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1993-1994 ANNUAL REPORT

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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 1993-1994. 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 1993-1994



THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

THE WATERFRONT COMMISSION

In 1953, pervasive corruption on the waterfront in the Port of New York-New Jersey motivated the States of New York and New Jersey to enter into a Compact creating the Waterfront Commission of New York Harbor. The Commission was created after a sweeping investigation of the Port by the New York State Crime Commission, working jointly with the New Jersey Law Enforcement Council and various law enforcement agencies. After the enactment of the Compact by the States, and then by the United States Congress, President Dwight D. Eisenhower signed it into law on August 12, 1953.

The Compact grants this unique agency licensing, investigative, police and regulatory powers. The Commission has jurisdiction over piers and waterfront terminals throughout the 1,500-square mile Port District, including existing waterfront facilities in Port Newark-Elizabeth, Bayonne, Jersey City, Brooklyn, Manhattan and Yonkers.

In a major reform, the Compact abolished two abominable practices that had haunted the piers for generations, the "shape-up" and the "public loading" racket.

The "shape-up" had enabled hoodlums to dominate the livelihood and employment of dock workers. When work was available at a particular pier, longshoremen would cluster around the hiring boss, who was more likely than not an ex-felon. Without regard to qualifications or seniority, the hiring boss would select those who would be employed for the day. In return, he would generally receive a kickback or other form of payoff. In eliminating the "shape-up", the legislatures of New York and New Jersey expressly declared that ". . . has permitted and encouraged extortion from employees as the price of securing or retaining employment and has subjected such employees to threats of violence, unwilling joinder in unauthorized labor disturbances and criminal activities on the waterfront." The Commission was empowered to oversee and regulate the hiring of pier workers and thereby eliminated the "shape-up".

The second unsavory practice eliminated by the Commission under the Compact was the "public loading" racket, whereby truckers, often the victims of extortion and coercion, were forced to pay groups of persons of dubious character to unload or load cargo onto trucks at the piers,

even though such services may not have been needed or wanted.*

Specifically, the Compact grants the Commission power to:

- register longshorepersons, checkers and telecommunications systems controllers; license hiring agents, pier superintendents, pier guards and stevedore firms;
- investigate corrupt and criminal activity in the bi-state port and assemble information regarding waterfront practices generally;
- register dock workers on a temporary basis to meet emergency or special needs in the Port;
- maintain employment information centers to oversee the hiring of longshorepersons, checkers and pier guards and to make employment opportunity data available to them;
- regularize the force of dockworkers by removing from the register, on a periodic basis, those persons who fail to work or seek jobs on a regular basis while maintaining a Register of eligible longshorepersons and checkers to meet the labor needs of steamship companies and stevedores;
- prevent persons convicted of felonies or other serious crimes from holding office in or employment with unions representing dockworkers registered or licensed by the Commission, and in any trusts or welfare funds administered by these labor organizations;
- appoint police officers; compel the attendance of witnesses, the giving of testimony and the production of other evidence by the issuance of subpoenas throughout both states; administer oaths; grant immunity from criminal prosecution; issue rules and regulations; aid and cooperate with other governmental agencies and receive from them such assistance and data to enable the Commission to properly perform its functions; and to
- report and recommend to the Governors and Legislatures of the respective States such information and data for the improvement of the conditions of waterfront labor and for the effectuation of the Compact's purposes.

*Practices similar to those eliminated by the Waterfront Commission Compact are currently the subject of extensive investigations at the Jacob Javits Convention Center and the Fulton Fish Market in New York City.

* * *

Established as a body corporate and politic of New York and New Jersey, the agency is composed of two Commissioners, each appointed for a term of three years by the Governor of the respective State, with the advice and consent of that State's Senate. By law, a unanimous vote of both Commission members is required for the agency to act.

The Compact grants the Commission authority to sue and be sued; to appoint such officers, agents and employees as it may deem necessary; to conduct investigations; to collect and compile information concerning waterfront practices generally within the Port District; to have for its members and staff full and free access to all vessels, piers and other waterfront terminals in the Port for inspection and enforcement purposes; and to advise and consult with representatives of labor and industry and with public officials and agencies to accomplish the Compact's objectives.

Representing New York on the Commission since 1979 is Nicholas Scoppetta, a member of the New York and Federal Bars. Having served the public for over 30 years, Commissioner Scoppetta was a New York County Assistant District Attorney; an Associate Counsel to the Knapp Commission during its investigation of police corruption in New York City; a Special Assistant United States Attorney in the Southern District of New York; the Commissioner of Investigation under two New York City mayors; and, Deputy Mayor of New York City for Criminal Justice. He was also a Professor of Law at New York University School of Law and the Director of the Institute of Judicial Administration. From 1987 to 1993, Commissioner Scoppetta was President of the Board of Trustees of the Children's Aid Society and was elected its Chairman last year.

Representing New Jersey on the Commission is James H. Wallwork of Far Hills. A graduate of the United States Military Academy at West Point, Wallwork also graduated from the Engineer School, Ft. Belvoir, Virginia, and from the Command and General Staff College, Ft. Leavenworth, Kansas. On active duty, Wallwork was a Company Commander of a Combat Engineer Company with the Army of Occupation, Germany, and served in various command and staff positions as a Major in the New Jersey National Guard. Wallwork served 2 years in the New Jersey General Assembly and 14 years in the New Jersey Senate. A businessman,

Wallwork has been an owner/partner of Wallwork Bros., Inc., a refrigeration, heating and air-conditioning wholesale distributor. Active in civic and charitable concerns, Wallwork also writes "The People's Business" column for a chain of weekly newspapers.

Responsibility for the daily administration of the agency lies with Leonard Newman, the Commission's Executive Director. Appointed to that position in 1976, Mr. Newman, a member of the New York and Federal Bars, formerly had public service as an Assistant District Attorney in New York County for 32 years, including eight years as Chief of the Fraud Bureau. He also served as First Deputy Commissioner of New York State's Division of Criminal Justice Services with direct oversight of the Office of Special Services, including the Bureau of Municipal Police, Prosecutor and Technical Assistance Unit and Juvenile Justice Institute.

* * *

The Executive Director, who implements policies set by the Commissioners, supervises the Commission's six operating divisions.

The *Executive Division* prepares for the Commissioners' approval the agency's budget which, by law, is then submitted to the Governors of both States for their final approval. Employers of pier personnel registered or licensed by the Commission pay an assessment to meet the Commission's budgeted expenses. The assessment, payable each calendar quarter year, has a statutory ceiling of two percent of gross payroll payments made by such employers to longshorepersons, checkers, pier superintendents, hiring agents and pier guards. By statute, the assessment is in lieu of any other fee or charge for the issuance of registrations or licenses or for the use of the Commission's Employment Information Centers. Employers required to pay assessments must keep accurate records of their employment of Commission registrants or licensees, including the amount of compensation paid and such other information as the agency may require.

The Executive Division also reviews and prepares proposed legislation, regulations, contracts and leases. It handles public relations and collective bargaining with two unions representing the police and the clerical units of Commission employees, prepares annual and other reports to the Governors and Legislatures, and conducts litigation and legal research under

the direction of the General Counsel.

The *Division of Licensing and Employment Information Centers* is responsible for: 1) processing of applications submitted by individuals and companies required to be registered or licensed by the Commission; 2) supervising the hiring of longshorepersons, checkers and pier guards; and, 3) administering the statutory mandate to balance the waterfront labor force by removing those dockworkers who, without good cause, fail to work or to be available to work regularly. Assistant Counsel assigned to this Division conduct investigations and administrative hearings for the Commissioners to determine whether applications for registrations or licenses should be granted or denied.

Assistant Counsel assigned to the *Division of Law*, with the assistance of accountants and detectives, investigate violations of criminal and other laws pertaining to the Port as well as violations of the Compact. These attorneys, likewise, conduct administrative hearings for the Commissioners to determine whether persons and firms registered or licensed by the Commission have engaged in unlawful or improper activity and, if so, what sanctions should be imposed.

With the support from other Divisions, this Division also conducts public hearings to ascertain whether further remedial legislation or regulations are desirable in meeting the Compact's objectives.

The *Police Division* is staffed by detectives and detective-investigators, who have full police powers in New York and New Jersey. This Division investigates criminal activity relating to the Port and to violations of the Compact. Members of the Division also conduct criminal background checks of individuals and firms which have applied for registration and licenses, evaluate organized crime information, review cargo protection and security arrangements at steamship and stevedore facilities, and maintain the integrity of Commission licensing and investigative files.

Members of this Division are active participants in joint investigations with local, state and federal law enforcement agencies whose objectives are to deal with criminal activity in the bi-state port.

Investigative accountants assigned to the Commission's *Division of Audit and Control* scrutinize the books and records of individuals and companies under Commission investigation. The financial and company records of businesses applying for stevedore licenses are

also examined by members of this Division. In addition, business records of licensed companies are periodically audited to insure compliance with federal and state laws and with the agency's record-keeping requirements and to verify the accuracy of assessment reports.

The *Division of Administration* provides the other divisions with support services, including stenographers, clerical personnel, court reporting, messenger and library functions. The personnel and other Commission records are also maintained by this Division.

* * *

During the fiscal year ending June 30, 1994, the Commission functioned with a complement of 99 employees. Over the preceding ten years, through prudent managerial oversight, the agency's staff has been reduced by 60 employees, or 37%. The Commission's budget for fiscal 1994, as approved by the Governors, was \$6,570,611. Using fiscal restraints in meeting its statutory functions, the agency spent \$5,946,949 or \$623,662 under its budget.

* * *

THE PORT

Recognized as a vital natural resource since colonial times, the Port of New York-New Jersey in 1993 handled 40.7 million long tons* of waterborne cargo valued at \$56.3 billion. This represents a 7% increase in tonnage and a 3% increase in value from the prior year.

Last year, the equivalent of 1,972,692 twenty-foot containers moved through the Port. During 1993, a total of 386,400 motor vehicles were imported or exported, a net increase of 3.7 percent over the prior year. Ship arrivals totaled 4,243. Vessel passengers and passenger voyages increased 37.4% and 24.4%, respectively, over 1992.

The Port's five leading oceanborne general cargo exports (as measured in millions of dollars) in 1993 included road motor vehicles and parts, general machinery, plastic materials, office machinery and military cargo. The five leading

*A long ton is 2,240 pounds

imports (also measured in millions of dollars) last year were road motor vehicles and parts, clothing, general machinery, alcoholic beverages and footwear.

* * *

During the waterfront industry's collective bargaining year, October 1, 1992 to September 30, 1993, "deep-sea" longshorepersons and checkers registered by the Commission (excluding those pier workers registered under 1969 amendatory legislation to the Compact to perform services incidental to the actual movement of waterborne freight) were paid a total of \$233,299,902 in regular and overtime wages, vacation and holiday monies, and guaranteed annual income payments.

During that contract year, average annual earnings for the 3,844 licensed pier workers totalled \$60,692. In the preceding collective bargaining year, terminating on September 30, 1992, 4,043 registered "deep-sea" waterfront employees were paid \$231,981,218 for an average yearly income of \$57,378.

In general, "deep-sea" longshorepersons are those pier workers who are employed to move oceanborne cargo and "deep-sea" checkers are workers who perform the custodial accounting or checking of cargo and various clerical functions on the piers.

* * *

At the end of the Commission's fiscal year on June 30, 1994, registered and licensed waterfront workers totalled:

- 2,685 "deep-sea" longshorepersons, including 80 emergency temporary registrants;
- 975 checkers, including 47 emergency temporary checkers;
- 1,957 persons registered pursuant to 1969 legislative amendments to the Compact to perform warehousing, maintenance and repair functions and other services incidental to the movement of waterborne freight;
- 329 pier superintendents (management employees of stevedores or shipping lines who directly or indirectly supervise the work of registered pier workers);
- 170 hiring agents (persons who, on behalf of carriers or stevedores, select pier laborers for employment);

- 406 pier guards;
- 12 telecommunications system controllers (persons employed by a joint labor-management board who are involved in the computer and telephone system of hiring "deep-sea" registrants).

Moreover, as of June 30, 1994, 72 companies were licensed as stevedores to perform the actual movement of waterborne freight or services incidental to such movement.

THIS YEAR

RICO Update

Last year the Commission reported that it was given additional responsibilities as a result of a consent decree entered in a Federal Racketeer Influenced and Corrupt Organization Act (RICO) suit commenced by the Federal Government in the United States District Court for the Southern District of New York. The litigation arose out of an intensive probe conducted by the United States Attorney, the Federal Bureau of Investigation, working with the Waterfront Commission, and the United States Department of Labor, into alleged control by organized criminal elements over various union locals and officials and members of the International Longshoremen's Association.

The decree empowered the United States Government to institute administrative proceedings to bar certain individuals from employment in the Port. The decree provides that a Port Hearing Officer appointed by the Federal Court shall initially determine whether an individual: (a) is a member of any organized crime group; or (b) has knowingly associated with a member of any organized crime group and has committed a felony under the laws of the United States or the state in which such conduct occurred. If an appeal is filed by any party from the decision of the Port Hearing Officer, the decree mandates that the Commission shall uphold that determination if it is supported by substantial evidence. If the Commission upholds the Government's charge against an individual, that individual may be prohibited from seeking, obtaining or remaining in employment on the waterfront. The consent decree contains procedures for Federal Court confirmation, reversal, vacatur or other review of the Commission's decision.

This year the United States Government commenced proceedings against one non-registered individual before the Port Hearing

Officer, charging that person with having committed eight separate felonies and having knowingly associated with five different members of organized crime families. After a hearing, the Hearing Officer found that the individual knowingly associated with two members of an organized crime family and committed two felonies, receiving a firearm while under federal indictment and conspiracy to obstruct justice. The individual and the Government have agreed to appeal this determination directly to the Federal District Court.

* * *

A separate consent decree was entered in the RICO case involving a Brooklyn local of the ILA. In accordance with that decree, a Monitor appointed by the Federal Court was empowered to investigate and discipline officers, agents, employees, and members of the local for violating the consent decree or the local's by-laws. Specifically, the decree prohibits: (1) knowing and improper association with members of La Cosa Nostra or any other criminal group and (2) knowing and improper association with individuals barred from union affairs.

A registered longshoreman, who was a member of the local, was charged in proceedings before the Monitor with knowing and improper association with one or more members or associates (11 individuals) of organized crime including the boss of the Gambino crime family who is serving a life sentence in federal prison, and with knowing and improper association with one or both of two individuals barred by the decree from participating in the affairs of any entity doing business on the waterfront.

A significant portion of the evidence adduced before the Monitor was provided by surveillances conducted by Waterfront Commission police personnel. In the course of his opinion, the Monitor found that:

"... it appears incontrovertible that the Respondent knew or should have known of the organized crime status of each of the individuals named in the Amended Charge with whom he is charged with associating. The organized crime status of many of these individuals was and is well publicized. The Respondent's relationship with many of them is close. The setting and circumstances of his associations with each of them bears the clear stamp of organized crime. Indeed it appears, but is not necessary to conclude,

that the Respondent himself may well have been on the verge of formally joining the ranks of those with whom he is accused of associating. The Respondent and his associates were regularly surveilled by law enforcement personnel, and were well aware of such surveillance. When made aware that he was being charged for engaging in such associations, Respondent continued them nevertheless. In short, it is inconceivable that the Respondent did not know or should not have known of the organized crime affiliation of those named in the Amended Charge."

Accordingly, the Monitor directed that the individual be "completely and permanently" expelled from the local and that he be prohibited from "seeking or accepting" any non vested benefits from the local under any local plans or third-party plans in which he participates.

The Federal Court confirmed the Monitor's determination and upheld the Government's additional application to hold the individual in contempt of this consent decree. In sum, the individual was barred by the Court from any employment on the bi-state waterfront or any association with those employed or operating in the Port. Matters before the District Court involving the individual are presently the subject of further judicial proceedings.

In addition, as a result of a federal undercover investigation code named "Petrified Forest", this registrant and 11 others were federally indicted for violating the "Hobbs Act" in that they, together with others, conspired to knowingly and intentionally obstruct, delay and affect commerce and the movement of articles and commodities in commerce by robbery. The registrant was also charged in the indictment along with others, of knowingly and intentionally using and carrying firearms during and in relation to a crime of violence, namely, the conspiracy to obstruct commerce through robbery.

Based upon these charges, the individual's longshore registration was temporarily suspended by the Commission pending an administrative hearing.

Proper Punishment "Dished Out"

Ever since its inception, the Commission has been vitally concerned with the prevention and detection of pier thefts. Thus, members of its Police Division are heavily involved in this function as are the Commission's licensed pier

guards. Regulations promulgated by this agency require licensed pier superintendents employed by steamship companies and licensed stevedore firms to "... cause all cargo on the pier or other waterfront terminals to be so protected from theft or pilferage as may be reasonably necessary and appropriate for the particular cargo." In addition, regulations place the burden on pier superintendents and stevedore companies to periodically file reports with the Commission of "... all thefts and losses of waterborne freight occurring under suspicious circumstances."

One evening at 10:00 P.M., two Commission detectives patrolling a waterfront terminal, observed a maintenance man straddling a guard rail and in possession of a cardboard box. It was subsequently determined that the box contained 48 pairs of crystal salt and pepper shakers. The maintenance man had claimed that he purchased the items from a truck driver for \$20.00 and that he was going onto the pier to show his co-workers the merchandise.

After the box was retained by the detectives, they drove the maintenance man to a nearby bus stop since he claimed that his vehicle was in the repair shop. However, when the detectives returned to the pier they located the maintenance man's parked car. They returned to the bus stop and escorted the individual back to the pier where he voluntarily opened the vehicle's trunk. Nine additional cartons were found bearing factory seals or tape. They were marked with the brand names of well known fine china and crystal and were stamped either "Made in Japan" or "Japan". At this point, the maintenance man claimed that he had purchased all ten cartons for \$300.00 for his daughter's "trousseau", a truly remarkable explanation considering that the ten boxes contained some 208 items including the abovementioned 48 pairs of salt and pepper shakers and dishes and serving pieces valued at approximately \$4600.00.

The Commission ascertained that six days prior to the registrant's apprehension, a shipment of approximately 1800 cartons of porcelainware, crystalware, glassware, bone china, earthenware and stoneware were packed in a container which arrived by ship at the terminal where the individual worked and that the ten cartons found in possession of the registrant were part of this shipment. Not surprisingly, it was ascertained that the suspect had worked that very ship five days before he was apprehended by Commission detectives.

Administrative charges were lodged against

the registrant charging him with misappropriation of ten cartons of imported fine china and crystal from the custody of a waterfront terminal. After a hearing, the Commission sustained the charges and revoked his registration.

* * *

Compensation Capers

In January 1976, the Commission launched an intensive investigation into fraudulent waterfront workers' compensation claims which threatened the economic viability of the bi-state Port. The agency is continually concerned that fraudulent compensation claims could significantly increase the cost of doing business in the Port and may thus result in a diversion of cargo.

That investigation is summarized in a Special Report to the Governors and Legislatures of New York and New Jersey which paints a sordid picture of fraudulent claimants, duplicitous and greedy claims representatives and unscrupulous doctors. As a result of the investigation, the Commission adopted Regulations which require licensed pier superintendents who are employed by steamship companies and by licensed stevedore firms to provide the Commission with a first report of an accident concerning a longshoreperson or checker who claims to have been injured where there is reason to believe that the dockworker has made or may be making a false claim for compensation benefits, or where the pier worker does not work because of the claimed injury for 14 days or more. A Special Unit was established at the agency to review and monitor these first reports of injury and continues to do so.

Moreover, as a result of the investigation, another Regulation was adopted which made the filing of false claims by registered longshorepersons and checkers a specific violation of the Compact.

Against this background, in the course of a recent investigation, Commission counsel discovered that a number of registrants, who are among a particular doctor's workers' compensation patients, back-dated entries in the doctor's "sign-in" records. These dockworkers admitted not receiving treatment on certain days reflected by the back-dated entries. In addition, the doctor acknowledged that approximately 5 to 10% of the office's gross annual billings were based upon these fraudulent practices.

In furtherance of its investigation, the agency issued a subpoena for certain of the doctor's

"sign-in" records pertaining to one registered dockworker and another subpoena for "sign-in" and billing records concerning a number of individuals whom the Commission believed made back-dated entries on the doctor's records. The doctor filed a proceeding to quash the Commission's subpoenas in the Union County, New Jersey, Superior Court. The Court ruled that the Commission was entitled to records subpoenaed from the doctor involving Commission registrants and ordered the doctor to produce these records to the agency.

Thereafter, claiming the Fifth Amendment privilege against self-incrimination, the doctor refused to comply with the Court's order. As a result of a contempt proceeding initiated by the Commission, the Court determined that the records were not protected by the privilege and again ordered their production.

Having thus obtained the records, the Commission's investigation is continuing and, in fact, has been expanded. Now, with the involvement of the New Jersey Attorney General's Office, the investigation centers around the doctor, licensed port employees and other patients of the doctor.

* * *

Deflating Tire Thieves

Administrative charges were lodged against a registered power shop foreman and a maintenance foreman for stealing over \$33,000 worth of newly recapped tires from a Jersey City waterfront terminal. Following 7 days of hearings before an Administrative Judge, the Commission found that these individuals conspired to steal and did in fact steal 519 truck tires worth approximately \$33,000 from the waterfront terminal. Their registrations were revoked by the Commission.

* * *

Sitters Squashed

A joint investigation by the Somerset County Prosecutor's Office and the New York City Police Department into bi-state illegal gambling operations resulted in the arrests in Manhattan of two individuals licensed by the Commission. They were charged with possession of gambling paraphernalia and \$4,475 in cash, the apparent proceeds of illegal gambling activities.

Subsequent to their pleading guilty to promoting gambling in the second degree, the Commission administratively charged them with the unlawful possession of fifty-four gambling slips reflecting bets totalling approximately \$23,500. The evidence adduced at the Commission's hearing demonstrated the participants' ties to organized crime. One police witness characterized the registrants as wire room "sitters" whose function was to record incoming telephone bets. After the hearing, the Commission revoked the registrations of both individuals.

The New Jersey aspect of this investigation resulted in the arrest of two additional persons licensed by the Commission for engaging in unlawful gambling activities. Administrative charges are presently pending against these individuals.

* * *

Shrimp Scam

A licensed stevedore notified the Commission that a delivery to its warehouse of a container purportedly carrying 850 cases of frozen shrimp arrived 200 cases short. The missing cargo was valued at approximately \$49,500. The truck driver who delivered the container became a suspect early in the case.

The truck driver told Commission detectives that he delivered a sealed container of shrimp to the warehouse. However, the detectives concluded that the container was entered by defeating the locking bar handle hasp and opening the container without breaking the seal. Commission detectives obtained the temperature control graph for this refrigerated container and interviewed all terminal personnel who had control over the container while it was at the pier. It was determined that the container left the pier intact, but fluctuations on the temperature graph indicated that the container had been opened during the period it was in the custody of the truck driver.

Investigation disclosed that some of the missing cases of shrimp were sold to three Union City, New Jersey restaurants, which were located in proximity to the truck driver's residence. Based upon this information, 34 cases of shrimp worth over \$8,000 were recovered from these restaurants. The owners, who purchased the shrimp at considerably less than market value, were charged with receiving stolen property. The

truck driver, who was likewise arrested by Commission detectives, pled guilty to stealing the shrimp.

* * *

Thrown for a Big Loss

A joint operation between the Commission and the Kings County District Attorney's Office, executed in two phases, closed illegal sports gambling operations which handled \$40 million in wagers a year.

Commission detectives developed information leading to a storefront gambling operation in the South Brooklyn waterfront area. Electronic surveillance of this storefront revealed an elaborate network of illegal gambling wirerooms located throughout the City of New York and operated by members of an organized crime family. When the storefront relocated during the investigation in an attempt to avoid detection, Commission detectives discovered the new Brooklyn location and electronic surveillance was resumed.

During the first phase of the operation, dubbed "Operation Touchdown", raids were conducted by Commission detectives, New York City Police personnel and Kings County District Attorney's detectives. Nine locations in Brooklyn, Manhattan, Queens and Staten Island were targeted resulting in 22 arrests and the shutting down of a \$10 million a year enterprise. The second phase, code-named "Extra Point", closed six sites, resulted in 15 arrests and terminated an illegal enterprise that was handling more than \$30 million a year in wagers. These operations resulted in the seizure of \$55,000 in cash, of slips reflecting over \$450,000 in bets and of various gambling paraphernalia. Kings County District Attorney Hynes characterized illegal gambling as the "... cash cow of organized crime."

In a letter to the Commission's Executive Director, the Kings County District Attorney's Office wrote:

"I am writing to * * * commend three members of your staff * * * for their extraordinary work on a successful long term investigation of gamblers associated with the Gambino crime family.

* * * A significant organized crime-connected sports betting ring * * * was seriously disrupted due to the tenacity and professionalism displayed by your detectives."

* * *

Dealing with Labor Shortages in the Port

The Commission ordered that public hearings be held to determine whether shortages in certain categories of dock labor were adversely affecting the economy of the Port and, if so, what should be done to eliminate any such shortages. These hearings were predicated upon the Commission's authority, granted by the legislatures of both States in 1966, to make determinations to open and close the Register of "deep-sea" longshorepersons to new workers. This provision, known as the "Closed Register" statute, was enacted in large part, to control the influx of new longshorepersons who could then become eligible for guaranteed annual income (GAI) payments.

In the early 1960's, as containerization began reducing the number of dock workers needed to load and unload ships, a collective bargaining agreement was entered into between the management association representing steamship and stevedoring companies in the Port and the labor organization representing the Port's longshorepersons and checkers. This agreement provided for a reduction in gang size, additional mobility of the work force and a guaranteed annual income or GAI for qualified pier workers whose job opportunities would be reduced by the new technology. Although the cost of GAI, which is generally funded by carriers calling in the Port, has been greatly reduced over the years, it remains a substantial burden to the industry.

In accordance with the "Closed Register" statute, the Commission closed the "deep-sea" register in 1966 to new dockworkers; and, with the exception of general openings in that year, as well as in 1968 and 1969, the Register has remained closed.

In recent years, however, the Port has experienced spot labor shortages during summer vacation and year end holiday periods. Especially acute were shortages of checkers, car drivers who load and unload ships carrying motor vehicles and container equipment operators (CEO). The CEO category includes persons who operate hustlers (tractors moving either containers mounted upon chassis or empty chassis) within a marine terminal and upon public roads between terminals as well as persons who operate huge container moving equipment (straddle carriers and various loaders) and sophisticated cranes.

The Commission and the industry are dedicated to ensuring an adequate supply of labor so as to maintain the economic well being of the Port. Whenever a ship must extend its stay in port because a labor shortage has delayed loading or unloading, the shipper must endure an unnecessary and burdensome expense. The Commission remains concerned that any inefficiency in the Port jeopardizes future Port business.

In order to meet the above spot labor shortages, and at the request of the industry, Resolutions have been periodically enacted by the Commission under its special and emergency powers to authorize the timely registration of temporary workers. The Commission ordered that public hearings be held to verify the existence of these shortages, to determine their precise extent and their causes, and to determine the means to eliminate such shortages.

* * *

Licensing Proceedings

During the past year, the agency's licensing personnel examined and processed 1,022 applications and reapplications for registration and licensing. These included 618 applications for registration of temporary personnel such as container equipment operators and checkers and for registration of persons performing services incidental to the movement of waterborne freight (maintenance and warehouse personnel), 300 for licensing as pier guards, 65 for pier superintendent licenses, 29 for licenses as hiring agents and 10 for licenses to operate as stevedores in the Port. Since its creation in 1953, the Commission has reviewed more than 153,000 applications and reapplications.

Longshore, checker and telecommunications system controller registrations are issued without termination dates. A license to perform the functions of a pier guard is also of indefinite duration, as long as the licensee complies with Commission regulations requiring the periodic submission of updated personal history data, the fulfillment of a training refresher course and meeting physical and mental criteria. Licenses to act as pier superintendents and hiring agents continue as long as the licensee remains employed by the sponsoring shipping line or stevedore firm. A stevedore license is subject to renewal every three years.

* * *

The Waterfront Commission Compact prohibits the denial of any application for registration or licensing without prior notice and an opportunity for the applicant to be heard at an administrative hearing. In the same manner, no license or registration once issued may be revoked, cancelled or suspended without the respondent being afforded an opportunity to contest the charges at a hearing. A revocation proceeding may be commenced by the Commission on its own initiative or upon the complaint of any person, a public official or agency. Moreover, a licensee or registrant who has been charged with a crime equivalent to a felony may be temporarily suspended by the agency pending the outcome of the hearing.

Commission hearings are open to the public and are presided over by administrative law judges, who are chosen from a rotating panel of New Jersey and New York attorneys. The applicant or respondent may be represented by counsel, is granted the right to elicit testimony and adduce other evidence on his or her behalf, may cross-examine any adverse witnesses and may ask the administrative judge to issue subpoenas to compel the appearance and testimony of witnesses.

The common law, statutory rules of evidence or technical rules of procedure do not bind the administrative judges. At the end of the case, they submit a written report to the Commissioners, containing findings of fact and recommendations for final disposition. A copy of the report is provided to each party in interest who may file written exceptions and arguments for consideration by the Commissioners.

After reviewing the entire record of the proceedings, the Commissioners make a final determination which is reflected in an order. The order is subject to court review in either New York or New Jersey in the manner provided by law in such state for review of final determinations of administrative agencies. In addition, the affected party may also petition the Commission for rehearing of the case, reconsideration of the determination, leave to reapply for the registration or license which had been denied, or restoration of a license or registration which has been revoked.

* * *

Determinations were made in 74 administrative proceedings this year. Inclusion in the Register

was denied to 19 applicants: 13 seeking maintenance or warehouse registrations, three for "deep-sea" registration as a longshoreperson, one as a temporary cargo checker, and two as telecommunications system controllers. In addition, six pier guard applications were denied, as were two for pier superintendent's licenses and one for a stevedore's license. One application for registration in the maintenance/warehouse category was granted as was one application for a pier guard's license.

Additionally, the Commission revoked the registrations of 16 individuals, seven unconditionally and nine with leave to reapply after fixed periods of time. One pier guard's license was revoked outright and another's was revoked with leave to reapply. One stevedore's license was also revoked with leave to reapply. The agency suspended, for various periods, two "deep-sea" longshorepersons, three hiring agents, four pier guards, two pier superintendents and six maintenance/warehouse workers. Reprimands were issued to three "deep-sea" longshorepersons and one pier guard. Fourteen of the suspensions and two of the reprimands arose out of summary proceedings in which the respondents admitted the violations charged and waived formal hearings. The registrations of two checkers and two maintenance/warehouse workers were temporarily suspended pending a hearing.

Twenty-two determinations were made in miscellaneous proceedings. Also, the agency ruled on 27 petitions, granting six and denying 21.

* * *

Pursuant to its mandate to balance the waterfront labor force with the personnel needs of Port employers, the Commission removed from the Register, 118 registrants who, without good cause, failed to work or seek work in accordance with standards set by the agency.

* * *

Personnel

The Commissioners, Executive Director and staff note with sorrow the deaths of the following former employees:

Frank A. Johannessen, one of the Commission's original employees, served as Manager and Assistant Manager in the Division of Licensing and Employment Information

Centers and retired after more than 35 years of service. He served in the Merchant Marine during World War II, was a Commander in the Naval Reserve and was a member of the New Jersey Board of Commissioners of Pilotage. Mr. Johannessen also held a Master's Degree in Public Administration and a law degree.

Salvatore J. Camp was an Assistant Counsel with the Commission for 25 years and retired in 1981. He served as a pilot in World War II and retired from the Air Force Reserve with the rank of Colonel in 1976. Prior to his employment with the Commission, Mr. Camp was an Assistant District Attorney in the Office of Manhattan District Attorney Frank S. Hogan.

James P. McGowan served the Commission as its Assistant Chief of Police and its Chief. He was a former Detective Lieutenant Squad Commander with the New York City Police Department. Chief McGowan also served as the Executive Officer in the New York County District Attorney's Detective Squad.

Anthony F. Ciborski served as an Investigator and a Special Agent with the Commission for 15 years prior to his retirement in 1972. Before his employment with the agency, Mr. Ciborski was a Detective with the New York City Police Department for 20 years.

* * *

Several longtime and dedicated Commission employees retired during the year.

James T. Sullivan resigned from the agency after eight years of service as its Chief of Police. Prior to joining the agency he had a distinguished thirty year career with the New York City Police Department, the last six years of which he was Chief of Detectives. Prior to that position, he served as Commanding Officer of the New York City Police Academy.

Ann M. Dundon served the Commission for 21 years as Secretary to the Executive Director and to the General Counsel. Prior to joining the Commission, she had been secretary in the General Counsel's Office of three major petroleum companies.

Alfred J. Gaitwood was employed by the Commission for 33 years prior to his retirement.

He served with the Division of Licensing and Employment Information Centers as a Validating Clerk and later as a Supervising Clerk. He was in the United States Air Force for 12 years and achieved the rank of Technical Sergeant.

Paul S. Gallucci completed thirty years of service with the Commission in the Division of Licensing and Employment Information Centers. First hired as a Validating Clerk, he retired as a Supervising Clerk. He served in the United States Air Force for two years.

* * *

The Commission welcomes James J. Challender as Chief of its Police Division. A former New Jersey State Police Captain, he served 27 years in various State Police capacities, including the Organized Crime Bureau, Special Investigations Bureau, New Jersey Attorney General's Office and the Major Crimes Unit. At the time of his retirement from the State Police, he was the Commander and Director of Training at the New Jersey State Police Academies in Sea Girt and Fort Dix, New Jersey. He was also Assistant Manager of the New Jersey Department of Education Office of Criminal History Review. He holds various degrees and served in the United States Marine Corps.

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,

NICHOLAS SCOPPETTA
Commissioner for New York

JAMES H. WALLWORK
Commissioner for New Jersey

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year ended June 30, 1994

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	\$ 195,182	
Cash in money market accounts	303,317	
Cash in savings accounts	8,435	
Time certificates of deposit	<u>330,000</u>	
	836,934	
Less taxes and other withholdings from employees	<u>1,346</u>	\$ 835,588
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	6,103,168	
Penalties, fines and miscellaneous income	140,042	
Interest:		
Time certificates	24,972	
Money market accounts	8,198	
Savings accounts	<u>178</u>	
		<u>6,276,558</u>
		7,112,146
Disbursements:		
Salaries	3,813,717	
Retirement, group insurance and Social Security taxes	1,054,665	
Rentals	556,250	
General insurance	128,290	
Light, heat and power	102,317	
Repairs and maintenance	40,634	
Furniture and equipment	47,617	
Carfare, auto and travel	50,343	
Communications	44,194	
Special services and supplies	55,571	
General office	29,206	
Printing	12,425	
Hearing officers, auditors and consultant fees	<u>11,720</u>	
		<u>5,946,949</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	252,326	
Cash in money market accounts	249,303	
Cash in savings accounts	8,634	
Time certificates of deposit	<u>655,000</u>	
	1,165,263	
Less taxes and other withholdings from employees	<u>66</u>	<u>\$ 1,165,197</u>

See accompanying notes to statement of cash receipts and disbursements.

(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.

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, 1994. 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, 1994 on the basis of accounting described in note 1(b).

KPMG Peat Marwick LLP

July 22, 1994



(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, 1994, the balance of this account was \$280,000.

(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, 1994 are as follows:

Year ending June 30:	
1995	\$ 437,000
1996	437,000
1997	460,000
1998	460,000
1999	460,000
Thereafter	966,000
Total minimum lease payments	<u>\$ 3,220,000</u>

COMMISSION DETERMINATIONS

Year Ended June 30, 1994

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshorepersons	3	0	3	2	2	3	0	13
Checkers	1	0	2	3	0	0	2	8
Hiring Agents	0	0	0	0	3	0	0	3
Pier Guards	6	1	1	1	4	1	0	14
Pier Superintendents	2	0	0	0	2	0	0	4
Stevedores	1	0	0	1	0	0	0	2
Maintenance/Warehouse	13	1	0	4	6	0	2	26
Telecommunications								
System Controllers	2	0	2	0	0	0	0	4
Totals	28	2	8	11	17*	4**	4	74

*Includes 14 summary proceedings

**Includes 2 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	6	0	6
Petitions for Leave to Reapply	2	0	2
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	1	8
Petitions to Vacate Temporary Suspension	1	0	1
Petitions for Retention or Reinstatement	5	2	7
Petitions for Stay	0	2	2
Totals	21	6	27

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	9
Recommendations to Continue Temporary Permits/Registrations	0
Recommendations to Withdraw Notice of Hearing	2
Recommendations to Issue Notice of Hearing	6
Recommendations to Amend Notice of Hearing	1
Recommendations to Amend Order of the Commission	0
Recommendations to Rescind Order of the Commission	1
Recommendations to Approve Consent Order	2
Recommendations to Approve Probationary Permit	1
Totals	22

DECASUALIZATION OF LONGSHOREPERSONS AND CHECKERS

		Number Decasualized	Remaining Registrants
1st decasualization	June 3, 1955	7,141	31,574 a
25th decasualization	March 31, 1967	1,142	22,100
30th decasualization	October 3, 1969	1,022	20,627 b
40th decasualization	September 26, 1974	271	14,143 b
50th decasualization	September 28, 1979	124	10,956 b,c
60th decasualization	October 4, 1984	88	8,026 b
65th decasualization	April 9, 1987	100	7,159 b,c
70th decasualization	October 5, 1989	126	5,846 b
75th decasualization	April 3, 1992	33	3,941 b
76th decasualization	October 8, 1992	39	3,904 b
77th decasualization	April 2, 1993	65	3,728 b
78th decasualization	October 7, 1993	35	3,706 b
79th decasualization	April 1, 1994	83	3,531 b

(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

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Longshorepersons	11,150 _a	10,804 _{a&b}	10,289 _{a&b}	9,947 _{a&b}	9,474 _a	8,702 _a	7,955 _a	7,810 _a	6,999 _a	6,520 _a	6,511 _a	5,371 _a	5,129 _a	5,095 _{a&b}	4,822 _{a&b}	4,642 _{a&b}
Checkers	2,468	2,373	2,231	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
Hiring Agents	357	339	327	304	291	279	242	242	229	233	185	179	173	182	174	170
Pier Superintendents	357	344	353	341	325	304	298	317	304	302	268	279	278	303	309	329
Pier Guards	750	705	655	635	560	525	491	455	404	387	343	356	391	392	394	406
Stevedore Companies	116	113	109	110	104	101	87	83	80	73	71	69	68	71	68	72
Telecommunications System Controllers													14 _c	14 _c	14 _c	12 _c
TOTALS	15,198	14,678	13,964	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

- (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, 1993 and 1994

Piers and Areas	HIRINGS		Increase or Decrease	% Change	% Share in Port Employment	
	1993-1994	1992-1993			1993-1994	1992-1993
Manhattan	23,095	22,013	+ 1,082	+ 04.92	03.23%	02.99%
Brooklyn & Staten Island	105,499	120,459	- 14,960	- 12.42	14.75%	16.36%
Port Newark & Port Elizabeth	499,379	508,558	- 9,179	- 01.80	69.84%	69.08%
Jersey City & Bayonne	87,064	85,158	+ 1,906	+ 02.24	12.18%	11.57%
TOTAL—NEW JERSEY	586,443	593,716	- 7,273	- 01.22	82.02%	80.65%
TOTAL—NEW YORK	128,594	142,472	- 13,878	- 09.74	17.98%	19.35%
PORT WIDE TOTALS	715,037	736,188	- 21,151	- 02.87	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	1954(*)	1991	1992	1993
Over \$100,000	(*)	141	223	345
\$75,000 to \$100,000	(*)	589	499	430
\$50,000 to \$ 75,000	(*)	836	1,041	971
\$25,000 to \$ 50,000	(*)	1,251	1,085	945
\$20,000 to \$ 25,000	(*)	204	117	115
\$15,000 to \$ 20,000	(*)	172	91	104
\$10,000 to \$ 15,000	(*)	192	90	115
\$ 5,000 to \$ 10,000	3,797	210	202	185
Under \$5,000	37,536	845	694	634
TOTAL REPORTED	41,333	4,440	4,042	3,844
Total Earnings	\$102,061,108	\$174,582,588	\$183,158,850	\$183,323,322
Total Hours Worked	37,813,991	7,509,156	7,410,502	7,029,279
% Hours Overtime	24.3%	36.1%	37.1%	38.7%
AVERAGE ANNUAL WAGES**	\$2,469	\$39,320	\$45,314	\$47,690

* 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.



Nicholas Scoppetta
Commissioner
for
New York



James H. Wallwork
Commissioner
for
New Jersey



Leonard Newman
Executive Director

Carmine A. Cardone, Deputy Executive Director

Gerald P. Lally, General Counsel

Curt Masklee, Secretary

James J. Challender, Chief, Division of Police

Gemma T. Macaluso, Director, Administration

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

Arthur J. Davoren, Comptroller

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