

NEW JERSEY STATE LIBRARY
3 3009 00051 8391

974.901
W19
C2

ANNUAL REPORT 1997-1998

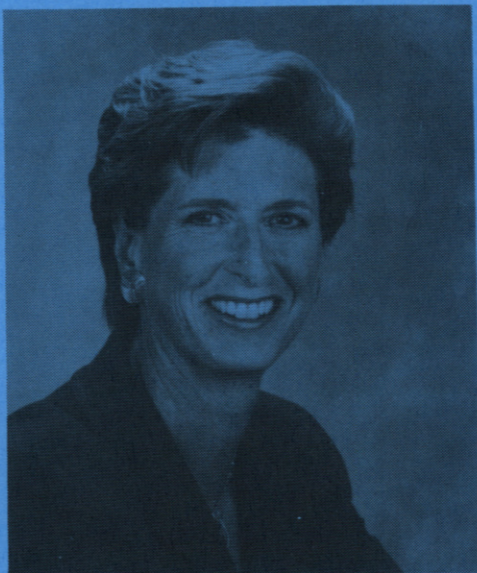
PROPERTY OF
NEW JERSEY STATE LIBRARY
NOV 10 1999
185 W. STATE ST.-CN 520
TRENTON, N.J.



THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

This Annual Report can be found on the Internet at www.wcnynj.org



*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 1997-1998. 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.

MISSION OF THE WATERFRONT COMMISSION

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

WHY THE COMMISSION WAS CREATED IN 1953

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

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

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

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

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

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

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

THE PORT TODAY

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

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

Pier guards, now licensed by the Commission, are required to maintain strict physical and mental standards and must attend training courses administered by the Commission. Convicted criminals are banned from holding office in waterfront unions. Stevedore companies are also licensed by the Commission. Their books and records are audited by the Commission to guard against illegal payoffs and other violations of law. Management and labor are working together for the betterment of the Port and the region.

Cargo theft in the Port continues to be sharply reduced. When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments. The Police Division continually reviews security measures in the Port. While the Commission takes great pride in the role it has played with other law enforcement agencies over the past 46 years in reducing crime and in eliminating certain past abuses, old challenges -- such as loansharking, extortion, illegal gambling and larceny -- and new challenges face all law enforcement units. Drug smuggling and cargo theft have become very sophisticated, requiring close coordination among all law enforcement agencies active in the Port of New York-New Jersey and adjacent areas.

THE COMMISSION'S MAKE-UP

A New York and a New Jersey Commissioner head the Commission. Each is appointed by the Governor of the Commissioner's respective State, with the advice and consent of their State Senate.

James H. Wallwork, the Commissioner for New Jersey, is a graduate of West Point and of the Command and General Staff College, Ft. Leavenworth, Kansas. A former military officer, former State Senator and a businessman, he writes for a chain of weekly newspapers and is active in charitable and civic organizations.

Michael C. Axelrod, the New York Commissioner, holds a Juris Doctor from the New England School of Law and an LLM in Labor Law from New York University. A member of the New York and Florida bars, he represents public-safety labor unions in the New York Metropolitan area and arbitrates disputes for the New York State Employment Relations Board.

The Commission's Executive Director, Carmine A. Cardone, is a member of the New York Bar and has served the Commission in various capacities since 1961.

Responsibility for the everyday operations of the Commission lies with the Executive Director who supervises its six divisions:

- **Executive.** This Division's responsibilities include: assisting the Commissioners in the making and execution of agency policy; proposing legislation, regulations and resolutions; preparation of annual and special reports; public relations; conducting labor relations with agency unions; formulation of the annual budget, keeping of financial records and administration of group insurance plans; providing legal advice to the Commissioners and conducting agency litigation; initiation of investigations; ordering hearings; maintaining the seal and official records of the Commission.
- **Law.** Under the supervision of its Director, Assistant Counsel in this Division conduct investigations of applicants for licensing and registration to determine if they meet legal standards set forth in the Compact. These attorneys also investigate persons and companies already licensed to ascertain if they have engaged in any violations of law. Hearings are conducted by the Assistant Counsel to determine whether applications should be granted or denied and whether registrations or licenses should be revoked or suspended. Counsel also conduct investigations into waterfront practices in the Port.
- **Police.** This Division is staffed by a Chief, superior officers, detectives and detective-investigators, all of whom possess full police powers in both states. These officers investigate criminal activity in the Port and violations of the Compact; analyze organized crime data; perform background checks of individuals and companies that have applied for registrations and licenses; review pier and waterfront terminal cargo protection and security procedures; and maintain the Commission's licensing and investigative files. The Division is also an important participant in joint investigations with federal, state and local agencies.

- **Licensing and Employment Information Centers.** This Division, headed by a Director, processes applications filed by individuals and firms required to be registered or licensed; supervises the hiring of longshorepersons, checkers and pier guards in the Port; makes employment information available to these dock workers; and administers the “decasualization program” which, according to law, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.
- **Audit and Control.** Investigative accountants, under the supervision of a Director, routinely audit the books and records of licensed firms to guard against violations of federal or state laws and to insure that the Commission’s bookkeeping requirements are followed and that assessment reports are correct. The books and records of potential licensees and other individuals and firms under Commission investigation are also examined by these accountants.
- **Management Information Systems and Administration.** This Division provides the agency with important computer, clerical, stenographic, court reporting, messenger and other support services and maintains personnel and attendance records. The proper functioning of the Commission’s recently established wide and local area computer networks and data bases is entrusted to this Division.

COMMISSION NOT FUNDED WITH TAX DOLLARS

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

During fiscal 1997-1998, the 92-employee Commission operated with a \$6,760,825 budget, which was approved by the Governors of New Jersey and New York.

NEW COMPUTER SYSTEM - NEW EFFICIENCIES

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

The computer system provides the legal staff with access to CD ROM and on-line law reference material, eliminating the need and expense of a “paper” law library. Similarly, legal

paperwork and files are being reduced with computerization. Legal staff productivity is also enhanced.

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

CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. To safeguard and better manage the Commission's cash and investments, both short and long-term, the Commission maintains most of its accounts in the State of New Jersey's Cash Management Fund, thereby maximizing interest paid for funds on deposit. The Commission also invested escrow funds (Retired Employee Benefit Funds) into an eighteen-month U.S. Treasury Note earning 5.7%.

MEMBERSHIP IN ORGANIZATIONS

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

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

THE PORT'S STATISTICS

During calendar year 1997, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 50.8 long tons (2,240 pounds) of waterborne cargo valued at \$66.4 billion. The tonnage and dollar value remained essentially the same as for 1996.

Significantly, for 1997, 1,460,373 container units passed through the Port, an increase of 124,994 or 9.4% over 1996. For the same 1997 period, 428,170 vehicles were imported or exported, an increase of 3.6% or 14,958 over the prior year. Ship arrivals totaled 4,569 during the year, a decrease of 67 or 1.4% from 1996. In 1997 there was a decline of 8% in the number of cruise passengers and 12.5% in the number of cruise voyages from 1996.

The Port's five leading waterborne general cargo exports for the year 1997 (as calculated in millions of dollars) were general machinery, motor vehicles and parts, plastic materials, photo supplies and military equipment. The five primary imports (also in millions of dollars) were motor vehicles and parts, clothing, general machinery, alcoholic beverages and footwear.

During the waterfront industry's fiscal year (October 1, 1996 to September 30, 1997), registered "deep-sea"¹ longshorepersons and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$ 223,451,931 comprising regular and overtime wages, vacation and holiday benefits and guaranteed annual income payments. An average annual salary of \$ 66,802 was paid to the 3,345 "deep-sea" workers. For the industry's prior fiscal year, the 3,442 workers were paid an average annual salary of \$ 63,176.

On June 30, 1998, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 2012 "deep-sea" longshorepersons including 142 emergency temporary personnel;
- 810 checkers, including 102 emergency temporaries;
- 1974 workers registered under authority of the 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as warehousing and maintenance work;
- 412 pier guards;
- 190 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 400 pier superintendents (management personnel of steamship companies or stevedores who directly or indirectly supervise registrants' work);
- 10 telecommunications system controllers (employees of a joint labor-management board that operates the computer and telephone system of hiring "deep-sea" labor).

There were also 75 companies licensed as stevedores which have contracts or arrangements to move waterborne freight or to perform services incidental to such movement.

¹ "Deep-sea" longshorepersons are dock workers who move waterborne freight; "deep-sea" checkers are employed to account for or check cargo and to perform other clerical functions.

THE YEAR

(July 1, 1997 to June 30, 1998)

The following represents some of the Commission's activities during the fiscal year:

Providing for the Port's Future Labor Needs

In response to industry anticipated 1999 labor needs of 500-600 new "deep-sea" registrants, the Commission held public hearings in the Spring of 1998 and developed a plan to obtain highly trained waterfront workers to meet the Port's future labor requirements.

Prior to the "container revolution" in the early 1960's, ship loading and unloading operations were labor intensive. 25,000 people were hired daily. With the introduction of 20' and 40' cargo containers moved by multi-story cranes, the need for labor in the Port was drastically reduced. The shipping industry was anxious to promote and expand this new technology and labor was insistent on preserving the jobs of its members. To accommodate this new method of moving waterborne cargo, labor agreed that, commencing April 1, 1966, employers would be allowed to reduce the size of longshore gangs and to require that dock workers accept work anywhere in the Port. In return, management agreed to pay a guaranteed annual wage (GAI) to qualified longshore personnel who were available for employment but unable to obtain work. The cost of the GAI program is borne by a tonnage assessment on vessels calling in the Port.

In an effort to control GAI costs and reduce the labor over-supply, the States of New York and New Jersey enacted a bill, effective April 7, 1966, to empower the Commission to open and close the "deep-sea" Register as dictated by labor needs. The law authorized the Commission to make periodic determinations to suspend or limit the acceptance of worker applications for inclusion in the Register and to process all such applications on a "first-come-first-served" basis. The Commission promptly closed the Register in 1966 and, with the exception of brief openings between 1966 and 1969, the Register has been closed to date. However, as noted below, from time to time the Commission has met seasonal and other labor needs of the industry by authorizing the temporary registration of workers in accordance with the Commission's special and emergency powers. The cost of GAI peaked of \$65 million in 1983, excluding vacation and holiday and administration costs. Through the efforts of management, labor and the Commission, GAI has steadily declined since then to \$7.7 million in 1997. This reflects a continuing reduction of surplus labor, mainly by retirement.

SIZE OF LONGSHOREMEN'S REGISTER AND AVERAGE HIRINGS
SINCE ENACTMENT OF 5-p

	<u>Size of Register*</u>	<u>Approximate Average Daily Hirings*</u>	<u>Annual GAI Paid**</u>	<u>Approximate Average Registrants Available Not Employed*</u>
1966	23,332	18,000	1.3 million	N/A
1969	20,627	13,807	4.0 million	N/A
1974	14,211	8,872	26.6 million	2,939
1979	10,917	7,376	29.7 million	2,257
1983	8,976	5,132	65.0 million	2,192
1989	5,638	2,855	43.9 million	1,411
1993	3,691	2,465	23.3 million	809

1994	3,638	2,428	21.2 million	648
1995	3,561	2,362	18.4 million	504
1996	3,395	2,401	16.4 million	273
1997	2,892	2,296	7.7 million	221
1998 (Projected)	2,700	2,300	3.5 million	100

* Source: Waterfront Commission of New York Harbor as of December 31st-includes temporary registrants.

** Source: New York Shipping Association as of September 30th. Does not include vacation and holiday benefits and administration costs.

In recent years, as the size of the Register came into balance with the demand for labor , the Port experienced shortages of longshorepersons skilled in the operation of container moving equipment, drivers and checkers. These shortages have been repeatedly addressed by resolutions enacted by the Commission authorizing temporary workers and then by legislative amendments, making these temporary registrants permanent. These methods have proven to be cumbersome, inefficient and time-consuming and will not expeditiously meet the future labor needs of the industry.

As a result of anticipated increased business in the Port of New York-New Jersey, significant work-rule changes in the 1996 industry collective bargaining agreement and attrition in the current dock labor force, new job opportunities are materializing. The Commission initiated discussions with management and labor to determine the best method for meeting the Port's labor needs. These discussions culminated in public hearings held by the agency in April 1998. The hearings were attended by representatives of management and labor, government officials, individual dock workers and other interested parties. All of those who testified expressed the opinion that the current law should be amended. The Commission, labor and management then agreed that the time had arrived to establish a better method of meeting the industry's labor requirements so that there would be sufficient skilled and unskilled labor in the Port for it to maintain its preeminence, compete with other ports, and attract new commerce.

As an outgrowth of the hearings, the Commission drafted amendatory legislation, designed to streamline and improve the process for adding individuals to the "deep-sea" dock labor force. This legislation will permit the Commission to "open" the Register upon a showing of need in accordance with established standards with the sponsorship of prospective waterfront employees by employers, thereby meeting the staffing needs of the waterfront industry in a more efficient and expeditious manner. The bill also permits stevedores or other employers of longshorepersons who are not members of a management association to file petitions to initiate the process. The proposal also grants the agency authority to "grandfather" into the Longshoremen's Register certain dock workers who were issued temporary registrations by the Commission under its emergency powers, and who remain so registered upon enactment of the bill into law by both States.

The proposal has been passed by the legislatures of both states and is awaiting approval by the governors.

Goring the Bull's Driver

In the prior Annual Report, the Commission noted that a checker, who was an associate of the Gambino Organized Crime Family and a driver for Salvatore Gravano a/k/a "Sammy the Bull" (the former underboss for Mafia Chieftan John Gotti), had been charged by the agency in a multi-count Notice of Hearing with lacking good character and integrity. Specifically it was alleged that he associated with 39 members or associates of the Gambino family at notorious organized crime hangouts and that he lied under oath to the Commission about his relationship with these persons. The checker is also a vice president of the Atlantic Coast District of the International Longshoremen's Association and a Delegate of ILA Local 1.

After lengthy hearings, the Commission revoked the checker's registration. This revocation followed the recommendation of an Administrative Law Judge who sustained 46 out of 49 charges contained in the agency's Notice of Hearing. In announcing their determination, the Commissioners noted that this is a prime example of the Commission's carrying out its mandate to investigate, deter, combat and remedy any influence exerted by organized crime in the bi-state Port. In addition, the Commissioners have strongly urged the ILA to institute appropriate proceedings to remove the individual from all union offices.

This case was the culmination of a lengthy investigation conducted by the Legal and Police divisions of the Commission with valuable cooperation from the United States Attorneys' Offices for the Southern and Eastern Districts of New York, the Federal Bureau of Investigation and members of the New York City Police Department assigned to the Kings and New York County District Attorney's Offices.

CONTINUING EFFORTS TO THWART CARGO THEFTS

The Sweet Smell of Success

Commission detectives in October 1997 investigated the theft of a container of 101,000 bottles of designer fragrances, with a wholesale value of approximately \$ 635,000, from a New Jersey waterfront terminal. Using a fraudulent pier entry identification card, an owner-operator truck driver illegally gained access to a New Jersey waterfront terminal and stole a container load of the fragrances, hiding it in a warehouse in Hillside, New Jersey.

Acting upon information that some of the stolen perfume was being offered for sale at a discount outlet in Union City, New Jersey, Commission detectives made an undercover buy and determined that the perfume was, in fact, part of the stolen load. A search warrant executed at this location later the same day resulted in the recovery of some 1,384 bottles valued at \$8,700.

Commission detectives then conducted a buy-bust operation in Weehawken, New Jersey, resulting in an additional recovery of 24,800 bottles of fragrance valued at \$156,000. Information developed resulted in the recovery of 54,600 more bottles valued at \$342,600 from

the Hillside warehouse; 13,500 bottles valued at \$85,000 from a retail perfume outlet in Manhattan; and an additional 1,000 bottles valued at \$6,300 from another retail outlet in Union City, New Jersey. Over 95,300 bottles of perfume valued at \$600,000 were recovered and four persons were arrested and charged with receiving stolen property.

Ultimately 95% of the stolen perfume was recovered and returned to the shipper in time for repacking and distribution to outlets in Florida for the holiday shopping season. An official of the importer, expressing his gratitude to Commission detectives commented, "You saved our business."

Theft and Forgery

Vigilant, licensed pier guards caught a truck driver breaking into a container at a New Jersey marine terminal and stealing scotch whiskey. The driver was arrested by Port Authority Police and, at the time of his apprehension, possessed a fraudulent driver's license and a fraudulent pier entry card.

Several months later, one of the same guards saw the driver leave the terminal after delivering an empty container. The driver falsely identified himself by using another name and identification to gain access to the terminal. The guard, recalling the events of the prior incident, notified his superiors who, in turn, called Commission detectives. An agency investigation revealed that the driver had obtained two separate fraudulent pier entry identification cards by using fictitious driver's licenses and used then these bogus cards on two different occasions. The driver, who was arrested by Commission detectives, was charged with two counts of forgery.

The Commission has raised concerns with the issuing authority about the ease in which the pier entry cards can be fraudulently obtained or used. Efforts are underway to correct this situation.

Say Cheese

An owner-operator truck driver, who was a suspect in thefts from containers, was the subject of a surveillance conducted by Commission detectives at a New Jersey waterfront terminal. While the driver was slated to deliver a container of balsamic vinegar to a warehouse in Rahway, New Jersey, he was observed "making a deal" with the owner of a Hudson County, New Jersey, restaurant and unloading some of the vinegar at that location. The restaurant owner consented to a search of his premises, where additional stolen vinegar and 95 cases of suspected stolen pecorino Romano cheese were recovered. The driver and the restaurant owner were arrested and respectively charged with theft and receiving stolen property.

Prior to this incident, Commission police were investigating the loss of 136 cases of pecorino Romano cheese valued at \$14,000 from a refrigerated container. Upon delivery of this container to a warehouse in Jersey City, a shortage was discovered. Much of the cheese missing from this Jersey City load was recovered from the Hudson County restaurant.

The driver admitted stealing both the vinegar and the cheese to Commission detectives and subsequently pleaded guilty. The restaurant owner was admitted into the pre-trial intervention program. The recovered cheese was returned to its rightful owner. The vinegar was also returned to its lawful owner, and with the consent of that owner, four cases, which were withheld for evidence, were donated to charity.

Happy Endings

Last year's Annual Report highlighted the work of Commission detectives in dismantling of an organized cargo theft ring operating throughout several counties in north and central New Jersey. An owner-operator truck driver was arrested at that time by Commission detectives for the theft of a container of designer fragrances valued at \$1.3 million, which he admitted removing from a waterfront terminal using fraudulent identification and documentation. A portion of the stolen fragrances was recovered in a buy-bust operation. Search warrants executed in Hudson and Essex counties resulted in the recovery of fragrances and other stolen property valued at over \$3 million. Included in the seizure were additional designer fragrances, footwear and home furnishings. Seventeen persons were arrested on various charges. Prosecutors have reached plea agreements with all but two defendants. Sentences range from fines and probation to the jailing of one defendant for a three to five year term.

Lowering the Boom on Loansharks

After a Commission registrant's arrest by New Jersey police for involvement in a gambling operation, a Commission attorney examined the seized records and concluded that the registrant was engaging in a loansharking operation. The agency initiated an investigation. Commission detectives and investigative accountants, together with the FBI and the United States Attorney's Office for the District of New Jersey, pursued a joint probe into illegal operations involving waterfront individuals.

At the culmination of this investigation, three registered persons were indicted on federal charges of conducting a pattern of illegal gambling and loansharking activity as a "RICO" enterprise for at least 20 years. In addition, individuals who were formerly registered by the Commission, and whose registrations had been revoked for certain illegal activities, were also indicted.

Three registered individuals pled guilty to conducting an illegal gambling operation as part of a racketeering enterprise and two were sentenced to prison for terms of 24 to 30 months. The third registrant is awaiting sentencing.

Administrative charges remain pending against the three registrants.

“Phantom Activity”

The Commission has traditionally cracked down upon pier workers who, while “on the clock,” leave the pier without permission. This “phantom” activity adds costs to pier operations and adversely affects the economy of the Port.

This year, the Commission, after an investigation by its counsel, detectives and auditors, lodged administrative charges against a Port Newark foreman and a union shop steward who absented themselves from the pier without authorization and who were, in fact, paid while not working. The foreman, charged by the Commission with misappropriating \$2,101 from his employer, pleaded guilty to the charges. The Commission revoked his longshore registration with leave to reapply for his registration after nine months, subject to a period of probation and to his paying full restitution to his employer. The shop steward entered into a formal Consent Agreement with the Commission. He repaid his employer \$1,658 and he was suspended for a period of nine months.

Lying Does Not Pay

The Commission is empowered by the Compact to decasualize, or remove, from the Longshoremen’s Register those persons who fail to work or to seek work in accordance with Commission standards. All persons included in the “deep-sea” Longshoremen’s Register must work or seek work a minimum of 90 days in each half-calendar year, with the further requirement that these 90 days be apportioned to a minimum of 15 days in each of 5 months during this 6-month period. Persons who fail to meet these requirements are notified of their impending removal from the Register. Unless a registrant can show that the failure to meet the standards was the result of service in the United States military or incapacity because of ill health, physical injury or other good cause, the individual is administratively removed.

In support of a request for retention on the Longshoremen’s Register, a dock worker who was subject to decasualization, submitted false and fraudulent documentation involving the purported death of his parents and medical treatment allegedly administered to him. Based upon an investigation and other evidence, the Commission denied the request for his retention and removed him from the Longshoremen’s Register.

Pursuant to the agency’s mandate to balance the waterfront labor force with the personnel needs of Port employers, the Commission decasualized or removed 67 persons from the Register who, without good cause, failed to work or to seek work in accordance with the above standards.

Cooperation Pays Off

Joint investigations with Federal, state and local law enforcement resulted in successful operations. A probe spearheaded by the Kings County District Attorney's Office, with the assistance of Commission detectives, disabled a \$100 million illegal sports-betting network associated with organized crime operating in the New York City and Long Island areas. Search warrants executed at 10 separate locations resulted in the arrest of 13 suspects and the seizure of gambling records and \$150,000 cash.

LICENSING PROCEEDINGS

Longshore, checker and telecommunication system controller registrations are issued without termination dates, but may be terminated for failing to work or to seek work or for loss of employment. Pier superintendent and hiring agent licenses remain in effect for as long as the licensee is employed by the steamship company or stevedore. A pier guard license is of indefinite duration provided the licensee periodically submits updated personal history information, meets physical and mental requirements and takes refresher training courses in accordance with agency regulations. A stevedore's license must be renewed every five years. All registrations and licenses are subject to revocation or suspension for cause.

This year, employees of the Division of Licensing and Employment Information Centers reviewed and processed 1,094 applications and reapplications for licensing or registration. Included were 794 applications for the registration of temporary emergency checkers, container equipment operators and hustler/car drivers, and for the registration of persons performing ancillary warehouse and maintenance work; 225 for pier guard's licenses; 55 and 15, respectively, for licensing as pier superintendents and hiring agents, four for stevedore's licenses and one for registration as a telecommunications system controller. Since the inception of the agency in 1953, more than of 156,000 applications and reapplications have been processed.

The Compact enjoins the Commission from denying an application for registration or a license without affording the applicant prior notice and an opportunity to be heard at an administrative hearing. Likewise, no existing license or registration may be revoked, suspended or canceled without such a hearing. Revocation hearings may be ordered by the Commission on its own initiative or upon the complaint of any person, agency or public official. If a registrant or licensee is charged with a crime equivalent to a felony, the agency may suspend that person's registration or license, pending the outcome of a hearing.

Hearings are presided over by Administrative Law Judges chosen from a rotating panel of New Jersey and New York attorneys. In accordance with due process, applicants and respondents may be represented by counsel, may adduce testimony and present evidence on their

behalf, may cross-examine opposing witnesses and may request the Administrative Law Judge to issue subpoenas for the appearance and testimony of witnesses.

At the conclusion of the hearing, the Administrative Law Judge submits a report containing findings of fact and a recommendation for presentation to the Commissioners. Each party in interest is supplied with a copy of this written report and each is granted the opportunity to submit written exceptions.

After the complete record is reviewed by the Commissioners, a final determination is made and embodied in an order. In accordance with each State's rules of procedure for reviewing final agency determinations, the courts of New Jersey and New York are granted authority by the Compact to review Commission orders.

The Commission reached determinations in 48 cases during fiscal 1998. Included in this tally were 11 denied applications for inclusion in the Register. Four of these applications were for longshore registration and seven were for maintenance/warehouse registration. Three applications for pier superintendent's licenses were denied; one such application was denied with leave to reapply. An application for a pier guard's license was also denied.

Five registrations were revoked, two unconditionally and three with leave to reapply after a set period of time. One pier superintendent's license was revoked and two pier guards had their licenses revoked with leave to reapply after a period of time. The registrations of four longshorepersons and three maintenance/warehouse workers were suspended for varying periods of time, as were the licenses of seven pier guards and one pier superintendent. Three pier guards were also reprimanded. Fifteen of the suspensions and the reprimands arose from summary proceedings during which the respondents chose to forego formal hearings and admitted the charges. One longshore registration; four maintenance warehouse registrations, and one hiring agent's license were suspended pending hearings.

There were 29 petitions considered by the Commission, which denied 22 and granted seven. The Commission also rendered determinations in 18 other miscellaneous proceedings.

Since 1953, the Commission estimates that it has revoked, revoked with leave to reapply, or suspended for set periods of time the registrations and licenses of approximately 6,050 persons.

PERSONNEL

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

Constantino Calvino, affectionately known to his co-workers as "Cal", passed away only ten months after retiring from the Commission in 1997. Serving the agency for 13 years, Mr. Calvino was initially a validating clerk in a Commission Employment Information Center and later a clerk in the mail, supply and machine room.

John J. Crann served the Commission for 21 years as a Special Agent and a Detective before retiring in 1991. Prior to employment with the agency, he served two years in the United States Army and was employed by the Essex County Sheriff's Department.

Leo Pierre was employed by the Commission for 29 years before retiring in 1989. Beginning his career as a clerk in the Division of Licensing, Mr. Pierre worked his way through the ranks until he became a manager of one of the Commission's Employment Information Centers in 1980, a position he held until his retirement.

Francis Waddell served the Commission as a Special Agent and a Detective for 27 years before retiring in 1997. He served in the United States Army and was a police officer with the Maplewood, New Jersey Police Department prior to his employment with the Commission. He was among a group of detectives commended for their participation in an extensive investigation leading to the recovery of a large quantity of stolen perfume.

Congratulations are extended to Thomas Barr who retired after 31 years of service as an Investigator, a Special Agent and a Detective. He was also among the group of detectives commended for their fine work in connection with the recovery of the stolen perfume. Prior to his service with the agency, Mr. Barr served in the United States Army and was employed as a patrolman by the Wood-Ridge, New Jersey Police Department.

CONCLUSION

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

Respectfully submitted,

JAMES H. WALLWORK
Commissioner for New Jersey

MICHAEL C. AXELROD
Commissioner for New York

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

June 30, 1998

(With Independent Auditors' Report Thereon)

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, 1998. 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.

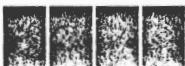
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 1998 on the basis of accounting described in note 1(b).

KPMG Peat Marwick LLP

October 2, 1998



WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year ended June 30, 1998

Balance of funds at beginning of year:		
Cash in checking account and on hand	\$ 34,375	
Investments in cash management account	<u>1,096,326</u>	
	1,130,701	
Less taxes and other withholdings from employees	<u>1,116</u>	1,129,585
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	6,142,111	
Penalties, fines and miscellaneous income	126,378	
Metropolitan Marine Maintenance Contractors' Association settlement	50,000	
Interest	<u>105,148</u>	
		<u>6,423,637</u>
		7,553,222
Disbursements:		
Salaries	3,840,221	
Retirement, group insurance and Social Security taxes	963,023	
Rentals	526,469	
General insurance	123,622	
Light, heat and power	109,707	
Repairs and maintenance	38,889	
Furniture and equipment	69,917	
Computer system development	107,475	
Carfare, auto and travel	75,372	
Communications	55,868	
Special service and supplies	55,643	
General office	42,711	
Printing	<u>9,873</u>	
		<u>6,016,790</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 account and on hand	31,508	
Investment in cash management account	<u>1,509,224</u>	
	1,540,732	
Less taxes and other withholdings from employees	<u>4,300</u>	<u>\$1,536,432</u>

See accompanying notes to statement of cash receipts and disbursements

WATERFRONT COMMISSION OF NEW YORK HARBOR

Notes to Statement of Cash Receipts and Disbursements

June 30, 1998

(1) Description of Business and Accounting Policy

(a) Description of Business

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

(b) Accounting Policy

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

(2) Retirement Benefits

The Commission has established an investment reserve account to fund its liability for eligible retired employees' medical, dental and life insurance benefits. As of June 30, 1998, the market value of investments held in this account was approximately \$549,000.

(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, 1998 are as follows:

Year ending June 30:	
1999	\$460,000
2000	483,000
2001	<u>483,300</u>
Total minimum lease payments	<u>\$1,426,000</u>

COMMISSION DETERMINATIONS

Year Ended June 30, 1998

APPLICATIONS AND REVOCATIONS

	<u>Denied</u>	<u>Granted</u>	<u>Revoked</u>	<u>Revoked L/R</u>	<u>Sus- pended</u>	<u>Repri- manded</u>	<u>Suspended P/H</u>	<u>Totals</u>
Longshorepersons	4	0	1	2	4	0	1	12
Checkers	0	0	0	0	0	0	0	0
Hiring Agents	0	0	0	0	0	0	1	1
Pier Guards	1	0	0	2	7	3	0	13
Pier Superintendents	4 *	0	1	0	1	0	0	6
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	7	0	1	1	3	0	4	16
Telecommunications								
System Controllers	0	0	0	0	0	0	0	0
Totals	16 *	0	3	5	15 **	3 **	6	48

* Includes one denial with leave to reapply immediately.

** Includes 15 summary proceedings

PETITIONS

	<u>Denied</u>	<u>Granted</u>	<u>Totals</u>
Petitions for Reconsideration	2	1	3
Petitions for Leave to Reapply	2	1	3
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	0	0
Petitions to Remove Ineligibility	0	1	1
Petitions for Restoration of Registration/License	11	2	13
Petitions to Vacate Temporary Suspension	0	1	1
Petitions for Retention or Reinstatement	6	0	6
Petitions for Stay	0	0	0
Petitions to Surrender Registration	1	0	1
Petitions to Amend Determination	0	1	1
Totals	22	7	29

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	4
Recommendations to Continue Temporary Permits/Registrations	6
Recommendations to Issue Notice of Hearing	5
Recommendations to Amend Notice of Hearing	2
Recommendations to Issue Temporary Permit	1
Totals	18

DECASUALIZATION OF LONGSHOREPERSONS AND CHECKERS

		Number <u>Decasualized</u>	Remaining <u>Registrants</u>
1 st decasualization	June 3, 1955	7,141	31,574a
30 th decasualization	October 3, 1969	1,022	20,627b
40 th decasualization	September 26, 1974	271	14,143b
50 th decasualization	September 28, 1979	124	10,956b,c
60 th decasualization	October 4, 1984	88	8,026b
70 th decasualization	October 5, 1989	126	5,846b
75 th decasualization	April 3, 1992	33	3,941b
80 th decasualization	October 6, 1994	79	3,518b
83 rd decasualization	April 17, 1996	60	3,344b,c
84 th decasualization	October 10, 1996	67	3,266b,c
85 th decasualization	May 9, 1997	36	2,848b,c
86 th decasualization	November 13, 1997	30	2,767b,c
87 th decasualization	May 27, 1998	37	2,762b,c

- (a) Does not include craftsmen whose registrations were required on or after May 27, 1957.
- (b) Does not include warehousemen, container repairmen, and other persons required to be registered on or after September 1, 1969.
- (c) Includes persons registered on a temporary basis to meet special and emergency needs.

WATERFRONT COMMISSION DIVISION OF LICENSING & EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 1997 and 1998

Piers and Areas	<u>HIRINGS</u>		Increase or Decrease	% Change	<u>% Share in Port Employment</u>	
	1997-1998	1996-1997			1997-1998	1996-1997
Manhattan	18,939	19,828	- 889	- 04.48%	02.95%	02.99%
Brooklyn & Staten Island	134,192	111,413	+ 22,779	+ 20.45%	20.90%	16.81%
Port Newark & Elizabeth	427,455	459,420	- 31,965	- 06.96%	66.58%	69.34%
Jersey City & Bayonne	61,440	71,947	- 10,507	- 14.60%	09.57%	10.86%
TOTAL--NEW JERSEY	488,895	531,367	- 42,472	- 07.99%	76.15%	80.19%
TOTAL--NEW YORK	153,131	131,241	+ 21,890	+ 16.68%	23.85%	19.81%
PORT WIDE TOTALS	642,026	662,608	- 20,582	- 03.11%	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	<u>1954(*)</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Over \$100,000	(*)	422	396	555
\$75,000 to \$100,000	(*)	521	460	467
\$50,000 to \$ 75,000	(*)	770	799	779
\$25,000 to \$ 50,000	(*)	872	854	656
\$20,000 to \$ 25,000	(*)	115	103	124
\$15,000 to \$ 20,000	(*)	96	87	99
\$10,000 to \$ 15,000	(*)	90	100	176
\$ 5,000 to \$ 10,000	3,797	168	131	192
Under \$5,000	<u>37,536</u>	<u>514</u>	<u>512</u>	<u>297</u>
TOTAL REPORTED	41,333	3,568	3,442	3,345
Total Earnings	\$102,061,108	\$186,259,531	\$177,678,293	\$192,754,537
Total Hours Worked	37,813,991	7,050,251	6,739,665	6,674,877
% Hours Overtime	24.3%	42.6%	42.0%	42.0%
AVERAGE ANNUAL WAGES**	\$2,469	\$52,203	\$51,621	\$57,625

* 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.

**REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS
AS OF JUNE 30**

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Longshorepersons	9,474 a	8,702 a	7,955 a	7,810 a	6,999 a	6,520 a	6,511 a	5,371 a	5,129 a	5,095 a&b	4,822 a&b	4,642 a&b	4,688 a&b	4,479 a&b	4,076 a&b	3,986 a&b
Checkers	2,017	1,806	2,065	1,894 b	1,686 b	1,578 b	1,510	1,175	1,200 b	1,107 b	1,053 b	975 b	979 b	946 b	817 b	810 b
Hiring Agents	291	279	242	242	229	233	185	179	173	182	174	170	184	187	186	190
Pier Superintendents	325	304	298	317	304	302	268	279	278	303	309	329	359	353	394	400
Pier Guards	560	525	491	455	404	387	343	356	391	392	394	406	429	412	403	412
Stevedore Companies	104	101	87	83	80	73	71	69	68	71	68	72	75	74	75	75
Telecommunications System Controllers									14 c	14 c	14 c	12 c	12 c	12 c	9 c	10 c
TOTALS	12,771	11,717	11,138	10,801	9,702	9,093	8,888	7,429	7,253	7,164	6,834	6,606	6,726	6,463	5,960	5,883

(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.

WATERFRONT COMMISSION OF NEW YORK HARBOR

James H. Wallwork,	Commissioner for New Jersey
Michael C. Axelrod,	Commissioner for New York
Carmine A. Cardone,	Executive Director
Gerald P. Lally,	General Counsel*
Curt Masklee,	Secretary**
James J. Challender,	Chief, Division of Police***
Howard M. Zuckerman,	Director, Division of Licensing & Employment Information Centers
Frank J. Nastasi,	Director, Division of Audit and Control
Marlene Pavlow,	Director, M.I.S. and Administration
Arthur J. Davoren,	Comptroller****

- * Until, October 19, 1998
- ** Until, January 8, 1999, Replaced by David B. Greenfield, March 6, 1999
- *** Until, December 16, 1998, Replaced by Philip Spinelli, March 22, 1999
- **** Deceased, May 19, 1999

Principal Office

42 Broadway, 14th Fl., New York, New York 10004
Telephone (212) 742-9280
Fax (212) 480-0587

Licensing & Employment Information Centers

Main

32 Broadway, 13th Fl., New York, New York 10004
Telephone (212) 742-9280
Fax (212) 742-9327

Port Newark Office

117 Tyler Street, Port Newark, New Jersey 07114
Telephone (973) 344-1803
Fax (973) 344-1801

World Trade Center Office (Telecommunications Hiring)

2 World Trade Center, New York, New York 10048
Telephone (212) 912-1033

Police Field Offices

New York

100 Columbia Street, Brooklyn 11201
Telephone (718) 852-2434
Fax (718) 596-5306

New Jersey

117 Tyler Street, Port Newark, New Jersey 07114
Telephone (973) 817-7798
Fax (973) 344-1801

97/98



This Annual Report can be found on the Internet at www.wcnynj.org

Printed on Recycled Paper and Recyclable

Printed with Pride by
State of New Jersey
Treasury Central Printing Services
Trenton, NJ