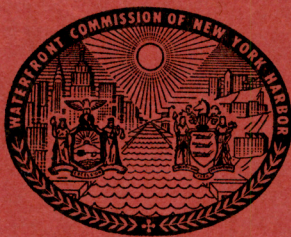
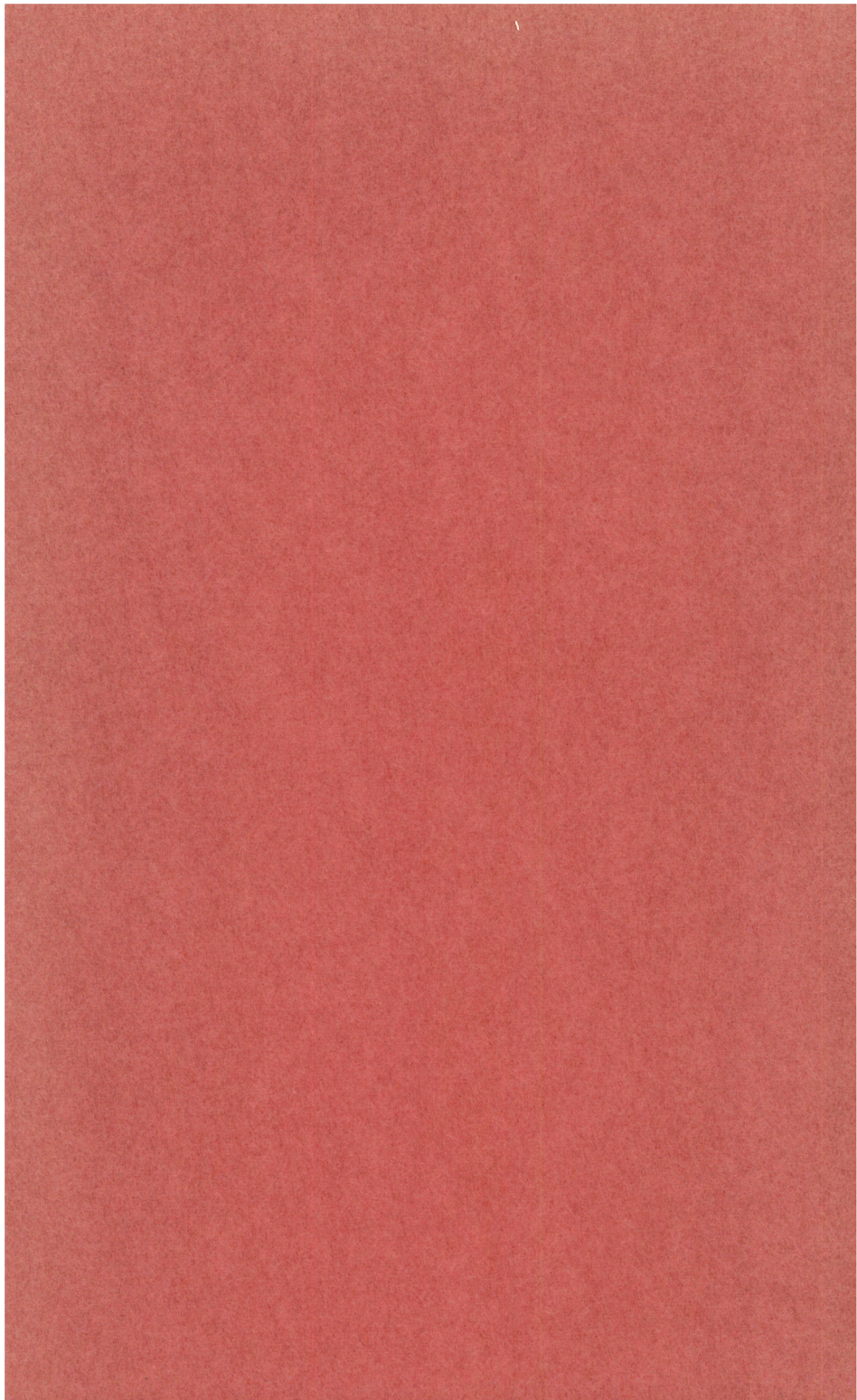


Annual Report
Waterfront Commission of
New York Harbor



1957-1958

New Jersey State Library



Waterfront Commission of
New York Harbor



ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 1958

Annual Report

The Waterfront Commission of New York Harbor

FOR THE YEAR ENDED JUNE 30, 1958

* * *

To the HONORABLE AVERELL HARRIMAN, *Governor*,
and the Legislature of the State of New York:

To the HONORABLE ROBERT B. MEYNER, *Governor*,
and the Legislature of the State of New Jersey:

The Waterfront Commission was created to protect the public and the thousands of men who move more than eight billion dollars worth of cargo that flows yearly across the piers of the world's busiest port. To this great natural harbor some 12,000 vessels come every year to discharge and take on cargo and passengers at more than two-hundred operating piers. The Port of New York is the largest manufacturing, processing, distributing, and shipping center in the country. Its banking facilities finance about three-fourths of America's foreign commerce. Indispensable to its prosperity and welfare are the men who load and unload its ships.

In 1953, the States of New York and New Jersey, with the approval of Congress, established the Waterfront Commission by Compact. It is charged with re-establishing the

dignity of longshore labor by freeing it from discrimination in hiring, and from kickbacks, usury, and other means of economic oppression. The Commission was given a mandate to eliminate bribery and extortion as a commercial practice on the part of both management and labor, and to protect the general public from the abuses resulting from public loading, pilferage, and racketeering on the docks.

To achieve these purposes, the Commission was vested with certain powers by the Compact including the licensing of operating stevedores and their supervisory and guard personnel, and the registration of dock workers. The "shape-up" system, in itself a degrading method of hiring waterfront labor, was banned. Public loading, characterized as a racket and not a legitimate pursuit, was likewise prohibited. Licenses to stevedoring firms and their supervisory personnel are issued only on proof of good character and integrity; registrations of longshoremen are denied where the individual is a danger to the public peace and safety. Persons advocating the overthrow of the government by force or knowingly participating in an organization engaged in such activities are denied registration for longshore work. The collection of dues by a labor organization from registered or licensed persons is now a crime if that organization has an officer or agent who has been convicted of a felony or high misdemeanor. The Commission is required to bring the number of longshoremen more closely into balance with the demand for their services and to stabilize their employment.

The Compact authorized the Commission to investigate all matters pertaining to the waterfront, to enforce the Compact, and to take such disciplinary action as might be warranted against licensees or registered personnel who violate the law. In the case of stevedore companies, who employ longshoremen to load and unload cargoes, the Commission may impose fines of up to \$5,000 for violations

not serious enough to warrant outright revocation or suspension of license.

To administer these functions the Commission operates on an annual budget of approximately \$2,000,000. Almost one-third of this budget is devoted to the maintenance and operation of thirteen Employment Information Centers so located throughout the port as to be most convenient for employers and employees alike. While all daily hiring must be recorded at these Centers, the present hiring regulations have so stabilized hiring that 90% of the longshoremen employed go directly to work at their accustomed piers at the appointed hour.

Expansion of the original legislation of 1953, by amendments adopted in 1957, has considerably narrowed the area in which evasion of the law can be easily accomplished. The fact that failure to observe certain standards of conduct prescribed by the statute and implemented by regulations of the Commission may deprive an individual or company of the right to work or to engage in business on the waterfront has been a strong deterrent to illegal acts. Labor and management have both been encouraged by the Commission to find practicable solutions to their differences, and the majority of longshoremen enjoy an employment stability hitherto unknown in this port.

During the past four years the individual longshoreman, at first suspicious of any outside influences upon waterfront affairs, has come to look upon the Commission as a protector of his rights and dignity. Many now bring their problems voluntarily to the Employment Information Centers knowing that their grievances will be investigated and, wherever applicable to the Compact, remedied. Others have come forward to give testimony freely and in so doing have expressed a willingness to cooperate with law enforcement and stand up for their rights.

While the practices of more than a quarter century cannot be completely changed in the relatively short period since the creation of the Commission, much progress has been made during that time. The nature of the agency and its operations, however, precludes expressing its achievements wholly in statistics. Work stoppages have decreased substantially since 1953 and the relative peace that exists on the docks of the Port of New York today is derived in no small measure from the resolute action by the Commission, particularly in the strike of 1954 which was the last characterized by mob violence.

The control of hiring, which includes the undisputed right to engage hiring agents of their own choice, was secured to the employers only through the Compact and its vigilant enforcement. The protection of this right is the key to the prevention of unlawful domination of the piers.

Public loading, a racket that exacted millions from the shippers and the public, has been eliminated. Payroll padding, coercion of hiring agents, infiltration by felons into union locals, numerous cases of pilferage, loansharking, narcotics users and peddlers, and covert efforts by felons and others to organize hiring agents were disclosed and brought to prosecution, whenever possible, through the efforts of the Commission. The Commission has continued its efforts to uncover and eliminate any crime and racketeering on the waterfront, and, with the cooperation of other law enforcement agencies, has successfully concluded many cases in the past year.

In addition, the Commission's program for the regularization of longshore labor has made steady progress toward creating a labor force which looks toward legitimate longshore activity for its sole livelihood. The ultimate solution to the problem of stable waterfront employment must come from the industry itself—management and labor alike.

Although racketeering has been curbed in many areas and eliminated in some, never-ending vigilance is essential to the welfare of the port. The Commission is responsible for having cast out many criminals and racketeers from positions of power. Many of the same criminals and racketeers who once lorded their sway over the waterfront only wait for the day when they can reassume their dominion. Some of them still control their hirelings from behind the scenes and out of reach of the Commission's jurisdiction. Some have found temporary comfort in union jobs.

The Commission has cut deeply into the profits of waterfront racketeering. It has never claimed that it has eliminated all rackets or racketeers from the waterfront. Kickbacks, gambling, loansharking, and pilferage are still threats. The history of the Commission in carrying out the mandate of the States against bitter opposition indicates that any relaxation of firm enforcement would invite a return to the chaotic conditions existing prior to 1953 when the public was bilked of millions of dollars in tribute to the overlords of crime.

The primary responsibility for elimination of unsavory business practices and the development of legitimate and fair employment procedures falls on management and labor. The Commission's responsibility is a secondary one. We would be pleased if we could report to the Governors and Legislatures that the time has come for a curtailment of our activities but realities forbid it. Unfortunately, those on whom the primary responsibilities rest have not made sufficient progress to warrant the surrender of any of the Commission's functions. The Commission is always ready to cooperate with industry and labor, but it must be assured of adequate protection of the public interest against those situations and practices which demanded its creation. An informed public will not countenance a return to the

corrupt conditions under which the port was operated in the past.

Under Article IV, Section 13 of the Compact, the Commission must report annually to the Governors and Legislatures and make findings as to the public necessity for

- (a) continued registration of longshoremen;
- (b) continued licensing of any occupation or employment required to be licensed under the Compact;
- (c) continued public operation of Employment Information Centers provided for in Article XII.

Comprehensive appraisal of the present state of the longshore industry, its importance to the national economy, and with due consideration to the gains already achieved under the provisions of the law, leads to the conclusion, and the Commission finds and determines, that public necessity still exists for the continued registration of longshoremen and the continued licensing of occupations and employments required to be licensed under the Compact.

In its annual report for the fiscal year ended June 30, 1957, the Commission made known its position with respect to continuing the public operation of Employment Information Centers. It was then stated that the New York Shipping Association and the International Longshoremen's Association (Independent) had agreed in principle to the recognition of seniority and preference rights, but that these two contracting parties had not at that time agreed to any objective standards of seniority.

As this report is being prepared, the matter of seniority has been submitted to an arbitrator to reconcile certain differences between management and labor. Any system of seniority that is ultimately adopted by the contracting

parties will be carefully examined by the Commission to determine whether or not it conflicts with the Compact or any other existing laws, and whether it is based upon objective standards which will permit the Commission and each man employed on the waterfront to know exactly what his rights are and is a system that can be operated in the open where all can see. Until the system of seniority meets these tests, is administratively feasible, and serves the public interest, the Commission must and does find and determine that public necessity still exists for the continued public operation of the Employment Centers provided for in Article XII of the Compact.

REGULARIZATION OF LONGSHOREMEN'S EMPLOYMENT

Hiring Procedures

The excess labor pool prior to the establishment of the Commission in 1953 was found by the New York State Crime Commission to be one of the main causes for unsavory hiring practices and waterfront crime. The Commission's hiring regulations and the program of decasualization were designed to eliminate chaotic hiring practices and to bring the number of available longshoremen more nearly into balance with the needs of the port.

Since December 1, 1953, all hiring of longshore labor in the Port of New York has been accomplished through the thirteen Employment Information Centers operated by the Commission and conveniently located within the port district. Licensed hiring agents are required to obtain registered longshoremen for employment through these Centers. Members of regular hatch gangs and regular dock labor do not report in person to a Center but work lists bearing their names are validated there before the men report for work

at the piers. Casual workers report to a Center in person and are hired individually to supplement the regular dock labor force and to fill in for absent gang members.

The importance of these regularization procedures must be emphasized again in this annual report inasmuch as they tend to establish regular employment for men hired in hatch gangs and dock labor and listed with the Commission as permanent or regular employees. Hiring regulations permit pre-validation for permanent dock labor and daily pre-validation for regular dock labor and regular and extra gangs. This relieves the men concerned from the necessity of personally reporting to an Information Center prior to the commencement of employment, and assists the employer in planning for an adequate labor supply. Today, approximately 90% of the working longshoremen are pre-validated.

Systematic hiring provides a very definite convenience to the employee who goes directly from his home to his work. It is advantageous to the employer because he is able to procure men in sufficient numbers with a minimum loss of time consumed in travel from an Information Center to the pier. The current regulations have given incentive to both employee and employer to follow this procedure as an alternative to hiring all employees individually at Employment Information Centers and have promoted more constant employment of the "regular".

Decasualization

The Compact requires that registered longshoremen who have not worked or applied for work in compliance with standards fixed by the Commission be removed from the register. Supervision and control of hiring and the reduction in the number of casual workers through periodic culling of the register has succeeded in bringing about a

more healthy balance in supply and demand. This is accomplished by examining a registrant's employment record after he has been registered for at least nine months.

To remain on the Commission's register these men must meet Commission standards for employment and seeking employment. The registrant must work or seek work for a minimum of forty-eight days distributed at least eight days to each month during at least five of the six months in the period under consideration. The removal of inactive registrants is done semi-annually. This program is termed "decasualization".

Amendments to the Compact providing for the extension of registration to categories of labor previously exempt became effective May 27, 1957, and have consequently increased the number subject to the decasualization program. These include approximately 3,000 carpenters, coopers, craftsmen, and miscellaneous maintenance men.

The results of the first seven rounds of decasualization are set forth below:

		Valid Regis- trations	Number Decasu- alized
Peak Registration	May 22, 1955	38,693	—
After 1st Decasualization	June 1, 1955	31,574	7,141
" 2nd "	Oct. 27, 1955	27,284	5,115
" 3rd "	Apr. 19, 1956	26,486	2,938
" 4th "	Oct. 19, 1956	26,746	1,545
" 5th "	May 3, 1957	28,928	1,695
" 6th "	Oct. 23, 1957	31,056	1,775
" 7th "	May 21, 1958	31,946	1,898

(Between October 19, 1956, and May 21, 1958, the net figure of valid registrations remaining after decasualization increased 5,200, of which approximately 3,000 were those requiring registration under the amended statute.)

A contributory factor to the appreciable increase in recent registrations has been the additional flow of applications by those turning to the waterfront during the period of economic recession which early in 1957 began to cause unemployment in other industries.

Under present regularized hiring practices and seniority agreements, newcomers to the waterfront have difficulty in obtaining employment and, in many instances, fail to maintain themselves on the register. However, there is still a place in the industry for casual labor. Absenteeism due to injury, illness, and vacations demands fill-ins to complete hatch gangs, and the nature of the industry, which is dependent on tides, seasons, and trade cycles, causes a normal fluctuation in work opportunities.

Earnings

The earnings of longshoremen as shown by statistics of the shipping industry for its fiscal year which ended September 30, 1957, considered in relation to earnings for the last fiscal year before the establishment of a decasualization program, illustrate the improvement brought about by this program and the hiring regulations.

Comparison of Earnings

	<u>1954</u>	<u>1957</u>	<u>Percentage of (+) Increase or (-) Decrease</u>
Total Wages	\$102,061,108.19	\$140,284,563.28	+ 37%
% of Overtime	24.3%	28.1%	+ 15%
Over \$4,000	10,127 men	20,125 men	+ 99%
\$3,000-\$4,000	7,013 men	2,769 men	— 61%
Under \$3,000	<u>24,193 men</u>	<u>11,252 men</u>	<u>— 53%</u>
TOTALS	41,333 men	34,146 men	— 17%

In the group earning over \$4,000 the breakdown is as follows:

\$4,000-\$5,000	6,330 men	5,338 men	— 16%
\$5,000-\$6,000	2,589 men	6,166 men	+138%
\$6,000-\$7,000	802 men	5,033 men	+527%
Above \$7,000	406 men	3,588 men	+784%
TOTALS	10,127 men	20,125 men	+ 99%

NOTE: This table includes longshoremen, carpenters, coopers, maintenance men and miscellaneous personnel registered by the Commission. Similar tables in previous annual reports were based on the earnings of longshoremen only for the New York Shipping Association fiscal year which ends September 30.

In 1954, the last year prior to the first round of decasualization, there was a total of 41,333 men in all categories which now require registration. (During the fiscal year which ended September 30, 1957, there were 34,146, a reduction of 7,187, or 17%.) The average wage for 1954 was \$2,469.25, and for 1957 it was \$4,108.38. This is an increase of \$1,639.13, or 66%. In the industry's fiscal year 1951-52 there were 44,000 longshoremen employed in the port and more than half this number earned under \$1,400 per year.

As of June 30, 1958, the number of persons licensed and registered by the Commission was:

Longshoremen	27,948
Checkers	4,381
Hiring Agents	645
Pier Superintendents	407
Port Watchmen	2,414

As of the same date there were 46 licensed stevedoring companies operating in the Port of New York.

ENFORCEMENT

The Legislatures of New York and New Jersey provided in the Compact certain measures to correct the evils and abuses which had plagued the Port of New York for more than two generations. Mismanagement and neglect by industry and labor alike had left the port a fertile field for violence, extortion, and unsavory labor conditions. Longshoremen were subject to constant pressure by irresponsible union officials and, in many instances, were required to pay tribute to corrupt hiring bosses for the right to work on the docks. Stevedores were often required to pay bribes as insurance against unlawful work stoppages. Public loading had become a vicious racket.

As a first step to correcting conditions that existed in 1953 the statute made it clear that hiring was to be the prerogative of the employer under the supervision and control of the Waterfront Commission. Licensing operating stevedores and their supervisory personnel, licensing port watchmen, and registering longshoremen were introduced as a means of taking control of the waterfront industry out of the hands of racketeers and assuring orderly conduct in the affairs of the port.

Loansharking

Lending of money at usurious rates of interest has plagued the waterfront for generations. Loansharking is a vicious racket and longshoremen in financial difficulty often fall into the hands of a usurer. At the normal rate of 20% interest per week it is almost impossible to escape the weight of debt to a loanshark.

Many longshoremen work at more than one pier and for various companies in the port and on payday may be some

distance from any one of three paymasters. It is customary for them to turn over their pay vouchers to a friend or fellow worker for collection. This manner of picking up pay for absent men has simplified the loanshark's problem in making his regular installment collections. When he makes a loan he retains as security the pay voucher of the debtor. A third person usually collects the money on payday, turns it over to the loanshark who deducts whatever amount may be due him before the remainder is returned to the man who worked for it. Too often there is little or nothing left to take home and the victim must either increase his debt or borrow from another loanshark in order to provide for his household.

The Waterfront Commission has maintained a vigorous offensive against loansharking in whatever form it may appear on the docks. Through investigations and through complaints from victims, their families, or friends, the Commission has uncovered many loansharks operating in various places in the port.

Early in November 1957, after a long investigation, Commission investigators, acting with the New York City Police Department and the District Attorney of New York County, moved together to break up a ring of loansharks operating on the lower North River. One of these was a former marine carpenter who, because of his long record of convictions, had been barred from working on the docks. Two were longshoremen whose registrations were revoked. They have been convicted and given jail sentences.

At a pier in Brooklyn a longshoreman was arrested by detectives from the Kings County District Attorney's office on complaints of his fellow workers. One charged that he had paid interest of over \$350 to the loanshark, at the rate of 20% per week, without diminishing the principle sum of \$120. A memorandum book found on the defendant

showed that on the day of his arrest thirty-five persons owed an aggregate amount of over \$1,400 at a weekly interest rate of \$1,680. He pleaded guilty in Special Sessions Court, Kings County, and his registration was revoked by the Commission.

In a third case, through the complaint of a longshoreman's wife, a loanshark was apprehended while operating near a pier in lower Manhattan. On a payday a longshoreman collected eight weekly pay envelopes containing more than \$600 in cash. He turned these over to a second person, a "runner", who led the investigators to the loanshark waiting nearby. This person had a system for taking his share from the pay envelopes before turning over the remainder to his clients. If the amount due the loanshark exceeded the contents of the envelope, he would loan back some of his take at interest.

The evil consequences of loansharking are difficult to assess. Investigations have turned up evidence of broken homes, hungry families, and violence as the ultimate price for a quick loan. A more efficient system of pay disbursements and a legitimate loan plan would do much toward eliminating the usurer. Since he flourishes on human weakness and personal economic crises, he cannot be utterly destroyed, but the Commission will continue to pursue them. A method must be found to meet the credit needs of longshoremen before loansharking can be stamped out.

Narcotics

Several cases before the Commission during the past year involved the possession and use of narcotics by registered longshoremen.

Investigation into the activities of a group of young men employed on an East River pier disclosed that they

were regular users of heroin. With the cooperation of the Narcotics Squad of the New York City Police Department, they were apprehended for illegal possession of heroin and, in addition, two sellers of narcotics were arrested and convicted.

Addiction to the use of narcotics is a disqualifying offense under the Compact and has resulted in the denial or revocation of registration to work as a longshoreman in this port.

Hiring Violations

The Compact specifically provides that hiring should be performed by licensed hiring agents and that the employer be free from improper influences of others in the selection of men for work.

At a pier in Brooklyn, the checking operations, an essential part of a terminal operation on any pier, were found to be under the control of one family. Four brothers respectively held positions of shop steward for clerks and checkers, dock boss in charge of checkers, assistant dock boss in charge of checkers, and one worked steadily as a checker. The father of these men was also a dock boss in charge of checkers as well as hiring agent for checkers and clerks on that pier. Other supervisory personnel on the pier were being prevented from performing their duties by constant intimidation by this family. Under their self-assumed domination clerks working on the pier were subjected to threats of bodily harm and economic reprisal. To secure an unwarranted promotion for one of the brothers, the shop steward brother ordered a wildcat work stoppage. The pressure upon the employer was effective and the desired appointment was made.

In view of the acts of intimidation and assault perpetrated by the brothers and their coercive work stoppage

their registrations as checkers were ordered revoked by the Commission.

Threats, intimidation, violence, and illegal work stoppages for the purpose of coercing employers or their registered or licensed personnel strike at the heart of the objective of the Compact and must be met with vigorous action.

The Commission first applied its amended power to impose fines on licensed stevedores in March 1958. It was found after lengthy investigation and public hearing that a licensed stevedore had discharged a hiring agent and seven longshoremen under the pressure of an illegal work stoppage. At a pier in Brooklyn a shop steward had instigated the strike and would not terminate the unauthorized stoppage unless the hiring agent and the seven men he had engaged were fired. Pressed in this manner, the stevedore knuckled under, discharged the men and work was resumed.

In its memorandum of decision the Commission found that:

"To secure a resumption of the work of unloading the ship, respondent surrendered its basic responsibility under the Compact, that of making its own decision as to whom it would employ and continue to employ as hiring agent, a decision it was required to make free from improper influences of others, and that of seeing to it that the employment of longshoremen was, likewise, not the result of illegal or improper pressures."

The stevedore's license was ordered suspended for a period of ninety days in lieu of which it could elect to pay a penalty of \$10,000. The company chose to pay the fine. The registration of the shop steward who had instigated the illegal work stoppage was suspended for a period of thirty days.

Baggage Handlers

Longshoremen who make unwarranted demands on passengers for tips or who "steer" baggage to transfer agencies other than those authorized by the steamship company are dealt with severely by the Commission. These longshoremen are hired by steamship companies or stevedores at regular longshoremen's wages to assist passengers with their bags, trunks, or other luggage. Coercive actions and intimidatory language have been used by baggage handlers to gouge travellers for tips, even though there is displayed plainly on every passenger liner pier a sign which states that tipping is not necessary.

These abuses often go unreported because the passenger in his desire to continue his journey cannot or will not make formal complaint. Incidents reported to the Commission either by passengers or steamship companies, or brought to the Commission's attention by its own agents, are thoroughly investigated and have resulted in the revocation or suspension of the baggage handler's longshore registration.

CRIMINAL DOMINATION

The degrading conditions of longshore labor prior to the organization of the Waterfront Commission were the cause of public concern for many years. Known criminals were dominating the longshore labor union and the control of hiring and, indirectly, the handling of every ounce of cargo passing through the port was in their hands. Investigation in 1952 established that at least 30% of the officials of the longshore locals had police records. A constant struggle for jurisdictional control often erupted into violence and gang warfare.

Control of a local was a prerequisite to operating rackets on the piers. Corrupt union officials were in a position to place their confederates in key jobs on the docks and through them to engage in pilferage, loansharking, and gambling, to the detriment of all the men they had ostensibly been chosen to serve. Through their positions as union officials they were able to shake down steamship and stevedoring companies, and by threats of work stoppages to exercise a vicious power over the industry in general.

Investigation further revealed that financial procedures in many union locals and safeguards over funds derived from dues-paying members were so inadequate as to justify suspicions of misappropriation of money. In some instances there was evidence of actual thievery of funds.

Accordingly, the Legislatures in 1953 took specific action against criminal hegemony over longshore union locals by including Section 8 in the Waterfront Commission statute. This Section makes it a misdemeanor for any person to collect or receive dues or other monies from a person registered or licensed by the Waterfront Commission on behalf of any union representing such persons if the union has as officer or agent a person convicted of a high misdemeanor or a felony without subsequent pardon or a certificate of good conduct.

This provision of the law has been attacked in the courts in both New Jersey and New York and, in each case, it has been upheld by the court. *Hazelton v. Murray*, 21 N. J. 115 (1956); *DeVeau v. Braisted*, 174 N.Y.S. 2d 596 (2nd Dept. 1958); *International Longshoremen's Association, Ind. v. Hogan*, 156 N.Y.S. 2d 512 (Sup. Ct., N.Y. Co., 1956).

In one case an official of Local 1346 of the International Longshoremen's Association brought suit to enjoin the Dis-

district Attorney of Richmond County from enforcing Section 8, contending that the section was invalid as conflicting with rights conferred by the National Labor Relations Act and, further, that the section is inapplicable to a felony conviction where a suspended sentence had been imposed. The Waterfront Commission was granted permission to appear by both the Trial Court and the Appellate Division of the Supreme Court of the State of New York. The Commission's arguments in opposition to the contentions of the plaintiff were upheld by both courts in dismissing the complaint. *DeVeau v. Braisted, supra, aff'g*, 166 N.Y.S. 2d 751 (Sup. Co., Rich. Co., 1957).

The Appellate Division, in the above case, stated in part:

"It would be incomprehensible to us to say that a conviction with suspended sentence was intended as a barrier to a laborer's right to work on the waterfront, but not as a barrier to a union official who, by reason of his position, undoubtedly would have more influence on affairs on the waterfront than the waterfront laborer.

* * *

"We do not believe that the Congress intended to interfere with the right of states to deal with their special police problems with respect to the waterfront and to deal with them in the limited manner that the New York Legislature did in Section 8."

The limitations on union office holders protect union funds from being drained off for illicit purposes and protect union members from the overlordship of convicted criminals in offices of trust. They are safeguards to every longshoreman, and are a part of the penal law of both New York and New Jersey, enforced by the district attorneys and public prosecutors of the two States.

Certain locals of the International Longshoremen's Association have attempted, wherever possible, to circumvent the provisions of this statute. In some cases after action by local prosecutors resulted in the removal of ex-felons from

union office, the local has re-engaged the same persons to serve in other capacities. Although they may be hired under the pretext of working as clerks or building custodians, there is every reason to believe that their presence in union premises casts an influence contrary to the design of the law. It may be significant that of the number of men denied registration by the Waterfront Commission because of the severity and nature of their criminal records, the ones "taken care of" by the union are, in most cases, former union bosses or persons who may best be described as "enforcers". These characters, denied registration and thereby refused employment on the docks where their presence in itself may assert unwholesome influence on the longshoremen, turn up as members of the union welfare fund, as clerks in union locals, and sometimes as "janitors" receiving the same salaries they were paid as officers.

To date, eleven persons have been removed from union office under the provision of Section 8. In no single case were they deposed voluntarily by the local; and none abdicated. Where the union has discharged such a person from an office of trust it has done so with reluctance and under the momentum of imminent prosecution. The Commission is gravely concerned at the possibility of persons known to be mobsters or racketeers drifting back into positions of dominance on the waterfront.

Unless there is a conscientious effort by the union to keep from positions of trust and responsibility such persons, it may be in the public interest to reconsider the effectiveness of the present statute.

PORT SECURITY

The physical security of the huge investment in the Port of New York in waterfront property—docks, terminals,

warehouses—and of the valuable cargo passing through the port each year rests immediately with the owners and lessees. The pier guards, or port watchmen, who are hired to protect this property are licensed by the Commission.

The duties of a port watchman are essentially those of a policeman. It is necessary, therefore, that the watching force be composed of men who are alert, physically and mentally, men trained for the job, and men capable of acting in emergencies. All newly licensed port watchmen are required to undergo a course of instruction in their duties supervised by the Commission. This course must be completed satisfactorily within one year after a temporary permit is issued to a new applicant. Failure to complete the course will result in denial of further license. One-hundred eighty-three new men completed training during the fiscal year.

In an attempt to improve the watching services in the port, the Commission raised the standards of physical and mental fitness for port watchmen. These revised standards, effective on December 1, 1956, require new applicants to be between the ages of 21 and 55 years and that no new applicant may continue to work as a port watchman after reaching the age of 65. They must also meet the Commission's standards for physical and mental fitness. In the case of new applicants these requirements cannot be waived.

Applicants for renewal of licenses held prior to December 1, 1956, were required to be between the ages of 21 and 65, and to meet the standards of physical and mental fitness unless an order waiving a specific cause of ineligibility was granted by the Commission. With the cooperation of the New York County Medical Society facilities for physical examinations were made available and all applicants were required to present themselves for examination.

Recognizing the equity of men who had been working as port watchmen for some years, the Commission adopted a liberal policy, under the regulations, which made it possible to waive ineligibility in certain cases of renewal applicants. This has been done upon a showing that the petitioner has an equity in a pension fund and that the termination of his license may result in undue impairment of his pension rights. With that exception, licenses of port watchmen expire when they reach the age of 70 years.

The validity of the Commission's regulations was tested in a legal action brought by certain port watchmen who were denied licenses on the basis that they did not meet the physical standards set up by the Commission. The petitioners, by an action in the Supreme Court of the State of New York, sought to stay the Commission from applying these regulations. This application for a stay was denied and the petitioners then renewed their application in the Appellate Division of the Supreme Court. Their application was again denied. *Tarshes v. Waterfront Commission of N.Y. Harbor*, 170 N.Y.S. 2d 155, (Sup. Ct., N.Y. Co.).

These regulations had been previously contested on a more limited basis by a group of port watchmen who contended that because the regulations required them to submit to a physical examination they were in violation of their constitutional rights. The Supreme Court of the State of New York held that the regulation was appropriate and a proper extension of the mandate of the Legislatures, and in no way in derogation of their constitutional guarantees. *O'Connor v. Waterfront Commission of N.Y. Harbor*, 166 N.Y.S. 2d 287 (Sup. Ct., N.Y. Co. 1957).

Management and labor have the responsibility for providing efficient security in the port. Management must provide the plant with the physical safeguards that will make security of cargo possible, and must insure that the

men employed as guards are adequate in number, competent, and properly trained and supervised. Many older port facilities are dilapidated and totally inefficient in the matter of security features. Where new facilities are being constructed better security features have been included in their plans.

Labor must recognize the importance of cargo security to the continued pre-eminence of the port and have the training, ability and, above all, the will to carry out its indispensable part in the program. Both management and labor must cooperate fully with all law enforcement agencies to restore and maintain a climate of law and order on the docks and to secure them against the activities of the few who have brought disrepute to the entire industry.

The Commission in each of its annual reports has pointed out the deficiencies in the watching services in the port. Unfortunately, the security needs of the port have not yet been met.

While the problem of adequate protection of the billions of dollars of cargo and property in New York Harbor is a complex and difficult one, the public interest demands a solution. If improvement is not forthcoming from within industry itself, the Commission may be obliged to adopt broader regulations, or to recommend measures that will provide a more thorough system of protection.

LOADING

The Legislatures of New York and New Jersey found that public loading was a racket and the Waterfront Commission Act banned it from the port in 1953. It was required that loading and unloading of trucks be performed by carriers of freight by water, railroad companies, truck-

ers, operators of piers or waterfront terminals, shippers or consignees, or licensed stevedores. This provision of the Act was sustained in the United States Supreme Court in January 1954.

Since the ban on "public loading" most of the loading in the port has been done by licensed stevedores or other terminal operators. In some instances it has been performed by truckers. Both stevedores and truckers have criticized the present system, and the longshoremen's union has attempted to include in contracts with the New York Shipping Association clauses that would reserve loading rights to members of the union alone.

In February of 1957, the International Longshoremen's Association and the New York Shipping Association entered into a "Memorandum of Settlement" requiring the latter to initiate proceedings before the Federal Maritime Board to obtain amendments providing that the "loading of trucks should be done exclusively by the terminal operators."

The original conference agreement (F.M.B. 8005 dated August 24, 1954) authorized loading and unloading tariffs "for the benefit of those availing themselves of such service". The proposed modification (F.M.B. Agreement 8005-1 dated March 29, 1957) altered this by giving the signatories general authority to make loading and unloading a mandatory service and prohibit the loading or unloading of trucks at the piers by anyone other than pier operators employing longshoremen.

The Waterfront Commission moved to intervene in this matter in a proceeding before the Federal Maritime Board. Its petition to the Board stated that the provision as outlined in the modification of the original agreement would interfere with the statutory functions of the Commission

and might revive loading practices which it was the purpose of the Compact to avert, and which it is the Commission's function to suppress. The matter is still before the Federal Maritime Board.

LITIGATION

In addition to litigation referred to in earlier portions of this report the Commission has been involved in other litigation during the period covered by this report.

Subpoena Powers

In the course of an investigation being conducted by the Commission to determine whether the Compact was being violated by an effort on the part of some persons to organize hiring agents licensed by the Commission, it was revealed that the organizer was an associate of notorious waterfront hoodlums. It was further revealed that the East Coast representative of the International Longshoremen's and Warehousemen's Union was acting as intermediary between the organizer and the President of the International Longshoremen's and Warehousemen's Union, in obtaining financial assistance from the West Coast for this organizational work. The Commission in an attempt to determine the full facts and circumstances of this financial assistance sought to examine the I.L.W.U. representative. He refused to be sworn and to answer any questions, stating his reason as being the refusal of the Commission to furnish him with a copy of the transcript of his testimony. The Commission brought a contempt proceeding against the witness contending that the witness could not impose conditions in connection with his obligation under law to testify before Commission counsel, that the witness was not entitled, as a matter of right, to a copy of the transcript of his testimony, that the regulations

of the Commission provided that the witness could make application to the Commission for a transcript of his testimony and that the witness could not, as a basis for compliance with a subpoena duly served upon him, impose conditions upon the Commission. The Court upheld the Commission's contention that this was an improper attempt to impose conditions upon Commission subpoenas and ordered the witness to testify. *In re Waterfront Commission of N.Y. Harbor (Velson)*, N.Y.L.J., May 22, 1958, p. 6, col. 6 (Sup. Ct., N.Y. Co.).

The Waterfront Commission brought another contempt proceeding to enforce compliance with its subpoena. *In re Waterfront Commission of N.Y. Harbor, (Court Carpentry & Marine Contractors Co., Inc.)*, N.Y.L.J., February 10, 1958, p. 5, col. 5 (Sup. Ct. N.Y. Co.), the contention was made that a Commission subpoena requiring the production of the records of a company doing business with stevedores licensed by the Commission was beyond the authority of the Commission and, moreover, was oppressive and unreasonable in its scope. The Supreme Court of New York rejected these contentions and ordered the company to produce the books and record as required by the duly issued Commission subpoena.

Review of Commission Determinations

Two groups of longshoremen, totaling 63 men, having been reprimanded by the Commission on the grounds that their participation in intimidatory mass picketing made their presence on the waterfront a danger to the public peace and safety, brought lawsuits attacking the determination of the Commission reprimanding them. The Appellate Division of the State of New York unanimously rejected the contentions of the longshoremen that the determinations by the Commission violated constitutional rights and

exceeded the power of the Commission. *Appell et al. v. Waterfront Commission of N.Y. Harbor*, 170 N.Y.S. 2d 973 (App. Div., 1st Dept., 1958), leave to appeal denied, 173 N.Y.S. 2d 245 (App. Div., 1st Dept., 1958); *Blake et al. v. Waterfront Commission of N.Y. Harbor*, 170 N.Y.S. 2d 974 (App. Div., 1st Dept., 1958), leave to appeal denied, 173 N.Y.S. 2d 245 (App. Div., 1st Dept. 1958).

More specifically, the petitioners contended that the Commission was without authority to interfere with mass picketing, that the National Labor Relations Act has pre-empted the field and that the vagueness of the words "danger to the public peace or safety" violates due process. The Commission, unanimously upheld by the Appellate Division, argued that the mass picketing was intimidatory and unlawful, was therefore remediable within the police power of the state and that the United States Supreme Court had already sustained the standard "danger to the public peace or safety" against a constitutional attack of alleged vagueness. *Linehan v. Waterfront Commission of New York Harbor*, 347 U.S. 439 (1954); see also Annual Report of the Waterfront Commission of New York Harbor 1954-1955, p. 25. The Appellate Division denied the petitioners' motion for leave to appeal to the Court of Appeals and a subsequent motion for leave to appeal to the Court of Appeals is now pending before that Court.

COOPERATION WITH OTHER LAW ENFORCEMENT AGENCIES

The Commission greatly appreciates the substantial assistance it has received, in New York from the Police Department of New York City (particularly the Bureau of Criminal Identification, the Bureau of Special Services, and the Riverfront Squad), the District Attorneys of New York, Kings, Queens, Westchester, and Richmond Counties, the U.S. Attorneys for the Southern and Eastern Districts of

New York, the U.S. Treasury Department, the Federal Bureau of Investigation, the Bureau of Immigration and Naturalization, the Federal Bureau of Narcotics, the U.S. Bureau of Customs, the National Labor Relations Board, the New York State Police, the Department of Correction of the State of New York, the New York State Division of Parole; and, in New Jersey, from the Attorney General, the New Jersey State Police, the County Prosecutors in Bergen, Essex, and Hudson Counties, the U.S. Attorney for the District of New Jersey, the Police Departments of the Cities of Hoboken, Jersey City, Bayonne, and Newark; and, the Chiefs of Police of cities in Puerto Rico.

The Commission has accumulated, over the few years of its existence, a fund of information which is of value not only to itself but to all law enforcement agencies. This information is made available to such agencies as requested, from day to day, to assist them in their own work.

ADMINISTRATION

The Commission operates during a fiscal year commencing July 1 and ending the following June 30. Its revenues are derived from an assessment upon employers of persons registered and licensed under the Compact, computed upon the gross payroll payments made by such employers to registered or licensed personnel. By statute the Commission may fix the rate of assessment at a maximum of 2% of the employers' payroll. The rate of assessment was originally fixed at 1½% on December 1, 1953. It was raised to 2% on July 1, 1954, and reduced to 1½% on January 1, 1956. The present rate was fixed at 1¼% on October 1, 1956.

On May 7, 1957, the Commission adopted a budget of expenses amounting to \$2,105,074 for the fiscal year ended

June 30, 1958. This budget was based on an estimated assessable payroll of \$150,000,000. As required by the Compact, the budget was reviewed by officials of the New York Shipping Association, representatives of the employers, prior to its adoption. It was likewise reviewed by the budget staffs of the States of New York and New Jersey and submitted to the Governors of both states.

In spite of an increased workload occasioned by legislation adopted in 1957 extending the Commission's registration activities, it has been possible through the employment of improved management techniques and consolidation of certain positions to reduce the number of personnel. The budget adopted for the fiscal year which began July 1, 1958, provides \$11,683 less than the budget for the year of this report.

The statement of the receipts and disbursements for this year, together with the report of the independent auditors, is included at the end of this report.

The Administration Division includes accountants who audit the books and records of licensed stevedoring firms for every quarter. This is a regular payroll audit for the purpose of collecting the quarterly assessment. Likewise, a licensing audit of receipts and expenditures is conducted regularly to determine compliance with the provisions of the Commission's regulations. In addition, payroll audits are made on the books of steamship companies, watching agencies, and carpenter contractors.

In the past, investigation revealed that many unlawful payments made by stevedores were recorded as unsubstantiated cash disbursements. These were often included under such categories as "petty cash", "entertainment", and "miscellaneous expenses". In 1955, the Commission adopted

a regulation requiring that every cash disbursement for goods or services in the amount of \$50 or more be supported by a voucher. In its annual report for the year ended 1956, the Commission published the results of a survey of the expenditures of ten stevedoring firms which indicated that there had been a significant reduction in the volume of unsubstantiated cash disbursements even though the gross receipts of those firms had increased substantially.

There can be no doubt that the Commission regulations and the auditing techniques of its accountants have been effective in curtailing the improper and illegal payments revealed at the public hearings of the New York State Crime Commission in 1952.

On April 10, 1958, Mr. Harold Kolovsky, who had been Commissioner for New Jersey since May 16, 1956, resigned to accept an appointment as Judge of the Superior Court of New Jersey. He was succeeded by Mr. David C. Thompson.

Respectfully submitted,

CARL J. RUBINO
DAVID C. THOMPSON

Commissioners

PRICE WATERHOUSE & CO.

56 PINE STREET
NEW YORK 5

July 17, 1958

Waterfront Commission of New York Harbor
New York, New York

We have made an examination of the appended statement of cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1958.

Our examination comprised such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including (1) reconciliation of cash in banks as shown by the books with balances reported direct to us by the depositaries; (2) a count of cash on hand; (3) appropriate tests of disbursements through examination of canceled checks, invoices, contracts, leases and other supporting data; (4) test confirmation with employers of persons registered or licensed by the Commission as to the amount of assessments paid to the Commission and (5) comparison of cash receipts as recorded in the cashbook with related deposit totals appearing on bank statements for a selected period.

In our opinion, the appended statement sets forth fairly the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1958.

PRICE WATERHOUSE & CO.

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

for the Year ended June 30, 1958

RECEIPTS:

Assessments on employers of persons registered or licensed by the Commission.....	\$1,933,082.75
Interest received on United States Treasury Bills....	8,710.50
Penalties	10,000.00
Badge deposits (net).....	19.50
	<u>1,951,812.75</u>

DISBURSEMENTS:

Salaries	\$1,495,795.11
Rentals	176,406.43
Retirement and group insurance.....	57,466.72
Traveling expenses.....	41,450.26
Special supplies and expenses.....	41,420.02
Telephone, telegraph and postage.....	40,263.09
General office supplies and expenses....	30,084.20
Legal and consultant fees, etc.....	26,656.17
Repairs and maintenance.....	16,049.74
Printing	15,404.23
Furniture, fixtures and equipment.....	14,503.76
Insurance	14,093.05
Overtime meal allowances.....	13,110.34
Light and power.....	7,513.04
Leasehold alterations.....	2,599.75
	<u>1,992,815.91</u>
Excess of disbursements over receipts for the year	(41,003.16)
Cash balance, June 30, 1957.....	28,469.86
U. S. Treasury Bills, at cost, June 30, 1957.....	347,397.00
Excess of receipts over disbursements to June 30, 1958, represented by balances as below.....	<u>\$ 334,863.70</u>
Cash	\$ 120,769.20
U. S. Treasury Bills, at cost....	199,452.00
	<u>320,221.20</u>
Special deposit account.....	14,642.50
	<u>\$ 334,863.70</u>

**THE WATERFRONT COMMISSION OF
NEW YORK HARBOR**

CARL J. RUBINO

Commissioner for New York

DAVID C. THOMPSON

Commissioner for New Jersey

MICHAEL J. MURPHY

Executive Director

WILLIAM P. SIRIGNANO

Director of Law and Enforcement

PERCY A. MILLER, JR.

Director, Employment Information Centers and Licensing

PAUL A. ALFIERI

Director of Investigation

HYMAN S. LIPMAN

Director of Administration

ERWIN W. SMITH

Director of Public Relations

GEORGE A. MERRILL, JR.

Secretary to the Commission

