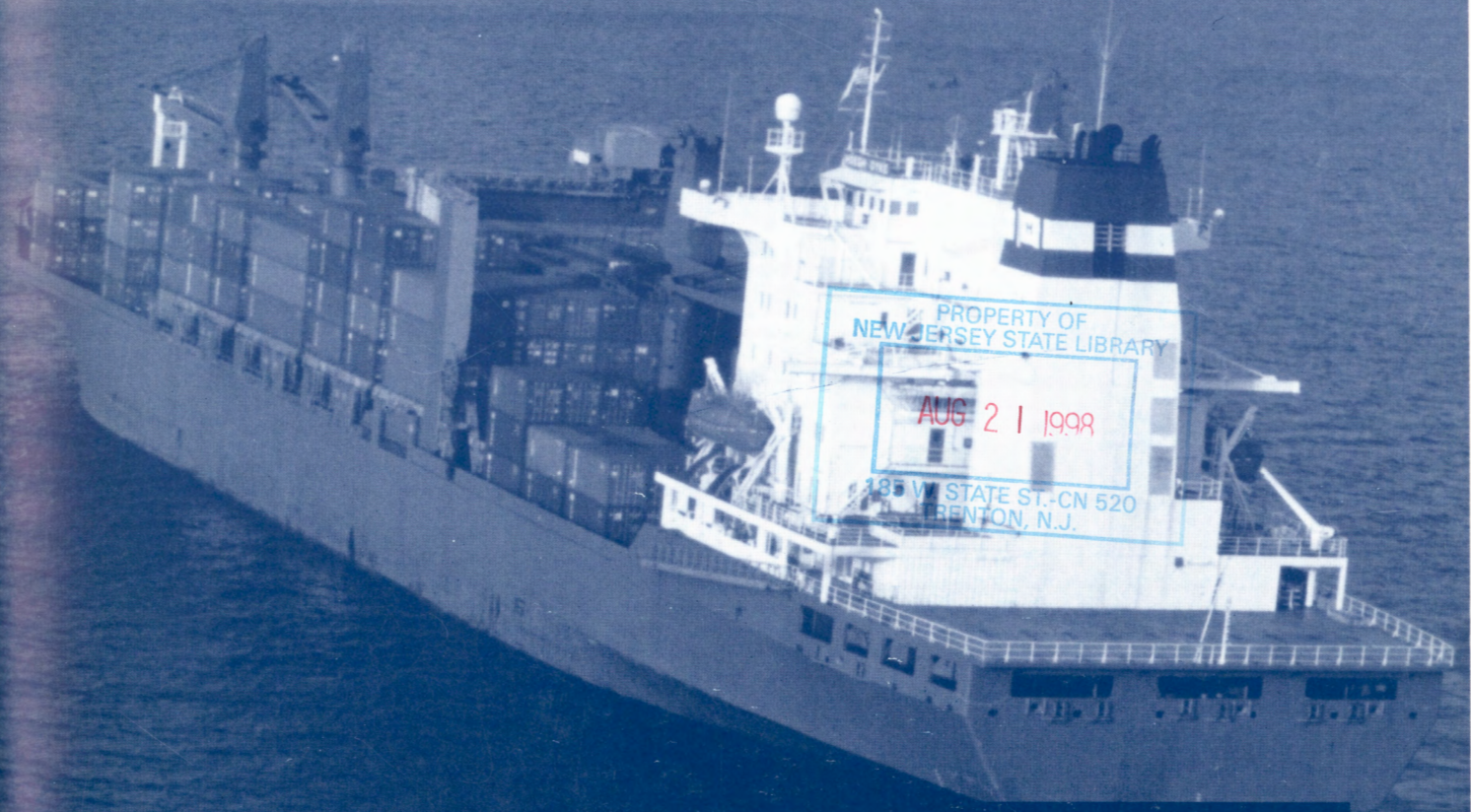


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1996-1997 ANNUAL REPORT



**WATERFRONT
COMMISSION of
NEW YORK
HARBOR**



*To the Honorable Christine Todd Whitman, Governor,
and the Legislature of the State of New Jersey*



*To the Honorable George E. Pataki, Governor,
and the Legislature of the State of New York*

We are pleased to forward the Annual Report of the Waterfront Commission of New York Harbor for its fiscal year 1996–1997. Contained herein are representative activities of the Commission, together with pertinent observations concerning its administration and enforcement of the Waterfront Commission Compact between the States of New York and New Jersey. The Commission has continued to perform its designated responsibilities under the Compact, with particular concern for the improvement of the overall economy and well-being of the bi-state Port.

ANNUAL REPORT 1996–1997



THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

MISSION OF THE WATERFRONT COMMISSION

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

WHY THE COMMISSION WAS CREATED IN 1953

An aging freighter, holds loaded with crates, cartons, barrels and drums, is docked alongside one of the many ancient finger piers jutting into the waters of the Port of New York-New Jersey. At the sound of a whistle blown by a hiring foreman, a semi-circle of bedraggled longshoremen gathers in the hope that they will be selected to unload the vessel.

The foreman, often an ex-felon with a long criminal record, chooses laborers who are willing to "kickback" a portion of their wages for the opportunity to unload the ship, piece by piece. Each hapless dock worker must subject himself to this notorious daily "shape-up" to attain even the possibility of employment. The union, dominated by racketeers and criminals, does little to ease the burden of the rank-and-file worker.

Elsewhere on the pier lurk the loansharks, all too willing to "assist" the underpaid longshoreman in feeding his family. The inability to repay these usurious loans results in disastrous consequences for the longshoreman-borrower. Bookmaking on the pier also increases business for the loansharks.

Cargo theft and pilferage are rampant. Pier guards are unwilling or unable to contain thievery.

At the foot of the pier, a parasitic "public loader" coerces truckers to employ him to unload and load trucks, even though the "services" of these loaders are not needed or wanted.

In a downtown restaurant, an officer of a stevedoring firm pays a "gratuity" to a waterfront union official to insure "labor peace." "Quickie" strikes are commonplace. On another occasion, the stevedore company official gladly bribes an executive of a steamship company for a lucrative contract.

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

THE PORT TODAY

Today, the contrast is startling in the 1500-square-mile port district that includes piers and waterfront terminals located in Brooklyn, Manhattan, Staten Island, Yonkers, Port Newark-Elizabeth, Bayonne and Jersey City under the Commission's jurisdiction. A state-of-the-art container ship, over three-football-fields long and laden with several thousand containers, is made fast to the string-piece of a container terminal. Cranes, tall as twelve-story buildings, promptly unload containers onto waiting flat-bed trucks. Giant machines shuttle the containers to the marine terminal yard for pick-up by over-the-road trucks or for placement on rail cars going to all parts of the country. Similarly, export containers are received at the terminal and are loaded onto a waiting ship. Computer operators process the receipt and delivery of this cargo.

Now, dock workers are carefully screened and licensed by the Waterfront Commission. Under the watchful eye of the Commission's Division of Licensing and Employment Centers, workers are selected for employment by licensed hiring agents, using computers and telephones, in accordance with industry and Commission regulations. Longshorepersons obtain regular employment, earn substantial wages, and are no longer at the mercy of unscrupulous hiring bosses or criminals. The notorious "shape-up" and the "public loading racket" have been eliminated.

Pier guards, now licensed by the Commission, are required to maintain strict physical and mental standards and must attend training courses administered by the Commission. Convicted criminals are banned from holding office in waterfront unions. Stevedore companies are also licensed by the Commission. Their books and records are

audited by the Commission to guard against illegal payoffs and other violations of law. Management and labor are working together for the betterment of the Port and the region.

Cargo theft in the Port has been sharply reduced. When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments. The Police Division continually reviews security measures in the Port.

While the Commission takes great pride in the role it has played with other law enforcement agencies over the past 44 years in reducing crime and in eliminating certain past abuses, old challenges—such as loansharking, extortion, illegal gambling and larceny—and new challenges face all law enforcement units. Drug smuggling and cargo theft have become very sophisticated, requiring close coordination among all law enforcement agencies active in the Port of New York-New Jersey and adjacent areas.

THE COMMISSION'S MAKE UP

The Commission is headed by two Commissioners, each appointed by the Governor of their respective States, with the advice and consent of their State Senate.

The New Jersey Commissioner is James H. Wallwork of Far Hills. A graduate of the United States Military Academy, West Point, New York, the Engineer School, Ft. Belvoir, Virginia, and the Command and General Staff College, Ft. Leavenworth, Kansas, Wallwork is an Army veteran and was a Major in the New Jersey National Guard. He is a businessman and a former New Jersey State Senator. Wallwork writes "The People's Business" column for a chain of weekly newspapers and is active in civic and charitable concerns.

Michael C. Axelrod represents New York on the Commission. A resident of Roslyn, Axelrod is a member of the New York and Florida Bars since 1973. He is a graduate of the University of Miami and the New England School of Law in Boston and holds a Masters of Law Degree in Labor Law from New York University School of Law. Axelrod's legal specialty is the representation of public-safety labor unions in the New York Metropolitan area. He serves as an arbitrator for the New York State Employment Relations Board and frequently

lectures at bar association functions and professional seminars. Axelrod is active in civic and religious groups.

Carmine A. Cardone, a member of the New York Bar, is the Commission's Executive Director. Beginning his career with the Waterfront Commission in 1961 as an Assistant Counsel, Cardone subsequently held posts as Director of the Division of Licensing and Employment Information Centers and as Deputy Executive Director.

The Executive Director is responsible for the day to day operations of the Commission and oversees its six divisions:

- **Law.** Supervised by the General Counsel, Assistant Counsel in the Division of Law conduct investigations to ascertain if applicants for licensing or registration meet the Compact's requirements. These attorneys also conduct investigations to determine if persons and companies already registered or licensed have violated criminal or other statutes affecting the Port, or have otherwise violated the Compact. Hearings are also conducted by these attorneys to determine whether applications for registrations or licenses should be granted or denied, or whether registered or licensed individuals as well as firms have engaged in illegal or improper activities, which, if proven, can result in the revocation or suspension of their registrations or licenses.
- **Police.** Under the supervision of the Chief of Police, the Police Division, which is comprised of superior officers, detectives and detective-investigators who have full police powers in New York and New Jersey, conducts investigations of criminal activity in the Port and violations of the Compact. Members of the Police Division also conduct criminal background checks of persons and firms that have applied for registrations or licenses; evaluate organized crime information; scrutinize security and cargo protection programs at piers and waterfront terminals, and safeguard the agency's investigative and licensing files. The Police Division is a valued partner in joint investigations with Federal, state and local law enforcement agencies in the Port.
- **Audit and Control.** Under the guidance of the Director, investigative accountants

systematically audit the books and records of licensee companies to insure that they are in compliance with federal and state laws; that the Commission's recordkeeping regulations are followed; and that assessment reports are accurate. The accountants also examine the books and records of potential licensees and persons and companies under Commission investigation.

• **Executive.** This Division includes the offices of the Executive Director, General Counsel, the Secretary of the Commission and the Comptroller. The Division assists the Commissioners in the formulation of agency policies and their execution. Its responsibilities include: the initiation of investigations; the recommendation of proposed legislation, rules, regulations and resolutions; the distribution of information concerning the Commission's activities, including the preparation of annual and special reports; the conducting of labor relations with clerical and police bargaining units; the preparation of the agency's budget, the maintenance of its financial records and administration of its group insurance plans; the rendering of legal advice to and handling of litigation involving the Commission; the ordering of administrative hearings on application and revocation proceedings; the review of legislation affecting the Commission; and, the maintaining of the official records and seal of the Commission.

• **Licensing and Employment Information Centers.** The agency's Division of Licensing and Employment Information Centers processes the applications filed by persons and companies required to be registered or licensed; oversees the hiring of longshorepersons, checkers and pier guards; and administers the "decasualization program" which, in accordance with the provisions of the Compact, removes from the longshore register those pier workers who, without good cause, fail to work or be available for work on a regular basis.

• **Administration and Management Information Systems.** Successful investigations often culminating in administrative hearings are the result of joint efforts and the free interchange of

ideas among the Divisions of Law, Police, and Audit and Control. These Divisions are ably supported by the Division of MIS and Administration which provides stenographic, clerical, messenger and court reporting services. Under the auspices of the Director of the Division of MIS and Administration, a new agency-wide computer system was installed this year.

* * *

By law, the Commission is authorized to:

- Screen, register, and license the 5,885 longshorepersons, checkers, pier superintendents, hiring agents, pier guards, and telecommunications system controllers currently working on the waterfront in the Port;
- License the 75 stevedore companies that perform services involving or incidental to the movement of waterborne freight;
- Maintain and supervise employment information centers which monitor the hiring of longshorepersons, checkers, and pier guards and which provide to them information concerning employment opportunities;
- Regularize the Port's labor force by balancing the number of eligible dockworkers with the demand for their services by removing from the Longshoremen's Register those longshorepersons and checkers who fail to work regularly or to seek work;
- Remove individuals convicted of serious crimes from holding office in waterfront unions representing registered workers and on fund or trust boards administered by those unions;
- Investigate and arrest persons charged with crime in the Port, deter crime and corruption in the Port, and compile and collect data concerning waterfront practices.

* * *

Among its general powers, the Commission can:

- Make and enforce rules and regulations;
- Issue subpoenas throughout both New York and New Jersey to compel

the attendance of witnesses, the giving of testimony, and the production of other evidence;

- Have, for its members and its properly designated officers, agents and employees, full and free access to all vessels, piers, and other waterfront terminals and other places in the bi-state Port;
- Cooperate with other governmental entities;
- Confer immunity from prosecution.

COMMISSION NOT FUNDED WITH TAX DOLLARS

The Commission is not funded with tax dollars. By law, and in lieu of any charges for the issuance of licenses or registrations or for the use of the Employment Information Centers, the Commission's budgeted expenses come from assessments on waterfront employers of persons registered or licensed by the agency. Employers pay a 2% assessment on their gross payrolls for longshorepersons, checkers, pier superintendents, hiring agents and pier guards.

During fiscal 1996-1997, the 93-employee Commission operated with a \$6,630,904 budget, which was approved by the Governors of New Jersey and New York.

NEW COMPUTER SYSTEM—NEW EFFICIENCIES

This year the Commission began implementing a new state-of-the-art computer system. Licensing and Police data bases dating back to 1985 have been converted to a new customized Waterfront Commission program. Records and files have been streamlined for efficient computer access. A Wide Area Network (WAN) now links the Commission's Port Newark and Brooklyn field offices to the main office in New York. Using WAN, Commission employees in all locations have immediate access to authorized data bases, enabling these employees to perform their duties in an expeditious and efficient manner.

The new computer system enables the legal staff to have access to CD ROM and on-line law reference material, eliminating the need and expense of a "paper" law library. Similarly, legal paperwork and files are being

reduced with computerization. Legal staff productivity is also enhanced.

The new computer system also enables the Commission to be on-line with other law enforcement agencies and to access their data bases.

The Commission acknowledges with gratitude the extraordinary cooperation and assistance it received from Governor Christine Todd Whitman and the New Jersey State Treasurer who loaned Treasury specialist Robert Albano to the Commission as a consultant, thereby enabling the Commission to save \$27,500 in computer consulting fees.

The Commission also wishes to thank officials of the Port Authority of New York and New Jersey for their valuable advice about designing a complex computer system.

CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. To safeguard and better manage the Commission's cash and investments, both short and long-term, the Commission arranged to transfer most of its accounts to the State of New Jersey's Cash Management Fund. This move replaced money-market accounts earning 2.6% with investment accounts earning 5.3%, a significant increase. The Commission also invested escrow funds (Retired Employee Benefit Funds) into an eighteen-month U.S. Treasury Note earning 5.7%.

MEMBERSHIP IN ORGANIZATIONS

The Commission maintains membership in several law enforcement organizations which routinely network to share information and resources to combat crime. These include the Middle-Atlantic-Great Lakes Organized Crime Law Enforcement Network (MAGLOCLLEN), which is part of the Law Enforcement Intelligence Unit (L.E.I.U.), and the International Association of Airport and Seaport Police. Membership in the latter enables the Commission to coordinate on an international level with crime fighters throughout the world. This is especially important in drug smuggling cases. The Commission also maintains liaison with the National Cargo Security Council.

Commission members give presentations at meetings of these organizations as well as at meetings of bar associations, investigators' societies and other professional and civic groups.

THE PORT'S SIGNIFICANT STATISTICS

During calendar 1996, the East Coast's premier container port handled 51.3 million long tons¹ of waterborne cargo valued at \$66.4 billion. This is a 14% increase in tonnage and a 3% increase in value over 1995. For 1996, 1,335,379 container units passed through the Port, an increase of 7,931 units over 1995; 413,212 vehicles were exported or imported in 1996, an increase of 13,611 vehicles or 3.4% over 1995. The Port had 4,636 ship arrivals in 1996, an increase of 122 over the prior year. Although the number of cruise passengers declined 8%, actual cruise voyages increased 19% over 1995.

As in 1995, the Port's five leading waterborne general cargo exports in 1996 (as calculated in millions of dollars) were motor vehicles and parts, general machinery, plastic materials, office machinery and military cargo. Similarly, during the year the five primary imports were motor vehicles and parts, clothing, general machinery, alcoholic beverages and footwear.

Commission-registered "deep-sea"² longshorepersons and checkers (excluding those pier workers registered under 1969 amendatory legislation to the Compact to perform services incidental to the movement of waterborne freight) were paid \$217,452,972 in regular and overtime wages; vacation and holiday benefits; and guaranteed annual income payments from October 1, 1995, to September 30, 1996, the waterfront industry's fiscal year. Thus, the 3,442 "deep-sea" workers were paid an average annual salary of \$63,176. This compares with 3,568 workers earning an average yearly income of \$64,294 in the industry's preceding fiscal year.

* * *

¹A long ton is 2,240 pounds.

²"Deep-sea" longshorepersons are dock workers who move waterborne freight; "deep-sea" checkers are employed to account for or check cargo and to perform other clerical functions.

At the end of the Commission's fiscal year on June 30, 1997, registered and licensed waterfront workers totaled:

- 2,097 "deep-sea" longshorepersons, including 180 emergency temporary registrants;
- 817 checkers, including 93 emergency temporary registrants;
- 1,979 persons registered in accordance with 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as maintenance work and warehousing;
- 394 pier superintendents (management employees of stevedores or steamship companies who directly or indirectly supervise registrants' work);
- 186 hiring agents (individuals who, on behalf of steamship companies or stevedores, select registrants for employment);
- 403 pier guards;
- 9 telecommunications system controllers (employees of a joint management-labor board that operates the telephone and computer system for hiring "deep-sea" registrants).

Additionally, there were 75 firms licensed as stevedores. They have contracts or arrangements to move waterborne cargo or to perform services incidental to such movement.

THE YEAR (July 1, 1996 to June 30, 1997)

The following represents some of the noteworthy Commission cases resulting from this year's investigative efforts:

Clamping Down on Cargo Leakage

Commission detectives were responsible for breaking up an organized cargo theft ring operating throughout several counties in north and central New Jersey, recovering over \$3 million in stolen property. Eight defendants were indicted for receiving and trafficking in stolen property. Assistance was provided by local and county law enforcement agencies in the Hudson, Essex, Passaic, Union, and Middlesex county regions.

In September 1996, an owner-operator truck driver was charged by Commission detectives with the theft of a container of

designer fragrances, valued at \$1.3 million, from a waterfront terminal. Fraudulent identification and documentation were used to accomplish the theft. A portion of the stolen cargo was recovered in a "buy-bust" operation in Edison, New Jersey, and upon the execution of search warrants in Belleville and North Bergen, New Jersey. These searches resulted in the seizure of other stolen cargo, consisting of clothing, footwear and home furnishings valued at over \$3 million. 17 persons were arrested as a result of this investigation on charges ranging from receiving stolen property to firearms and drug offenses. One suspect was turned over to South River, New Jersey, authorities, thereby solving a series of warehouse burglaries. Subsequent investigation led to additional recoveries of stolen perfume and the arrest of a Hudson County school employee.

Publicity surrounding this investigation resulted in Commission detectives being informed by cargo insurance investigators, attorneys and surveyors that extensive cargo shortages from containers were possibly linked to the same area truck driver arrested for the theft of designer fragrances. The driver worked as an owner-operator for several northern New Jersey trucking companies. Agency detectives conferred with these industry representatives and found striking similarities in all of the losses.

The losses, known as "leakage," involved entry, without breaking the shipping seals, into sealed containers after they were picked up from waterfront terminals destined for inland warehouses, and driven a short distance outside the Port. Between February 1994 and January 1995 the driver was able to arrange for the theft of hundreds of cartons of clothing and liquor from eight containers which he had hauled for five different companies. Losses to the consignees totaled over \$1 million in import costs, plus lost profits and the cost of replacement shipments.

Commission detectives embarked upon extensive criminal investigations of these losses. In November 1996 sufficient evidence was amassed to charge the driver with a series of crimes in the second degree in New Jersey. After being charged with one of these crimes, the driver admitted to all of them and explained how they were accomplished. The investigations linked these thefts and others to a large-scale

cargo theft ring operating out of Hudson County in New Jersey.

Commission detectives in conjunction with other law enforcement agencies and industry representatives continue an aggressive investigation of cargo theft on the waterfront. Police personnel have made presentations at regional and national cargo theft seminars and have won nationwide recognition for cargo theft investigations.

* * *

Attacking Organized Crime

In last year's Annual Report, the Commission detailed its successful efforts to subpoena a registered checker who is also a vice president of the Atlantic Coast District of the International Longshoremen's Association and a Delegate of ILA Local 1. Information was received by the agency that the checker was an associate of the Gambino Organized Crime Family and had been the driver and bodyguard for Salvatore Gravano a/k/a "Sammy the Bull" (the former underboss of the Gambino Organized Crime Family when John Gotti was the boss), between 1986 and 1990.

This year the Commission charged the checker in a 50-count Notice of Hearing with lacking good character and integrity in that he knew, met, associated with, and had otherwise been involved with 39 members or associates of the Gambino Organized Crime Family at such notorious Organized Crime hangouts as the Ravenite Club in Manhattan, Tali's Restaurant in Brooklyn, and the Bergin Hunt and Fish Club in Queens (John Gotti's headquarters). Gotti, "Sammy the Bull" Gravano and Frank "Frankie Loc" Locasio, a Gambino consigliere (counselor), are named as being among the 39 members or associates. The checker is also charged with lying under oath to the Commission regarding his relationship with these individuals. Also alleged are that the checker received from a joint management-labor welfare fund accident and health benefits to which he was not entitled and that he engaged in an insurance fraud scheme with the wife of a soldier in the Gambino Organized Crime Family. A hearing is pending.

* * *

In prior Annual Reports the Commission detailed its participation in an extensive investigation conducted by the United States Attorney for the Southern District of New York in conjunction with the Federal Bureau of Investigation and the United States Department of Labor into the domination by the Gambino and Genovese Organized Crime Families over certain union officials, locals and members of the International Longshoremen's Association (ILA). As a result of this investigation, the United States Government in 1990 instituted a civil suit under the Federal Racketeer Influenced and Corrupt Organization Act (RICO) against six ILA locals, their Executive Boards and over 30 then present or former union officials. Six ILA locals settled with the Government, culminating in various forms of monitoring over the locals and the removal of a number of union officials from office.

One of these settlements resulted in the entry of a consent decree involving a Brooklyn local of the ILA. Under that decree, a Monitor chosen by the Federal Court was authorized to investigate and discipline officers, agents, employees, and members of the local for violating the consent decree or the local's by-laws. The decree specifically enjoined "...all current and future officers, agents, representatives, employees and members of...[the local]...from knowingly and improperly associating with any member or associate of any La Cosa Nostra crime family or any other criminal group, or with any person prohibited from participating in union affairs;..."

The decree also required the resignation of three union officials from "...all positions, whether elective or appointive..." in the local. One such official, Anthony Ciccone, a Gambino Family capo, was a vice president of the ILA Atlantic Coast District Council and Special Administrator of the Brooklyn local.

In a most recent federal criminal contempt proceeding, evidence was adduced from Commission and FBI surveillance's of Ciccone that he repeatedly engaged in prohibited meetings with various Organized Crime figures including a Gambino Crime Family soldier. Ciccone was found guilty of criminal contempt and was sentenced to three months' imprisonment.

* * *

Agency detectives, on various occasions, observed a longshoreman registered by the Commission in the company of Anthony Ciccone. Ciccone and the longshoreman, who is a member of the Brooklyn ILA Local covered by the Consent Decree, were observed at a Staten Island gas station which is partially owned by the longshoreman's wife. The longshoreman was also seen with a Gambino Crime Family soldier.

Accordingly, with assistance provided by Commission counsel and detectives, charges were brought against the longshoreman by the Federal Monitor, alleging that the longshoreman-union member "knowingly and improperly associated" with Ciccone and others in violation of the ILA Constitution, the Local's By-Laws and the Consent Decree. The matter was disposed of without a hearing when the longshoreman admitted that he knowingly associated with Ciccone and a Gambino Crime Family soldier (but denied that such associations were "improper") and accepted a six-month suspension from the Local. During that period the longshoreman agreed that he would not seek or accept work from or be compensated by any entity affiliated with the Local, the ILA or the New York Shipping Association. In addition, he agreed not to accept any guaranteed annual income payments, a collectively bargained benefit paid to eligible dock workers who are unable to obtain work. Special Counsel to the Federal Monitor praised the efforts of Commission personnel in connection with this case.

* * *

Now You See Him Now You Don't

In 1975, the Commission issued a Statement of Policy Concerning Payroll Cheating which warned in part:

From time to time, the Commission has taken disciplinary action against pier workers who have been engaged in payroll cheating (the practice of pier workers signing in on time sheets and leaving the pier without appropriate permission, or arranging to have their names entered on time sheets when not present, and thereby collecting pay

for working while absent. These men are commonly known as "phantoms.")

* * *

The Commission has determined to stamp out this practice which, if allowed to continue, will add untold costs to pier operations and adversely affect the economy of the port and the well-being of the vast majority of honest workers who look to the port for work to support their families.

A checker, whose registration is subject to the strict standard of good character and integrity, was usually ordered to work at a Port Elizabeth terminal for an 8:00 a.m. start. He was observed by Commission detectives absenting himself from the terminal on 18 separate occasions between February and July 1995. On a majority of those dates he was seen arriving at the terminal around or after 9:00 a.m.; leaving the terminal between 10:30 a.m. and 11:30 a.m.; arriving at a Newark tavern owned by his parents approximately 15 minutes after his departure from the terminal; and then re-entering the terminal after 2:00 p.m. On several occasions the checker was observed in the tavern late in the afternoon.

The Commission charged the checker with misappropriating from his employer \$2,311 in straight time and overtime wages and in moneys contributed to a pension fund on his behalf. He was also charged with lacking good character and integrity based upon the misappropriation. The administrative law judge, a member of a rotating panel of outside attorneys appointed by but not employed by the Commission, presided over the hearing. After taking testimony and evidence presented by Commission counsel and the respondent checker, the judge found the charges and recommended a revocation of the checker's registration. The Commission adopted the judge's findings and recommendation. The individual challenged the Commission's determination in proceedings before the Appellate Division of New York's Supreme Court. While no final decision has been reached in the case, the Court refused the checker's request to stay the Commission's revocation order.

* * *

Catching the Gate Crasher

Commission detectives were advised by a licensed security officer that a late model BMW had been stolen from a steamship carrier's Port Elizabeth terminal. The vehicle was driven to the terminal's main gate where the driver's identity was questioned by the licensed gate guard. At that point, the BMW drove around a car positioned in front of it, struck the mechanical gate arm, hit a barrier and sped down the street. A description of the driver was provided. The Port Authority Police were also appraised of the situation.

Approximately two and one half hours later, the security officer reported to Commission detectives that the suspect had been seen at a nearby facility. Commission detectives and Port Authority police jointly conducted a "walk-through" of that facility and located the individual who matched the description of the BMW's driver. The gate guard was brought to the immediate area and identified the individual as the driver of the stolen car. Shortly thereafter the vehicle was located in a nearby parking lot. The driver was placed under arrest and charged with theft by unlawful taking of a car valued at approximately \$32,000.

The thief, a longshoreman registered by the Commission, was suspended pending a hearing by the agency and administratively charged with theft and receiving stolen property. After the hearing the Commission revoked his registration.

* * *

Close Cooperation

The agency works in conjunction with various Federal, state and local law enforcement agencies. This year, the Commission participated with the Kings County District Attorney's Office in an investigation, dubbed "Operation Kings Flush," which smashed a substantial illegal sports betting network associated with Organized Crime in the New York City area.

In another matter, a Commission detective assigned to the Cargo Theft squad of the Brooklyn/Queens office of the Federal Bureau of Investigation participated in several investigations, leading to the arrest and

prosecution of thieves responsible for truck and container thefts.

* * *

Finally, the Commission is grateful to members of the New Jersey Legislature for the Senate and Assembly Joint Resolutions passed May 19, 1997, recognizing the Waterfront Commission Staff and Police personnel for their successful investigations of cargo theft, organized crime, and narcotics interdiction.

* * *

Meeting the Labor Needs of the Port

In its 1994-1995 Annual Report, the Commission stated that it conducted Public Hearings in January 1995 to address labor shortages in certain categories of dockworkers. In recent years, spot labor shortages had been anticipated during holiday and summer vacation periods in the checker, car driver and container equipment operator (CEO) categories. As noted, checkers are longshorepersons who are responsible for, among other things, the custodial accounting of waterborne freight. Car drivers unload and load vessels transporting motor vehicles. CEOs operate hustlers (tractor-like vehicles that move containers mounted upon a chassis), other container moving equipment and cranes.

These shortages were met through the enactment of Resolutions authorizing temporary registration of personnel for the needed categories. The public hearings were held because the labor shortages were continuing beyond the vacation and holiday periods.

Testimony at the hearings indicated that those persons issued temporary registrations under the Commission's special and emergency powers were not only necessary but were experienced, skilled and most willing to work. Accordingly, the Commission sought, with the support of Governor Whitman and Governor Pataki, legislation to grant permanent registration status to the temporary personnel.

In October 1996, labor and management entered into an unprecedented five-year collective bargaining agreement. As a result of

retirement incentives provided for in the agreement, more than 500 "deep-sea" registrants retired from the industry. The Longshoremen's Register is now in balance with the current demand for labor in the Port; however, the Commission has initiated discussions with industry representatives to address their future labor needs. With the cooperation of management and labor, the Commission anticipates the development of a plan to obtain highly trained waterfront workers to meet the Port's future labor requirements.

LICENSING PROCEEDINGS

Division of Licensing employees during fiscal 1996-1997 examined and processed 826 applications and reapplications for registration and licensing. Included in this sum were 482 applications for the registration of temporary emergency container equipment operators, hustler/car drivers and checkers, and for the registration of persons performing services incidental to the movement of waterborne freight (waterfront maintenance and warehouse personnel); 237 for pier guard's licenses; 19 for licensing as hiring agents; 84 for pier superintendent's licenses and four for licensing as stevedores. The Commission has processed almost 156,000 applications and reapplications since its inception in 1953.

Registrations for longshorepersons, checkers and telecommunications system controllers are issued without termination dates but are subject to termination for failing to work or to seek work or for loss of employment. A pier guard's license is of indefinite duration, as long as the licensee complies with Commission regulations requiring the periodic submission of updated personal history data, the meeting of mental and physical requirements, and the taking of refresher training seminars. Hiring agents and pier superintendents are licensed as long as the licensee remains employed by the sponsoring stevedore or steamship company.

As a result of recently enacted legislation by both states, a stevedore license is now subject to renewal every five years. This renewal period was increased from three years, thereby streamlining the process for the industry. All registrations and licenses are subject to suspension or revocation for cause.

* * *

Consistent with due process, the Commission may not deny an application for registration or for a license without prior notice and an opportunity for the applicant to be heard at a quasi-judicial hearing. Similarly, such a hearing must be conducted to afford a registrant or licensee an opportunity to rebut the charges prior to the revocation, cancellation or suspension of any existing registration or license. The Commission may order a revocation proceeding upon its own initiative or upon the complaint of any person, agency or public official. A registration or license may be temporarily suspended pending the outcome of a hearing, if the registrant or licensee has been charged with a crime equivalent to a felony.

Administrative law judges, who are New York or New Jersey attorneys, preside over these public hearings on a rotating basis. The applicant or respondent is entitled to be represented by counsel, may cross-examine adverse witnesses, may adduce testimony and present other evidence on his or her behalf, and may ask the administrative law judge to issue subpoenas for the appearance and testimony of witnesses.

Once a hearing is concluded, the administrative law judge prepares a written report containing findings of fact and a recommended disposition for submission to the Commissioners. A copy of the report is provided to each party in interest and each party is given the opportunity to file written exceptions.

After reviewing the complete record of the proceedings, the Commissioners reach a final determination which is reflected in an order. The order is subject to judicial review in the courts of New Jersey or New York in accordance with the rules of procedure of each state for the review of final agency determinations. The affected party may also petition the Commission for rehearing of the case, reconsideration of the final determination, restoration of the revoked license or registration, or reapplication for the denied registration or license.

In fiscal 1997, the agency reached determinations in 55 cases. These included 16 applications for inclusion in the Register which were denied. This sum comprised 13

applications for maintenance/warehouse registration, two for longshore registration and one for checker registration. Seven applications for pier guard's licenses were also denied and one application was granted.

Eight registrations were revoked, seven unconditionally and one with leave to reapply after a fixed period of time. Four pier guard's licenses were also revoked. Suspended for various periods were the registrations of two longshorepersons and four waterfront maintenance/warehouse workers. The licenses of seven pier guards were also suspended. Two hiring agents were reprimanded. The suspensions and reprimands emanated from summary proceedings at which the respondents waived formal hearings and admitted the charges. Pending hearings, one longshore and three maintenance/warehouse registrations were temporarily suspended.

The agency considered 25 petitions, granting seven and denying 18. Determinations were reached in 36 other proceedings.

The Commission estimates that, since 1953, it has revoked, revoked with leave to reapply, or suspended for specific periods of time the licenses or registrations of more than 6,000 persons.

* * *

In accordance with the Compact's legal requirement that the Commission balance the dock labor force with the employee needs of Port employers, the Commission removed 103 individuals from the Register who, without good cause, failed to work or seek employment in accordance with established agency standards.

* * *

PERSONNEL

A number of longtime and dedicated Commission employees retired during the year. The Commissioners, the Executive Director, and all staff members are proud of these individuals, who collectively served a total of 210 years of meritorious service.

Gemma T. Macaluso retired as the Director of Administration after 43 years of loyal and

distinguished service with the agency. Fondly recognized at her retirement as "Miss Waterfront Commission," she began her career with the Commission when it commenced operations in 1953 as a secretary and assistant to the Office Manager. Later she became the Office Manager and ultimately the Director of Administration. Ms. Macaluso held several positions with the Federal Government during and after World War II including the United States Information Agency.

Thomas J. Schatz retired from the Commission as a Captain in its Police Division after 30 years of service with the agency. He began his career with the Commission as a Messenger in the Division of Administration and later served as a Clerk, a Special Agent, a Detective and Lieutenant. He received a commendation from the Kings County District Attorney in connection with his participation in a successful long-term investigation of gamblers associated with the Gambino Organized Crime Family.

Michael J. Curran served in the Commission's Police Division as a Special Agent and subsequently as a Detective for 27 years. He was a member of a team of Commission detectives who were commended for their efforts in recovering a large quantity of stolen perfume. Until his retirement, Detective Curran had served as president for 18 years of the DEA local representing Commission police personnel. Prior to joining the Commission, he was in the United States Marine Corps and then a patrolman in the Newark, New Jersey, Police Department.

Thomas A. Gallagher, who served in the Police Division as a Special Agent and later as a Detective, also retired after 27 years. Detective Gallagher was commended for his participation in the recovery of stolen perfume. He received accolades from the United States Department of Justice for his assistance to the Newark Federal Strike Force prosecuting waterfront mobsters. He served in the United States Marine Corps and was previously employed by the Harrison, New Jersey, Police Department as a police officer.

Eugene Melvin was a Commission Special Agent and then a Detective for 27 years. He was commended by the Commission for his role in the arrest of a pier guard who possessed 15 packets of heroin. Prior to his employment with the Commission, he served

in the United States Marine Corps and was employed as a police officer by the Lehigh Valley Railroad.

Francis Waddell served the agency as a Special Agent and a Detective for 27 years. Prior to his employment he served in the United States Army and was a police officer with the Maplewood, New Jersey, Police Department. He was among the group of detectives commended for their participation in the investigation which led to the recovery of stolen perfume.

Harold V. Mitchell retired as a Senior Clerk after 29 years of service in the Commission's Division of Licensing and Employment Information Centers. Mr. Mitchell previously served the agency as a Validating Clerk. Prior to his employment with the Commission, he was employed as a foreman and a bookkeeper.

CONCLUSION

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

Respectfully submitted,

JAMES H. WALLWORK
Commissioner for New Jersey

MICHAEL C. AXELROD
Commissioner for New York

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year ended June 30, 1997

Balance of funds at beginning of year:			
Cash in checking accounts and on hand	\$	27,903	
Cash in money market accounts		409,761	
Cash in savings accounts		8,726	
Time certificates of deposit		780,000	
		<u>1,226,390</u>	
Less taxes and other withholdings from employees		<u>2,638</u>	\$ 1,223,752
Receipts:			
Assessments on employers of persons registered or licensed by the Commission		5,749,935	
Penalties, fines and miscellaneous income		46,085	
Interest:			
Investment in cash management account		51,326	
Time certificates		19,416	
Money market accounts		3,009	
Savings accounts		<u>14</u>	
			<u>5,869,785</u>
			7,093,537
Disbursements:			
Salaries		3,809,035	
Retirement, group insurance and Social Security taxes		1,059,105	
Rentals		525,487	
General insurance		134,304	
Light, heat and power		112,014	
Repairs and maintenance		21,555	
Furniture and equipment		70,837	
Computer system development		21,575	
Carfare, auto and travel		49,851	
Communications		46,775	
Special services and supplies		59,654	
General office		35,631	
Printing		18,129	
			<u>5,963,952</u>
Excess of receipts and balance of funds at beginning of year over disbursements—balance of funds at end of year consisting of:			
Cash in checking accounts and on hand		34,375	
Investment in cash management account		<u>1,096,326</u>	
		1,130,701	
Less taxes and other withholdings from employees		<u>1,116</u>	<u>\$ 1,129,585</u>

See accompanying notes to statement of cash receipts and disbursements.

KPMG Peat Marwick LLP

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

Independent Auditors' Report

The Commissioners
Waterfront Commission of New York Harbor:

We have audited the statement of cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1997. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1(b), this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash transactions of the Waterfront Commission of New York Harbor for the year ended June 30, 1997 on the basis of accounting described in note 1(b).

KPM & Peat Marwick LLP

September 9, 1997



(1) Description of Business and Accounting Policy

(a) Description of Business

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

(b) Accounting Policy

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

(2) Retirement Benefits

The Commission has established a reserve account to fund its liability for eligible retired employees' medical, dental and life insurance benefits. As of June 30, 1997, the balance of this account was approximately \$518,000.

(3) Lease Commitments

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 1997 are as follows:

Year ending June 30:	
1998	\$ 460,000
1999	460,000
2000	483,000
2001	483,000
Total minimum lease payments	<u>\$ 1,886,000</u>

COMMISSION DETERMINATIONS

Year Ended June 30, 1997

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshorepersons	2	0	1	0	2	0	1	6
Checkers	1	0	4	0	0	0	0	5
Hiring Agents	0	0	0	0	0	2	0	2
Pier Guards	7	1	4	0	7	0	0	19
Pier Superintendents	0	0	0	0	0	0	0	0
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	13	0	2	1	4	0	3	23
Telecommunications								
System Controllers	0	0	0	0	0	0	0	0
Totals	23	1	11	1	13*	2*	4	55

*Includes 15 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	2	1	3
Petitions for Leave to Reapply	4	0	4
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	1	1
Petitions to Remove Ineligibility	0	0	0
Petitions for Restoration of Registration/License	7	0	7
Petitions to Vacate Temporary Suspension	0	1	1
Petitions for Retention or Reinstatement	1	1	2
Petitions for Stay	3	0	3
Petitions to Surrender Registration	1	3	4
Petitions for Waiver	0	0	0
Totals	18	7	25

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	17
Recommendations to Continue Temporary Permits/Registrations	8
Recommendations to Withdraw Notice of Hearing	5
Recommendations to Issue Notice of Hearing	4
Recommendations to Amend Commission Order	1
Recommendations to Approve Consent Order	1
Totals	36

DECASUALIZATION OF LONGSHOREPERSONS AND CHECKERS

	Number Decasualized	Remaining Registrants
1st decasualization	7,141	31,574 a
30th decasualization	1,022	20,627 b
40th decasualization	271	14,143 b
50th decasualization	124	10,956 b,c
60th decasualization	88	8,026 b
70th decasualization	126	5,846 b
75th decasualization	33	3,941 b
80th decasualization	79	3,518 b
81st decasualization	60	3,493 b
82nd decasualization	89	3,432 b,c
83rd decasualization	60	3,344 b,c
84th decasualization	67	3,266 b,c
85th decasualization	36	2,848 b,c

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

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

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

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

As of June 30th

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Longshorepersons	9,947 _{a&b}	9,474 _a	8,702 _a	7,955 _a	7,810 _a	6,999 _a	6,520 _a	6,511 _a	5,371 _a	5,129 _a	5,095 _{a&b}	4,822 _{a&b}	4,642 _{a&b}	4,688 _{a&b}	4,479 _{a&b}	4,076 _{a&b}
Checkers	2,084	2,017	1,806	2,065	1,894 _b	1,686 _b	1,578 _b	1,510	1,175	1,200 _b	1,107 _b	1,053 _b	975 _b	979 _b	946 _b	817 _b
Hiring Agents	304	291	279	242	242	229	233	185	179	173	182	174	170	184	187	186
Pier Superintendents	341	325	304	298	317	304	302	268	279	278	303	309	329	359	353	394
Pier Guards	635	560	525	491	455	404	387	343	356	391	392	394	406	429	412	403
Stevedore Companies	110	104	101	87	83	80	73	71	69	68	71	68	72	75	74	75
Telecommunications System Controllers										14 _c	14 _c	14 _c	12 _c	12 _c	12 _c	9 _c
TOTALS	13,421	12,771	11,717	11,138	10,801	9,702	9,093	8,888	7,429	7,253	7,164	6,834	6,606	6,726	6,463	5,960

- (a) Includes warehousemen, container repairmen, and other persons required to register under amendments to Waterfront Commission Act, effective September 1, 1969.
 (b) Includes persons registered on a temporary basis to meet special and emergency needs.
 (c) Includes persons required to be registered under amendment to Waterfront Commission Act, effective July 9, 1990.

EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 1996 and 1997

Piers and Areas	HIRINGS		Increase or Decrease	% Change	% Share in Port Employment	
	1996-1997	1995-1996			1996-1997	1995-1996
Manhattan	19,828	20,018	- 190	- 00.95%	02.99%	02.98%
Brooklyn & Staten Island	111,413	94,774	+ 16,639	+ 17.56 %	16.81%	14.10%
Port Newark & Elizabeth	459,420	472,944	- 13,524	- 02.86 %	69.34%	70.37%
Jersey City & Bayonne	71,947	84,343	- 12,396	- 14.70 %	10.86%	12.55%
TOTAL—NEW JERSEY	531,367	557,287	- 25,920	- 04.65%	80.19%	82.92%
TOTAL—NEW YORK	131,241	114,792	+ 16,449	+ 14.33%	19.81%	17.08%
PORT WIDE TOTALS	662,608	672,079	- 9,471	- 01.41%	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	1954(*)	1994	1995	1996
Over \$100,000	(*)	439	422	396
\$75,000 to \$100,000	(*)	515	521	460
\$50,000 to \$ 75,000	(*)	810	770	799
\$25,000 to \$ 50,000	(*)	863	872	854
\$20,000 to \$ 25,000	(*)	89	115	103
\$15,000 to \$ 20,000	(*)	102	96	87
\$10,000 to \$ 15,000	(*)	157	90	100
\$ 5,000 to \$ 10,000	3,797	235	168	131
Under \$5,000	37,536	510	514	512
TOTAL REPORTED	41,333	3,720	3,568	3,442
Total Earnings	\$102,061,108	\$189,179,353	\$186,259,531	\$177,678,293
Total Hours Worked	37,813,991	7,149,263	7,050,251	6,739,665
% Hours Overtime	24.3%	41.9%	42.6%	42%
AVERAGE ANNUAL WAGES**	\$2,469	\$50,855	\$52,203	\$51,621

* Records Incomplete for 1954.

** Does Not Include Fringe Benefits.

NOTE: This table includes craftsmen such as carpenters, coopers, maintenance personnel and miscellaneous personnel required to be registered as longshoremen effective May 27, 1957, but does not include most persons required to be registered as waterfront warehousemen and in other capacities effective September 1, 1969. Similar tables in annual reports prior to 1957-1958 included earnings of longshoremen and checkers only, as reported by the New York Shipping Association. Guaranteed Annual Wage payments to qualifying persons are not included in the above figures.

SOURCE: New York Shipping Association for its fiscal year ending September 30th.



James H. Wallwork
Commissioner
for
New Jersey



Michael C. Axelrod
Commissioner
for
New York



Carmine A. Cardone
Executive Director

Carmine A. Cardone, *Executive Director*

Gerald P. Lally, *General Counsel*

Curt Masklee, *Secretary*

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

Howard M. Zuckerman, *Director of the Division of Licensing and Employment Information Centers*

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

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