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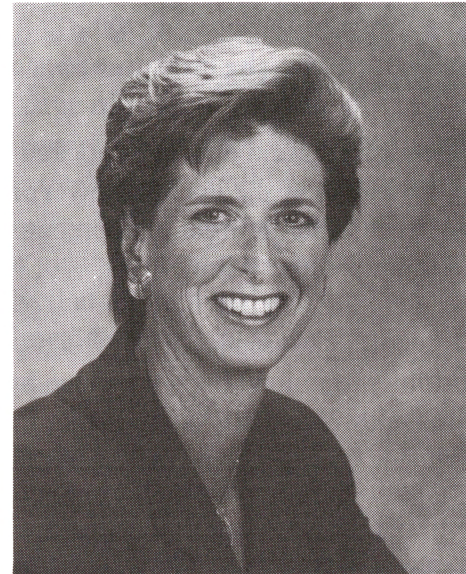
ANNUAL REPORT 1998-1999



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 1998-1999. 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 that the Port and region can grow and prosper.

WHY THE COMMISSION WAS CREATED IN 1953

An aging freighter, its belly 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 apprehensive 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 or in supporting his vices. The inability to repay these usurious loans results in violent consequences for the longshoreman-borrower. Bookmaking on the pier 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. 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 under the Commission's jurisdiction located within a 25-mile radius of the Statue of Liberty. 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 closely monitored and has declined. When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments. Detectives continually review 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 47 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

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, a graduate of Fordham College and Fordham Law School, is a member of the New York Bar and has served the Commission since 1961 as an Assistant Counsel, Director of Licensing and Employment Information Centers and as Deputy Executive Director.

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 and 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 regulatory 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, headed by a Director, provides the agency with important computer, clerical, stenographic, court reporting 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 maximum 2% assessment on their gross payrolls for longshorepersons, checkers, pier superintendents, hiring agents and pier guards.

During fiscal 1998-1999, 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 and has made other secure investments in order to maximize interest paid for funds on deposit.

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 (MAGLOCLN), 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 a 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 1998, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 56.0 million long tons (2,240 pounds) of waterborne cargo valued at \$68.4 billion. The tonnage markedly increased by 5.2 million long tons over 1997 and dollar value essentially remained the same.

Also, for 1998, 1,475,913 container units passed through the Port, an increase of 15,540 or 1.1% over 1997. For the same 1998 period, 443,900 vehicles were imported or exported, an increase of 3.7% or 15,822 over the prior year. Ship arrivals totaled 5,567 during the year, a significant increase of 998 or 17.9% over 1997. In 1998 there was a decline of .4% in the number of cruise passengers but a 21.9% increase in the number of cruise voyages from 1997.

The Port's five leading waterborne general cargo exports for the year 1998 (as calculated in millions of dollars) were machinery, motor vehicles and parts, plastic materials, photo supplies and toiletries. The five primary imports (also in millions of dollars) were motor vehicles and parts, clothing, machinery, alcoholic beverages and furniture.

During the waterfront industry's fiscal year (October 1, 1997 to September 30, 1998), 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 \$214,397,972 comprising regular and overtime wages, vacation and holiday benefits and guaranteed annual income payments. An average annual salary of \$73,424 was paid to the 2920 "deep-sea" workers. For the industry's prior fiscal year, the 3,345 workers were paid an average annual salary of \$ 66,802.

On June 30, 1999, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 1935 "deep-sea" longshorepersons including 249 emergency temporary personnel;
- 766 checkers, including 99 emergency temporaries;
- 1933 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;
- 419 pier guards;
- 186 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 406 pier superintendents (management personnel of steamship companies or stevedores who directly or indirectly supervise registrants' work);
- 9 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 72 companies licensed as stevedores which have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.

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, 1998 to June 30, 1999)

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

Enactment of Legislation which provides for the Port's Future Labor Needs

As reported last year, in response to industry anticipated labor needs for 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.

As a result of the hearings, the Commission, with the concurrence of management and labor, drafted amendatory legislation designed to streamline and improve the process for adding individuals to the "deep-sea" dock labor force. This legislation, which was enacted by the States of New York and New Jersey, allows the Commission to "open" the Register upon a showing of need in accordance with established standards. Employer sponsorship of prospective waterfront employees enables the staffing needs of the waterfront industry to be met in a more efficient and expeditious manner. The new law also permits independent stevedores or other employers of longshorepersons to file petitions to initiate the process, and upon meeting the same established standards, to sponsor longshore applicants for registration. The enactment also granted 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.

Gotcha

In its 1995-1996 Annual Report, the Commission recounted that it obtained a preliminary injunction in the United States District Court for the District of New Jersey against an Elizabeth, New Jersey-based shipping company which used unlicensed and unregistered labor, in violation of the Waterfront Commission Act, to load chartered vessels with vehicles bound for Haiti. Upon the Commission's application, a permanent injunction was obtained against that company and that injunction was ultimately sustained on appeal by the United States Court of Appeals for the Third Circuit.

The Commission subsequently received information that another shipping company employed unlicensed and unregistered labor to illegally load vehicles upon chartered ships under cover of darkness. This company was headquartered at the same location as the enjoined concern and was owned by an individual who was a principal of the enjoined company. Commission detectives ascertained that between late December 1998 and early January 1999 a vessel chartered by this company was loaded with Haiti-bound vehicles by unlicensed labor. In addition, it was determined that a number of the motor vehicles were reported stolen. Further investigation disclosed that during April 1999 another chartered ship was partially loaded by registered labor and that the company once again used unregistered workers to load the balance

of the vehicles aboard the ship. This time at least 12 of the vehicles listed on the outbound manifest were reported stolen.

In June 1999, as part of the continuing investigation, Commission detectives and Special Agents of the United States Customs Service conducted an around the clock surveillance of yet another chartered ship. During daylight hours, a registered gang was seen loading vehicles onto the vessel. When the gang left for the day, and under cover of darkness to the early hours of the morning, loading operations were continued by unregistered persons. Later that day, similar illegal loading operations resumed. The ship was detained because of apparent inconsistencies in the vessel's manifest and 146 vehicles were off-loaded. The investigation determined that a number of these unloaded vehicles were stolen.

Based upon the injunction obtained against the enjoined company, the Commission applied to the Court to hold the related company and its principal in contempt. That latter company and its principal acknowledged in a consent order that the injunction was violated on three occasions and agreed to pay the Commission \$30,000. Together with other law enforcement authorities, the Commission continues to investigate the vehicle thefts.

Rounding Up Illegals

During routine investigations, Commission detectives observed an influx of new employees working inside warehouses along the Brooklyn waterfront. These workers, who were not registered by the Commission, were utilized to store bags of cocoa discharged from ships. Registered workers complained to the Commission and to the United States Immigration and Naturalization Service that these new employees were "illegal" and that they received higher wages and preferential treatment. When a registered worker complained about this situation to his employer or to the union, the worker was subjected to retaliation.

Commission detectives and INS special agents jointly executed a court-ordered search warrant at a Brooklyn pier. Nine individuals, employed as warehousemen, were arrested and charged with being in violation of the Federal immigration laws. It was later ascertained that these illegal workers were hired and paid under fictitious names and/or social security numbers. In some cases, the company failed to ask the workers for proper identification and failed to complete necessary documents required by law. The investigation is continuing.

Removing the Crooks from Union Office

Forty-seven years ago, the New York State Crime Commission declared in its Fourth Report:

"It was established that at least 30 percent of the ILA longshore locals have police records. Waterfront criminals know that the control of the local is a prerequisite to conducting racket operations on the piers. Through their power as union officials, they place their confederates in key positions on the docks, shake down steamship and stevedoring companies by threats of work stoppages, operate the lucrative public loading business, and carry on such activities as pilferage, loansharking and gambling."

To put an end to criminal domination of waterfront unions, the Commission was vested with authority by Section 8 of the Waterfront Commission Act to remove any officer, agent, or employee of a waterfront labor organization or of a welfare fund or trust administered partially or entirely by such labor organization if that person has been convicted of any felony, high misdemeanor or misdemeanor involving moral turpitude, or of certain crimes or offenses enumerated in the Act.

This extraordinary statute prohibits the collection of dues by a waterfront labor union as long as the convicted union officer, agent or employee remains in office. It also contains a direct prohibition against the convicted person assuming or holding any office, agency or employment in waterfront unions. State courts in New York and New Jersey and Federal courts have ruled that, under Section 8, an individual is convicted at the time a jury verdict of guilty is returned against an individual or when that person enters a plea of guilty. At such time, Section 8 requires the removal of the convicted waterfront official from union office. To date, approximately 75 individuals have been removed from or resigned from union office as a result of the Commission's invocation of its Section 8 authority.

A Secretary-Treasurer of a Bayonne, New Jersey, waterfront union local was convicted in Federal Court of knowingly conspiring to impair and obstruct the United State Department of Justice by illegally removing photocopies of F.B.I. files and knowingly and unlawfully stealing and converting the photocopies. After notifying the union local and the individual of Section 8's violation by his holding office, the individual resigned from his position.

CONTINUED VIGILANCE THWARTS CARGO THEFTS

If the Shoe Fits...

Pilfered containers of athletic footwear shipped through the Port arrived at the Massachusetts facility of a well-known company, causing this concern to consider shipping its merchandise through another port. Twenty-one intermodal shipments of footwear sustained losses valued in excess of \$1,000,000 in landing costs.

Investigation by Commission detectives determined that containers of footwear arrived intact from overseas and that the containers remained secure while in storage at New Jersey waterfront terminals. Owner-operator truck drivers picked up the intact containers from the local piers for delivery to Massachusetts. Further investigation ascertained that the containers were in possession of the drivers far in excess of the time it usually takes to drive between New Jersey and Massachusetts and that the locking bar mechanisms on the container doors had been overridden. Assisted by Port Authority police, Commission detectives arrested five of these drivers on burglary and theft charges of footwear valued at more than \$466,000. Criminal cases against the drivers remain pending. The company continues to ship its footwear through the Port.

Stolen Shirts

Commission detectives were notified that 419 cartons of ladies shirts valued at \$43,000 were missing from a container delivered from a New Jersey waterfront terminal to a Secaucus, New Jersey warehouse. Investigation revealed that the container was picked up at the pier by a truck driver at 11:00 a.m. on a particular day and delivered to the warehouse, some 16 miles away, at approximately 3:20 p.m. on the same day. The container's locking bar handle was also compromised. The truck driver was arrested by Commission detectives and was subsequently indicted upon charges of theft and burglary.

Vanished VCR's

Information was received by Commission detectives that a tractor-trailer laden with a container belonging to a well-known ocean carrier was observed at the rear of a Hoboken auto shop. The driver was observed opening the container's doors and workers from the building were seen unloading cartons containing VCR's. Further investigation revealed that the container had been picked up by a truck driver from a New Jersey waterfront terminal on the previous day and delivered to a Jersey City rail terminal. At the rail yard, Commission detectives found the container with a broken seal and fragments of the seal scattered about the ground in an apparent attempt to show that the container had been burglarized in the yard. Upon opening the container, detectives found that approximately 500 VCR's were missing.

A search warrant was obtained for the Hoboken auto shop. Upon its execution, 605 VCR's valued at approximately \$60,000 were recovered together with two motorcycles and 89 altered cartons of engine pistons. It was later ascertained that one of the motorcycles was stolen.

The truck driver was arrested and charged with theft, conspiracy to commit the crime of receiving stolen property and burglary. The auto parts store owner was also arrested and charged with two counts of receiving stolen property and conspiracy. The truck driver was sentenced to 18 months probation and the parts store owner entered a diversionary program.

Copper Caper

Using copies of forged pier documents and an altered identification card stolen from a legitimate concern, two truck drivers stole 24 bundles of copper ingots valued at approximately \$85,000 from a Staten Island marine terminal. Commission detectives, with the assistance of investigators from the Staten Island District Attorney's Office, tracked the stolen copper to a scrap dealer in Brooklyn and then to another wholesaler in New Jersey. As a result of the investigation, three persons were arrested, two tractor trailers were seized as evidence and the entire shipment was recovered intact less than 72 hours after it was reported missing. The individuals pleaded guilty to grand larceny in the third degree.

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 776 applications and reapplications for licensing or registration. Included were 456 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; 259 for pier guard licenses; 44 and 11, respectively, for licensing as pier superintendents and hiring agents, 4 for stevedore's licenses and 2 for telecommunications system controller registrations. Since the inception of the agency in 1953, more than 156,750 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 57 application-revocation proceedings during fiscal 1999. Included in this tally were 16 denied applications for inclusion in the Register. Three of these applications were for longshore registration, one was for checker registration and twelve were for maintenance/warehouse registration. One application for a pier superintendent's license was denied and one was granted. One application for a stevedore's license was denied.

Ten registrations were revoked, seven unconditionally and three with leave to reapply after a set period of time. A stevedore's temporary permit was also revoked, but the company chose to pay a fine in lieu of revocation. The registrations of five longshorepersons, one checker and six maintenance/warehouse workers were suspended for varying periods of time, as were the licenses of one hiring agent, seven pier guards and two pier superintendents. Eighteen of the suspensions arose from summary proceedings during which the respondents chose to forego formal hearings and admitted the charges. Two longshore registrations, one checker registration, one hiring agent's license and one pier superintendent's license were suspended pending hearings.

There were 22 petitions considered by the Commission, which denied 16 and granted six. The Commission also rendered determinations in 30 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 6,100 persons.

PERSONNEL

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

Arthur Davoren served the Commission for almost 10 years as a Senior Accountant in the Division of Audit and Control and was subsequently appointed as Acting Comptroller and then Comptroller in 1994. He was a Certified Public Accountant and had an extensive and diversified work history in his field before serving with the Commission.

Lorraine McCurry served the Commission for 18 years as a Clerk Typist, a Transcribing Typist and Principal Clerk in the Division of Administration before her retirement in 1991.

Carmine A. Paladino faithfully and honorably served the Commission for 37 years prior to his tragic death at his desk. Commencing his employment in the Division of Police as an Investigator, he rose through the ranks to become a Special Agent, a Squad Leader and Area Commander, a Captain and then Assistant Chief, a position he held at the time of his demise. He served in the United States Navy from 1950 to 1954.

A number of longtime and dedicated Commission employees retired during the year. The Commissioners, the Executive Director, and all staff members wish these former employees congratulations and a happy retirement.

Alejandro U. Calma served the agency for 30 years as a Senior Clerk and later a Research Analyst in the Police Division.

Charles F. Dugan faithfully served the Commission for 36 years prior to his retirement. Commencing his employment in the Police Division as a Field Records Examiner, he rose through the ranks as an Investigator, a Special Agent, a Detective, Lieutenant and Captain.

CONCLUSION

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

Respectfully submitted,

JAMES H. WALLWORK
Commissioner for New Jersey

MICHAEL C. AXELROD
Commissioner for New York



WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year Ended June 30, 1999

(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, 1999. 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 receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1999 on the basis of accounting described in note 1(b).

KPMG LLP

September 15, 1999



KPMG LLP KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year ended June 30, 1999

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	\$ 31,508	
Investment in cash management account	1,509,224	
	<u>1,540,732</u>	
Less taxes and other withholdings from employees	<u>4,300</u>	1,536,432
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	5,691,610	
Penalties, fines and miscellaneous income	44,598	
Interest	89,033	
	<u>5,825,241</u>	<u>7,361,673</u>
Disbursements:		
Salaries	3,984,303	
Retirement, group insurance and Social Security taxes	959,629	
Rentals	527,451	
General insurance	122,112	
Light, heat and power	108,705	
Repairs and maintenance	31,291	
Furniture and equipment	171,384	
Computer system development	119,757	
Carfare, auto and travel	63,312	
Communications	53,904	
Special services and supplies	45,438	
General office	32,222	
Printing	7,790	
Alteration and renovation	17,750	
	<u>6,245,048</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	97,176	
Investment in cash management account	1,028,054	
	<u>1,125,230</u>	
Less taxes and other withholdings from employees	<u>8,605</u>	
		\$ <u><u>1,116,625</u></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, 1999

(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, 1999, the market value of investments held in this account was approximately \$639,000.

(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, 1999 are as follows:

Year ending June 30:		
2000	\$	483,000
2001		<u>483,000</u>
Total minimum lease payments	\$	<u><u>966,000</u></u>

COMMISSION DETERMINATIONS

Year Ended June 30, 1999

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked		Suspended	Reprimanded	Suspended		Totals
			L/R				P/H		
Longshorepersons	3	0	4	1	5	0	2	15	
Checkers	1	0	2	0	1	0	1	5	
Hiring Agents	0	0	0	0	1	0	1	2	
Pier Guards	0	0	0	0	7	0	0	7	
Pier Superintendents	1	1	0	0	2	0	1	5	
Stevedores	1	0	0	1*	0	0	0	2	
Maintenance/Warehouse	12	0	1	2	6	0	0	21	
Telecommunications System Controllers	0	0	0	0	0	0	0	0	
Totals	18	1	7	4	22**	0	5	57	

* Stevedore granted option to pay a fine in lieu of revocation with leave to reapply

** Includes 18 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	0	0	0
Petitions for Leave to Reapply	0	2	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	9	2	11
Petitions to Vacate Temporary Suspension	4	1	5
Petitions for Retention or Reinstatement	3	0	3
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	0	0
Petitions to Amend Determination	0	0	0
Totals	16	6	22

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	16
Recommendations to Continue Temporary Permits/Registrations	3
Recommendations to Issue Notice of Hearing	3
Recommendations to Amend Notice of Hearing	4
Recommendations to Rescind Notice of Hearing	1
Recommendations to Issue Temporary Permit	3
Totals	30

DECASUALIZATION OF LONGSHOREPERSONS AND CHECKERS

	Number Decasualized	Remaining Registrants
1 st decasualization	7,141	31,574a
30 th decasualization	1,022	20,627b
40 th decasualization	271	14,143b
50 th decasualization	124	10,956b,c
60 th decasualization	88	8,026b
70 th decasualization	126	5,846b
75 th decasualization	33	3,941b
80 th decasualization	79	3,518b
83 rd decasualization	60	3,344b,c
84 th decasualization	67	3,266b,c
85 th decasualization	36	2,848b,c
86 th decasualization	30	2,767b,c
87 th decasualization	37	2,762b,c
88 th decasualization	42	2,722b,c
89 th decasualization	44	2,585b,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, 1998 and 1999

Piers and Areas	HIRINGS		Increase or Decrease	% Change	% Share in Port Employment	
	1998-1999	1997-1998			1998-1999	1997-1998
Manhattan	17,732	18,939	-1,207	-6.37%	2.88%	2.95%
Brooklyn & Staten Island	131,077	134,192	-3,115	-2.32%	21.31%	20.90%
Port Newark & Elizabeth	417,523	427,455	-9,932	-2.32%	67.89%	66.58%
Jersey City & Bayonne	48,658	61,440	-12,782	-20.80%	7.91%	9.57%
TOTAL-NEW JERSEY	466,181	488,895	-22,714	-4.65%	75.80%	76.15%
TOTAL-NEW YORK	148,809	153,131	-4,322	-2.82%	24.20%	23.85%
PORT WIDE TOTALS	614,990	642,026	-27,036	-4.21%	100.00%	100.00%

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	1954(*)	1996	1997	1998
Over \$100,000	(*)	396	555	600
\$75,000 to \$100,000	(*)	460	467	450
\$50,000 to \$75,000	(*)	799	779	792
\$25,000 to \$50,000	(*)	854	656	563
\$20,000 to \$25,000	(*)	103	124	92
\$15,000 to \$20,000	(*)	87	99	102
\$10,000 to \$15,000	(*)	100	176	72
\$5,000 to \$10,000	3,797	131	192	93
Under \$5,000	37,536	512	297	156
TOTAL REPORTED	41,333	3,442	3,345	2,920
Total Earnings	\$102,061,108	\$177,678,293	\$192,745,537	\$189,724,820
Total Hours Worked	37,813,991	6,739,655	6,674,877	6,578,955
% Hours Overtime	24.3%	42.0%	42.0%	42.6%
AVERAGE ANNUAL WAGES **	\$2,469	\$51,621	\$57,625	\$64,974

* 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 30th

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Longshore- persons	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	3,868 a&b
Checkers	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	766 b
Hiring Agents	279	242	242	229	233	185	179	173	182	174	170	184	187	186	190	186
Pier Super- intendents	304	298	317	304	302	268	279	278	303	309	329	359	353	394	400	406
Pier - Guards	525	491	455	404	387	343	356	391	392	394	406	429	412	403	412	419
Stevedore Companies	101	87	83	80	73	71	69	68	71	68	72	75	74	75	75	72
Telecommunica- tions System Controller								14 c	14 c	14 c	12 c	12 c	12 c	9 c	10 c	9 c
Totals	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	5,726

(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
David B. Greenfield,	Secretary and Director of Litigation and Legal Review
Thomas DeMaria,	Administrative Director and Counsel
Philip C. Spinelli,	Chief of Police
Howard M. Zuckerman,	Director, Division of Licensing and Employment Information Centers*
Frank J. Nastasi,	Director, Division of Audit and Control
Marlene Pavlow,	Director, M.I.S. and Administration
Marilyn A. Provino,	Comptroller

*Until January 13, 2000, Replaced by Jon S. Deutsch

Principal Office

39 Broadway, 4th Fl., New York, New York 10006
 Telephone (212) 742-9280
 Fax (212) 480-0587

Licensing & Employment Information Centers

Main

39 Broadway, 4th Fl., New York, New York 10006
 Telephone (212) 742-9280
 Fax (212) 905-9249

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
 Fax (212) 912-1033

Police Field Offices

New York

100 Columbia Street, Brooklyn, New York 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

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