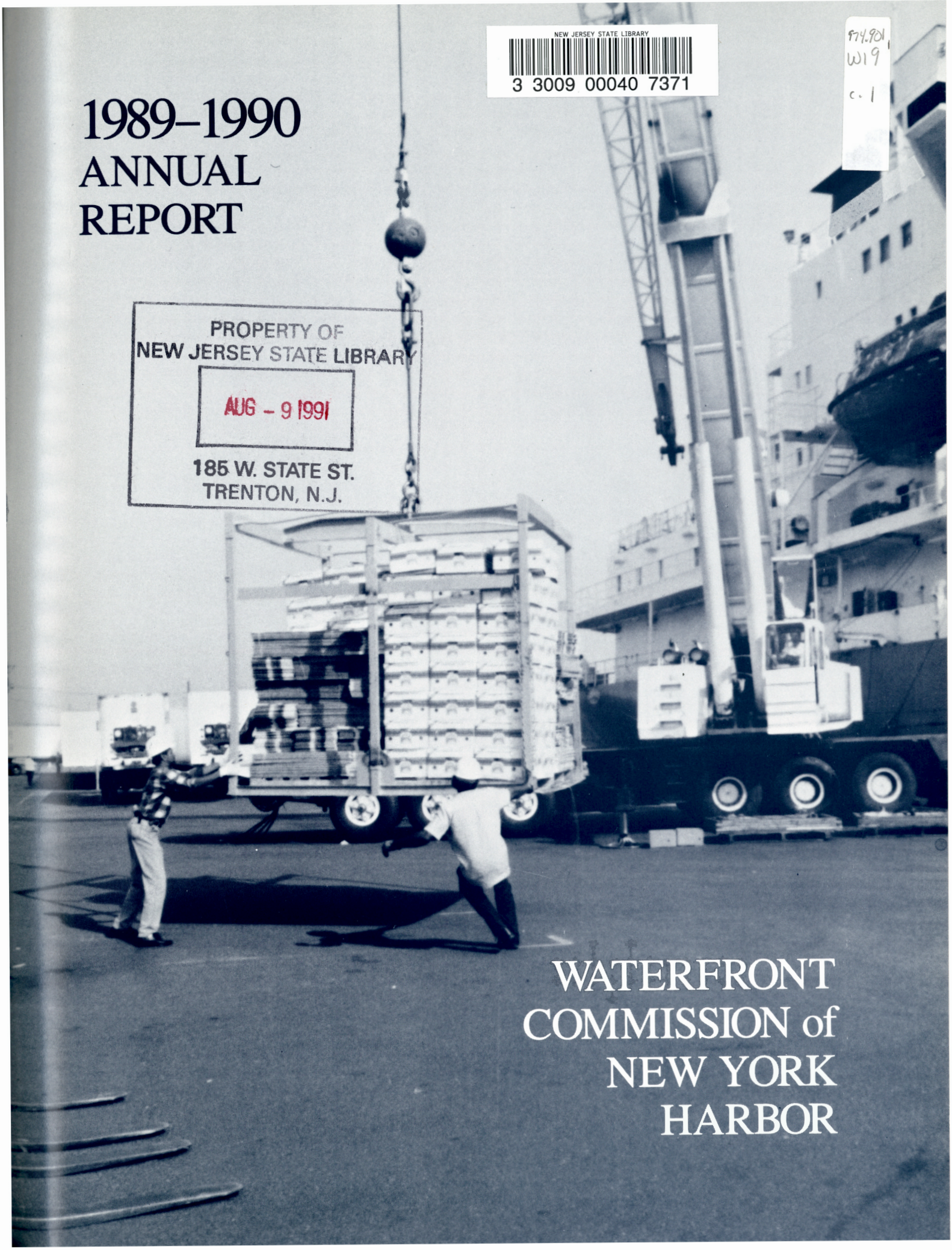
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WATERFRONT COMMISSION of NEW YORK HARBOR

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To the Honorable James J. Florio, Governor, and the Legislature of the State of New Jersey



To the Honorable Mario M. Cuomo, 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 1989-1990. Contained herein are representative activities of the Commission, together with pertinent observations concerning its administration and enforcement of the Waterfront Commission Compact between the States of New York and New Jersey. The Commission has continued to perform its designated responsibilities under the Compact, with particular concern for the improvement of the overall economy and well-being of the bi-state Port.

ANNUAL REPORT
1989–1990

THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

THE WATERFRONT COMMISSION

Established by a Compact enacted in 1953 between the States of New York and New Jersey, the Waterfront Commission is a unique port agency, with investigative, police, licensing and regulatory authority. Its statutory jurisdiction extends generally over the piers and terminals in the 1,500-square mile Port of New York District, encompassing existing waterfront facilities in Brooklyn, Manhattan, Staten Island, Yonkers, Port Newark, Elizabeth, Bayonne and Jersey City.

The Waterfront Commission Compact was the heart of an omnibus legislative program to exorcise crime, corruption and other lawlessness on the docks which were exposed in a two-year investigation in the early 1950's by the New York State Crime Commission, with the aid and cooperation of New Jersey law enforcement agencies. It was enacted by both states on June 30, 1953, and, after receiving Congressional approval, was signed into law by then-President Dwight D. Eisenhower on August 12, 1953.

The bi-state legislation grants the agency the authority to:

- register longshoremen and checkers; and license stevedore companies, hiring agents, pier superintendents, and pier guards;
- investigate criminal activity in the harbor and collect and compile information concerning waterfront practices generally;
- operate employment information centers to oversee the hiring of registered longshoremen and licensed port watchmen and provide them with data concerning opportunities for employment;
- regulate the longshore work force by balancing the number of eligible dock workers with the demand of stevedores and waterborne carriers for their services;
- remove from the longshore register those pier employees who, without good cause, fail to work or seek employment on a regular basis;
- prohibit persons with serious criminal convictions from holding positions in unions representing registered or licensed dock workers or in welfare funds or trusts administered by such labor organizations;
- make reports and recommendations to the governors and legislatures of both states for the improvement of the conditions of waterfront labor and for the effectuation of the purposes of the Compact;
- appoint police officers; issue subpoenas throughout both states to compel the attendance of witnesses, the giving of testimony and the production of other evidence; administer oaths; confer immunity from criminal prosecution; promulgate rules and regulations; and receive from other governmental agencies such data and assistance as will enable the Commission to properly perform its functions.

* * *

As part of the remedial program, the Compact banned certain practices then prevalent in the harbor, which were found by the legislatures to be evil, harmful to labor and serving no valid economic purpose.

The "shape-up," which for decades had enabled criminals to exercise control over the livelihood of dock workers, required longshoremen daily to seek work at the pier from the hiring boss, without regard to seniority or experience. The foreman would often exact some form of tribute, such as a kickback of part of the longshoreman's wages, as the price for granting a day's work. As a result, waterfront laborers suffered from irregularity of employment, insecurity and inadequate earnings. Abolishing this practice, the legislatures substituted regulation and oversight of the hiring process by the Commission.

Another practice, the so-called "public loading," required truckmen at the piers to employ and pay certain individuals to load their trucks regardless of whether the loaders were actually needed or performed any work. In some cases the loaders, not content to confine their activities to the loading of trucks at piers, moved into waterfront warehouse operations. Declaring that the public loaders operated "as parasites exacting a high and unwarranted toll on the flow of commerce" in the Port, the legislatures outlawed the abuse and enacted a provision permitting such work to be performed by the stevedores, carriers or the truck operators.

* * *

Created as a "body corporate and politic" and an instrumentality of both states, the Commission is composed of two Commissioners, one selected and appointed by the Governor of each State, with the advice and consent of the respective State Senate. The term of office is three years, with the compensation established by the appointing Governor. The Commissioners have the authority to appoint such officers, agents and employees as they deem necessary and to prescribe their powers, duties, qualifications and salaries. The Compact provides that the Commission shall act only by unanimous vote of both members.

Nicholas Scoppetta, a member of the New York and Federal Bars, has represented the State of New York on the Commission since May, 1979. Commissioner Scoppetta entered public service in 1962, when he was appointed an Assistant District Attorney in New York County. He later served as Associate Counsel to the Knapp Commission in its investigation of police corruption in New York City, Special Assistant United States Attorney in the Southern District of New York, Commissioner of Investigation for the City of New York under two mayors, and as Deputy Mayor of New York City for Criminal Justice. He was also Director of the Institute of Judicial Administration and a Professor of Law at the New York University School of Law.

The New Jersey Commissioner, appointed in December, 1983, is Conrad N. Koch of West Orange, New Jersey. A member of the New Jersey and Federal Bars, he was graduated from Seton Hall University and Columbia University Law School. Commissioner Koch has been practicing law since 1959. His public service includes being the attorney for the West Orange Zoning Board and prosecutor for the Township of East Hanover in New Jersey.

Day-by-day administration of the Commission is under the jurisdiction of the agency's Executive Director. Serving in that capacity since his appointment in July, 1976, is Leonard Newman. A member of the New York and Federal Bars, Director Newman was an Assistant District Attorney in New York County for 32 years, the last eight as Chief of the District Attorney's Fraud Bureau. His public service also includes the position of First Deputy Commissioner of New York State's Division of Criminal Justice Services, where he was directly in charge of the Office of Special Services. As such, he supervised the State's Prosecutorial Technical Assistance Unit, the Bureau of Municipal Police and the Juvenile Justice Institute.

* * *

The Commission has established six divisions to discharge its functions: Executive, Law, Licensing and Employment Information Centers, Police, Audit and Control, and Administration. The Executive Division is headed directly by the Executive Director, who also has general management over the other divisions. Each of the other divisions is under the immediate charge of a director, except for the Division of Police, which is supervised by the agency's Chief of Police.

The Executive Division is responsible for administering the policies established by the Commissioners. Under the supervision of the Comptroller, it prepares the agency's budget, which is submitted to each Governor for review and approval. Pursuant to the provisions of the Compact, the agency's budgeted expenses are assessed upon the employers of persons licensed and registered by the Commission, up to a maximum of 2% of the gross payroll payments the employers make to longshoremen, checkers, port watchmen, pier superintendents and hiring agents. The assessment is in lieu of any charge for the issuance of licenses or registrations or the use of Employment Information Centers.

The Executive Division also prepares and reviews legislation, regulations, leases and contracts, and handles the agency's public relations. Under the direction of the General Counsel, it also conducts all Commission litigation and legal research.

The Division of Law, in conjunction with the Commission's police and accountants, investigates violations of laws pertaining to the Port's activities. Administrative trials are conducted by assistant counsel assigned to this Division to determine whether the registrations and licenses issued by the Commission to persons and firms should be revoked, cancelled or suspended for violations of the Waterfront Commission Act or other misconduct.

The Division of Licensing and Employment Information Centers is charged with overseeing the hiring and assignment of waterfront workers by stevedores and shipping lines . Its clerical personnel also process all applications for licenses and registration. Attorneys in the Division conduct administrative hearings to determine whether such applications should be granted or denied. In addition, the Division is responsible for the various programs established by the Compact to remove those longshoremen, checkers and port watchmen who, without good cause, fail to work or seek work on the docks with regularity.

The Commission's Division of Police is composed of detectives, detective-investigators and waterfront intelligence analysts. The Division probes criminal activity in the Port, performs background checks of persons and companies seeking registration or licensure, interprets waterfront organized crime data, scrutinizes the physical facilities of stevedores to ensure proper cargo protection, and maintains the licensing, registration and police files of the agency. All Commission detectives and detective-investigators are vested with full police powers in both Compact states.

Composed of accountants with governmental and private auditing experience, the Commission's Division of Audit and Control examines the books and records of individuals and businesses under investigation by the agency, checks the financial records of firms applying for stevedore licenses, audits licensed stevedores to insure compliance with the record keeping standards of the Compact and agency regulations, and verifies the accuracy of assessments paid to the Commission by waterfront employers.

Providing the other divisions with stenographic, court reporting, clerical, library and messenger services is the agency's Division of Administration. This Division also maintains personnel and other administrative files of the Commission.

* * *

During its fiscal year ending June 30, 1990, the Commission operated with a staff of 122 employees. As approved by both Governors, its budget was $6,680,663. In the performance of its mandated functions, the agency spent $6,268,121, or $412,542 under its budget.

THE PORT

The Port of New York-New Jersey is one of the most essential links connecting our nation with world commerce. Discovered by the famous explorer Giovanni De Verrazzano in 1524, the harbor actually did not become active until it was taken over by the British from the Dutch in 1664. The early settlers recognized the advantages of this large, sheltered waterfront and by the mid-1800's sailing ships ran on regular schedules between the Port and harbors throughout the world. At the beginning of this century, it became the most important and busiest harbor in the United States.

Geographically, the port district encompasses 1,500 square miles and 234 municipalities. It has a consumer market of over 15 million persons, which expands to 72 million by overnight rail and truck delivery. During 1989, there were over 5,300 ship arrivals in the Port, or some 37% of the total ship arrivals in the combined Ports of New York-New Jersey, Philadelphia, Hampton Roads, Baltimore and Boston. In that same year, the Port handled the equivalent of 1,197,833 20-foot cargo containers, or 23% of those handled in the nation's five largest container ports, Los Angeles, Long Beach, New York-New Jersey, Seattle and Oakland.

In 1989, the Port handled 55.4 million long tons of oceanborne cargo, both general and bulk, a decrease of 3.1% from the previous year. However, total general cargo increased 9.8% from 12,081,490 long tons in 1988 to 13,261,608 in 1989. Each long ton is 2,240 pounds.

In dollar value, total oceanborne cargo increased 2%, from $49.2 billion in 1988 to $50.2 billion in 1989. The worth of general cargo exported through the Port increased almost 24% in 1989 from the prior year.

In terms of value, the harbor's primary general cargo exports were general machinery, photo supplies, plastic materials, road motor vehicles and office machinery. Also in dollar value, the principal general cargo imports were road motor vehicles, clothing, general machinery, footwear and alcoholic beverages.

In 1989, the Port's principal markets for oceanborne exports, in terms of value, were the United Kingdom, Japan, West Germany, France and Taiwan. Its leading partners for imports were Japan, West Germany, the United Kingdom, Italy and France.

During the waterfront industry's collective bargaining contract year of October 1, 1988 through September 30, 1989, 5,355 "deep-sea" longshoremen and checkers registered by the Commission (exclusive of those dock workers registered to perform services incidental to the actual movement of waterborne freight) received a total of $263,100,612 in regular and overtime wages, vacation and holiday monies, and guaranteed annual income payments.

This represented average annual earnings for the 5,355 pier workers of $49,151. In the previous contract year ending September 30, 1988, 5,868 such "deep-sea" dock workers received $263,310,392, for an average annual income of $44,872.

"Deep-sea" longshoremen are those pier employees engaged in physically moving waterborne cargo; "deep-sea" checkers are specialized longshoremen employed in the checking or custodial accounting of such freight.

As of the close of the Commission's fiscal year, June 30, 1990, the Port's licensed work force consisted of 3,282 "deep-sea" longshoremen, 1,175 cargo checkers, 2,089 persons registered to perform services incidental to the movement of freight (such as the warehousing of cargo, the repairing of containers and the weighing of merchandise), 356 pier guards, 279 pier superintendents, and 179 hiring agents. In addition, 69 firms were licensed by the agency to act as stevedores in the movement of waterborne freight for carriers or to engage in services incidental to such movement.

THIS YEAR

Last year the Commission reported on a three-year investigation conducted by Commission detectives, special agents of the Federal Bureau of Investigation and attorneys from the United States Attorney's Office for the Southern District of New York into the alleged domination by organized crime families over various locals and union officials of the International Longshoremen's Association (the ILA). As a result of the probe, the Justice Department brought a civil action against six local ILA unions, their Executive Boards, and 32 present or former officials of these unions, under the provisions of the federal Racketeer Influenced and Corrupt Organizations Act, or "RICO."

Recently, the federal government settled its RICO suit with four of the six ILA locals, two of which represent waterfront workers in the Port.

The settlement with one of the locals, representing waterfront maintenance workers on the docks in New Jersey and Manhattan, provides for a court-appointed monitor to oversee the union's affairs for a three-year period and to supervise the local's elections through 1997.

The local's officers and Executive Board also agreed to a permanent injunction against them from committing any racketeering acts, as defined in the RICO statute, and from knowingly associating with any member or associate of any organized crime family or any other criminal group or persons prohibited from participating in union affairs.

With the local's consent, the court conferred extensive powers on the monitor to probe misconduct, initiate disciplinary charges against officers, agents and employees of the union, and to review all expenditures and contracts.

In addition, the court-approved decree provided that three of the union's officers must pay a total of $100,000 out of their personal assets to the union treasury in settlement of claims made against them in the RICO suit, and that one of the officers resign his position as organizer for the Atlantic Coast District of the ILA.

The settlement with the other three locals, only one of which represents registered dock laborers, mandated that two of the officers of all three locals can no longer hold any elected or appointed office or position with the locals or with any other local or subdivision of the ILA. It was further provided that the United States Department of Labor would supervise the regularly scheduled elections of the locals in 1991 and 1994 and any special elections occurring prior to 1994. The President of the International Longshoremen's Association, who had certain management duties over one of the locals, which represents office employees of ILA fringe benefit funds, agreed to relinquish such functions or remove himself as president of that local, a position he also held.

Moreover, the settlement called for a court-appointed monitor to oversee employment practices of one of the locals, which represents non-waterfront workers.

In announcing the disposition of the RICO suit with these three locals, the United States Attorney for the Southern District of New York stated that the settlement did not affect the Waterfront Commission's continuing jurisdiction to investigate unlawful conduct in the waterfront local within the agency's jurisdiction.

* * *

The officers of one of the ILA locals which did not settle were alleged by the federal government in the RICO suit to have failed to take action to rid the local of corruption previously investigated by the Waterfront Commission. The local and its Executive Board thereupon initiated a third-party suit against the Commission seeking indemnification for any sums which might be incurred by the union in the RICO case. The local maintained that its failure to take corrective action "was occasioned solely by the neglect, failure and/or refusal of [the Waterfront Commission] to disclose the results of its investigations" to the local. The labor union asserted in its action that, "of the five Racketeering Acts alleged as predicate acts [against the local in the RICO suit], three are wholly derivative of investigations conducted by the [Waterfront] Commission since 1978, the results of which were never disclosed to [the local] and its Executive Board."

The Commission moved before the United States District Court to dismiss the third-party complaint against it. The agency argued that a number of prior federal cases had clearly held that there is no right of indemnification in a civil RICO action and that, as a law enforcement agency, the Commission had no duty to reveal the results of its investigations.

The Commission further demonstrated to the Court that, in any event, the local, its Executive Board and their counsel were well aware of the nature and scope of the investigations. Indeed, some of the probes involved litigation in which they participated.

The federal court granted the Commission's motion and dismissed the suit, stating in part:

> "It is the theory of the third-party complaint that the Waterfront Commission should have fully apprised [the local] of all of its relevant investigations and that its



failure to do so would be the 'sole cause' of any failure of the Local to take appropriate action.

"The complaint is totally flawed in several respects. First, there is no right to indemnification or contribution in a civil RICO action.***

"Second, it is the heart of the [United States] Government's claims against [the local] that its officers failed to act despite facts and circumstances of which they had actual knowledge or which they should reasonably have known. Thus, the Government cannot prevail in its main action unless it sustains its burden of proving actual or constructive notice of the alleged predicate acts. Clearly, the Government cannot sustain this burden by showing that the Commission had knowledge of facts relevant to [the local] which it did not disclose to the officers of the Local which those officers did not otherwise know or should have known.

"The Local's assertion that three of the five relevant predicate acts were the subject of Waterfront Commission investigations in and of itself is inconsistent with the complaint's allegations that the Commission's failure to disclose would be the 'sole' cause of any finding of an improper failure to act.

"We need not unduly lengthen this Opinion by a recital of the sound reasons proffered by the [Waterfront] Commission for acting as it did. It suffices to say that it is clear from the record, including the complaint in the principal action, and the affidavits submitted in connection with this motion, that the third-party complaint fails to allege a viable claim against the Commission, and it is dismissed."

* * *

Stevedore Investigation

The Compact, as enacted by the two states, declares that the occupations of longshoremen and port watchmen, among others on the waterfront, are affected with a public interest requiring their regulation. Accordingly, no person may act as a longshoreman in the Port without first being registered by the Commission. Similarly, no person may be employed as a port watchman in the harbor who is not licensed as such by the agency.

Any person seeking inclusion in the Longshoremen's Register or a license as a port watchman is required to file an application with the Commission and furnish such facts and evidence as the agency requires to establish the person's identity, background and criminal record, if any. Each applicant is fingerprinted, screened and investigated by personnel of the Commission's licensing and police divisions prior to registration or licensing. Agents of the Commission periodically conduct pier checks to verify that waterfront employers are engaging only licensed and registered persons.

* * *

In 1969, the Legislatures of both states, upon the Commission's request, amended the Compact definition of "longshoreman" to require the registration not only of those dock workers who physically move waterborne freight, but also those who perform labor or services incidental to such activity. It was of prime concern to the agency that persons working side by side with registered longshoremen and performing ancillary work did not require regulation. In a number of instances, pier workers who had been denied registration, or who had their registrations revoked for serious criminal conduct, were able to obtain employment on the docks in categories not requiring licensure. In addition, with the advent of containerization, new business enterprises and new labor requirements had come into existence on the waterfront which were not contemplated when the Compact licensing requirements were first enacted.

* * *

Several years ago, Commission detectives and investigators from the United States Immigration and Naturalization Service conducted a survey of a waterfront company performing preparation services on new automobiles being imported into the Port. Over 40 persons working on the docks for the firm were identified as not possessing required registrations, and 14 were detained by the Immigration Service as illegal aliens.

The Commission thereupon had its accountants conduct a special audit of the firm and its parent corporation, a licensed stevedore, to ascertain the extent of the utilization of unregistered and unlicensed personnel by the companies.

As a result of the investigation, the Commission charged the licensed stevedore with violations of the Compact. In a notice of a hearing to determine whether the firm's application for renewal of its license should be granted or denied, it was alleged that during a nine-month period the stevedore had employed 29 persons, for a total of almost 14,000 hours, to work as waterfront warehousemen or pier

guards without the required registrations or licenses. It was also charged that, during the same period, the stevedore's subsidiary had engaged 126 workers, for over 28,000 work hours, to perform services requiring registration or licenses without meeting the Compact's requirements.

The stevedore petitioned the Commission to waive a formal hearing upon admission of the charges, which the Commission granted. After consideration of the case, the Commission issued an order suspending the firm's temporary stevedore license for a four-month period, with the company granted an option to pay a fine of $50,000 in lieu of the suspension. The stevedore elected to pay the penalty.

* * *

Interstate Theft

A cooperative investigation conducted by detectives of the Commission and special agents of the Federal Bureau of Investigation this year resulted in the recovery of over $231,000 worth of stolen copy machine parts and the arrest and indictment of the owner of a truck repair firm for theft from an interstate shipment.

The probe emanated from the theft in Port Elizabeth of a 40-foot waterfront container loaded with 375 cartons of copy machine replacement parts imported from Japan. The perpetrators had cut a locked chain securing the gate to the shipping facility and removed the container, as well as the tractor to which it was affixed.

Information developed in the case by a Commission police officer led agency detectives and personnel of the FBI to an industrial complex in Brooklyn, New York. There, the law enforcement officials observed the stolen container and set up a stakeout. During the course of the surveillance, the officers observed the tractor and container being moved to a different location, whereupon they stopped the tractor and conducted a search of the container. The quarter of a million dollar-cargo was found intact. Under questioning, the driver revealed that his employer had instructed him to transport the container to a truck maintenance shop in Bush Terminal, Brooklyn.

A commission detective then accompanied the driver to the maintenance facility, where he interrogated an employee at the repair shop. The employee admitted that his boss, the owner of the facility, knew about the container and had previously attempted to alter the identification number on the chassis to which the container was attached.

The owner of the truck repair firm was taken into custody. He has been charged in federal court with theft from an interstate shipment of goods and illegal possession of stolen merchandise. The criminal case is pending in the United States District Court for the Eastern District of New York.

* * *

In its last Report, the Commission detailed a joint investigation conducted with the United States Attorney's Office for the Eastern District of New York into the management of certain waterfront employee benefit funds. The probe, with the aid of the federal Department of Labor, established criminal activity on the part of several officers of the Port's largest dock union and certain management personnel in connection with the investment of several million dollars from waterfront pension and welfare funds. These persons, all of whom had served as trustees of the funds, had received personal and business loans from several banks and other institutions in return for directing large deposits of the funds to the financial establishments.

As a result of the inquiry, the union officers and industry officials pleaded guilty to federal charges of receiving illegal benefits related to the investments.

As part of the plea arrangement, one of the defendants, a former president of a trade association representing employers performing waterfront maintenance work who also held interests in member companies of the trade group, agreed to settle a related federal civil action charging that the companies he was affiliated with were delinquent in making contributions to the benefit funds.

This year, a federal court order was issued in which the former trade association president agreed to post $1 million in real estate as collateral until his repayment to the benefit plans of his companies' delinquent contributions, together with interest. In addition, he was permanently enjoined from serving as a fiduciary or providing advice to any of said funds.

* * *

A plot by a New Jersey longshoreman to assault his supervisor in retaliation for having been reprimanded by the foreman was thwarted this year by an undercover Commission detective.

In order to investigate suspected criminal activity at a waterfront facility preparing imported automobiles for shipment to car dealerships, the Commission had one of its detectives obtain employment at the terminal. The agent worked as a car washer and detailman and, after a period of time, became accepted by the other pier laborers as "one of the boys".

While at work one day, one of the agent's co-workers, outraged that his supervisor had reprimanded him for eating in the work area, approached the detective and other employees with a plot to physically disable the foreman and thus remove him from the job. He proposed that a number of the car washers each contribute money towards the scheme, stating that for a payment of $500 he could obtain the services of an ex-convict to break the supervisor's legs and kneecaps.

At this point, the Commission enlisted the cooperation of the New Jersey State Police. The next morning the Commission detective was equipped with an electronic recording device before reporting to the terminal. During the day, the co-worker reiterated his plan and accepted $100 from the undercover agent to help defray the costs. Unknown to the co-worker, the conversation was recorded. Shortly thereafter, the co-worker was arrested by Commission and New Jersey State Police officers for conspiracy, while still in possession of the money paid to him—five marked $20 bills.

An administrative hearing was then initiated to determine whether the co-worker's temporary registration as a longshoreman to perform ancillary waterfront work should be continued. At the conclusion of the proceeding, the Commission revoked the co-worker's registration, concluding that his presence at the piers constituted a danger to the public peace and safety. The criminal case is pending.

* * *

Wheels of Justice

Another waterfront theft came to light during the course of a stevedore company's program to revitalize its supply of aluminum trailer wheels. The firm became aware that some of these wheels, valued at over $700 each, were missing and so advised the Commission.

An investigation by agency detectives revealed that one of the missing wheels was secreted under a work bench in a mobile maintenance truck stationed at the pier. Extensive questioning of various longshoremen assigned to perform repair work at the vehicle disclosed that one maintenance man had stolen the wheel. Other parts of wheels and hubs were later found in the maintenance man's personal automobile.

At an administrative trial to determine what sanctions should be imposed, the pier employee testified that he was going to keep the aluminum wheel for his own use and sell the other material to a scrap dealer.

Taking into consideration the worker's prior unblemished record and his family responsibilities, the Commission revoked his registration for a period of 45 days.

* * *

The Container Caper

The stevedores' supervisors on the piers, known as pier superintendents and hiring agents, are required under the Compact to be licensed by the Commission. One of the requisites for such licensure is that these management representatives possess and maintain a standard of good character and integrity.

This year, a stevedore, complying with an agency regulation requiring notification of all waterfront thefts, advised the Commission that several empty cargo containers had been removed from its terminal without authorization, and with the possible involvement of one of its pier superintendents.

The Commission initiated an investigation. The probe revealed that a licensed superintendent, who acted as the assistant terminal manager of the facility, had, without his employer's knowledge or permission, permitted the removal from the pier of four empty containers during a six-week period. The superintendent apparently issued visitors' passes to a particular trucking firm to allow the company to gain entry to the terminal and remove the containers, rather than issuing truck gate passes which would have required certain paperwork to be checked by security personnel before the containers would have been permitted to depart.

The investigation also divulged that the scheme had been originated by another pier superintendent at the facility, who paid the assistant terminal manager over $2,000 as his share of the proceeds from the sale of the containers.

After the conspiracy was exposed, the details of the probe were referred to prosecutors. Both pier superintendents surrendered their licenses to the Commission and were barred by the agency from working in any management positions. The assistant terminal manager, in view of his cooperation

The Journal of Commerce and Commercial
MONDAY, MARCH 25, 1991

Waterfront Labor Trial Begins Today In New York

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — The U.S. government is seeking to remove the leadership of the International Longshoremen's Association and take over six New York-area locals in a civil trial that began today.

The trial start ... delayed several times ... comes after 13 months of preparation in which dozens of witnesses were interviewed during depositions and the union's files were seized.



BOWERS: Welcomes the start of the trial and a chance to clear his name.

In the suit filed under the civil Racketeer Influenced, Corrupt Organizations Act, or RICO, the government has accused the union of being a tool of organized crime and its president, John Bowers, of having plotted to murder a union rival.

Mr. Bowers said he welcomes the start of the trial and a chance to clear his name.

The long preparation for the trial has weighed heavily on the union. Its leaders were forced to spend many hours with their lawyers at the same time they were negotiating a difficult labor contract late last year. The union leaders also were forced to take on the financial burden of their individual defenses by Judge Leonard B. Sand.

But the union has managed to function close to normally despite the pressure it has been under. In the week before the trial, for example, Mr. Bowers traveled to Europe for a meeting of the London-based International Transport Workers' Federation.

The trial will feature testimony from Mickey Featherstone, a former drug addict and confessed murderer, who is now in the federal witness protection program. Mr. Featherstone was a member of the infamous

SEE DOCK, PAGE 8B

Dock Labor Trial Starts Today in NY

CONTINUED FROM PAGE 3B

Westies gang that is said to have done the bidding of John Gotti, the alleged head of the Gambino crime family who is also a defendant in the union case.

Besides Mr. Bowers, 25 current ILA officers, six former ILA officials and 12 other individuals are accused by the government of involvement with the Gambino and Genovese Mafia families and of violating the RICO law.

The government has estimated that the trial will take three months. Some defense lawyers said it would not go that long because Judge Sand will bar some prospective government witnesses, such as experts in organized crime. But other defense lawyers said the trial could easily run longer than three months.

Trial Shows Waterfront Corruption Has Claimed Wide Range of Victims

REPORTER'S NOTEBOOK

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — Marie Friedman's parents might be the biggest victims.

In 1985, the secretary for now-defunct Red Hook Motor Lines convinced her parents to invest $22,000 in her boss' cash-strapped trucking company on the Brooklyn waterfront.

But at about the same time her boss, Edward J. Swanson, also was getting money from a source with much greater hunger for high returns on investments and a much greater ability to collect those returns, a loan shark.

At a civil racketeering trial in a federal district courtroom in Manhattan, where the U.S. government is seeking to overthrow the leaders of the longshoremen's union local in Brooklyn, Mr. Swanson testified that he was terrorized by Anthony DeMeiri, a mechanic at the Red Hook Container Terminal who lent him $14,000 at a weekly interest rate of 4%.

Mr. DeMeiri "told me I was going to get my legs broke," testified the father of three, who looked much younger on the witness stand than his 39 years, in his blue jeans and Operation Desert Storm T-shirt and baseball-style jacket with a Cocacola logo on the cuff.

At one meeting in a Long Island bar, Mr. Swanson testified, Mr. DeMeiri's brother knows where my wife and I live, he knows where my kids go to school," he threatened to burn my house (and) burn my cars."

Over a little more than a year, Mr. Swanson said, he paid more than $35,000 in interest to DeMeiri and still fell hopelessly behind. The man's parents received only $7,000 from the $22,000 they put into his company which moved containers around the port area, said Mr. Swanson.

"I feel bad that it was her mother and father's money," he testified.

• • • •

THE FRIEDMANS and Mr. Swanson are not the only victims who have surfaced in the testimony in the trial of the 3,500-member International Longshoremen's Association's Local 1814 and its leaders under the Racketeer Influenced and Corrupt Organizations Act.

YOU NEVER KNOW whom you'll run into in a hotel lobby.

FBI Special Agent George Walker said he observed defendants Frank "Red" Scollo, a union administrator, and Anthony Pimpinella, Local 1814's executive vice president, having a brief conversation with Salvatore "Sammy the Bull" Gravano in the lobby of the Diplomat Hotel in Hollywood, Fla., in 1989.

Mr. Gravano is the underboss of the Gambino organized crime family, an expert witness testified.

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TO HEAR admitted killer Mickey Featherstone tell it, he was just a victim of his environment. After his release from prison in 1985, he did not want the brutal Westies organized crime gang, he testified. But they insisted that he come back in and get on the payroll for "pier" money — payoffs from Manhattan piers — that netted waterfront employers — that netted him about $600 a week, he added.

But Mr. Featherstone's testimony about alleged corruption on the Manhattan waterfront was anti-climactic at best. He was the source of the most spectacular complaint in the government's original complaint. filed 14 months ago that Pinpinella, president of the ILA, the union that represents dockworkers from Maine to Texas, had contracted him and fellow Westie James Coonan to kill Anthony Scotto, a union rival.

Yet Mr. Featherstone's testimony and the other evidence against Mr. Bowers and other officers of the three Manhattan locals named in the suit have not turned out to be as original suit turned out to be as weak that the government agreed to accept only minor concessions from Mr. Bowers and the three locals in a settlement reached in March.

Still, even though he had next to nothing to say about the Brooklyn local that is the only remaining part of the case, the government brought Mr. Featherstone, a member of the witness protection program, to testify. He did so at taxpayer expense — and with no opportunity for the lawyers in the case to cross-examine Side defendants testimony that embarrasses their clients.

Early Testimony in NY Docker Trial Focuses on Low-Level Union Officials

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — There was one thing missing during the first days of a civil trial in New York where the U.S. government is seeking to overthrow the leadership of Brooklyn longshoremen's union local: Testimony about the union boss of those international Longshoremen's Association leaders.

Instead of trying to show that the union leaders themselves were engaged in illegal activities, the government is introducing evidence that purports to show a pattern of criminal activity that existed on the waterfront and that the union leaders had knowledge of those activities and failed to take action to stop them.

The first few days of testimony in the suit filed under the Racketeer Influenced and Corrupt Organizations Act (RICO) have focused on the union's two low-level local ILA officers, neither of whom was 58 at the time. Vincent Gentile, who was executive vice president of Brooklyn Local 1814, was associated with the New Jersey-based DeCavalcante crime family, Mr. Hyman testified.

Mr. Hyman, a dentist, entered the government's witness protection program at his witness protection initiative after serving an 18-month sentence for conspiring in a cocaine-smuggling operation. He had testified in a earlier criminal trial against two International Brotherhood of Teamsters officials who received sentences of over 10 years.

On Tuesday, Stephen Mutone, a stocky and muscular detective with New York's Waterfront Commission, testified about the six months he spent during 1986 and early 1987 as an undercover agent in Brooklyn.

In a thick New York accent, Mr. Mutone spoke of how he befriended Mr. Lagana, who gained him admission to a social club at 143 Pioneer St. near the Red Hook Container Terminal they both engaged in illegal gambling there, said Mr. Mutone.

Mr. Hyman said that while organized crime figures had helped him obtain franchises to provide dental services for various unions' locals, they turned him down when he asked about the ILA dental plan.

Teddy Gleason, longtime ILA president, about pensions at a political fund-raiser, for Geraldine Ferraro, though he could not remember the name and he said there was no follow-up to the conversation.

Mr. Hyman said he could only be found at his desk in Local 1814's office from 9:45 a.m. until noon. Mr. Gentile, the union's payroll, Mr. Rotundo spent the rest of his time running personal business in restaurants and at a social club he owned in Brooklyn, said Mr. Hyman.

On the Waterfront: Union, Feds Settle

By M.P. McQueen
STAFF WRITER

Officials of six local labor unions of the International Longshoremen's Association that were sued last year by the U.S. government have settled the suit.

The settlement, which came 13 months after the government filed the suits that are described as an attempt to break the grip of organized crime on the New York-New Jersey waterfront, was announced Monday by Attorney General Cuomo and U.S Attorney Otto G. Obermaier. said the settlement with ILA Locals 1804-1 in North Bergen, N.J., provides for a court-appointed monitor to oversee all union affairs for three years and supervise elections of local union officials through the 1997 general election. The monitor will be given broad powers to investigate charges against union officials and members and file union disciplinary charges against officers and members found guilty of violating union rules. Observmaies said the settlement also strengthens controls on the union's finances to prevent funds from being diverted for illegal purposes, he said. U.S. District Court Judge Leonard B. Sand approved the settlement Friday.

Mr. Obermaier, in the settlement, did not admit to any wrongdoing, but acknowledged that two former local officials were convicted in the past on criminal charges involving the union and that organized crime has been involved in the union headquarters in New Jersey for decades.

The settlement explicitly reserved the right of the government to bring future criminal, tax and other proceedings against union officers, Obermaier said.

At the announcement of the lawsuit in February, 1990, Attorney General Dick Thornburgh said the government's aim was "to put an entire sociopathic marketplace, the New York-New Jersey waterfront, under court supervision." Other locals named as defendants were ILA Locals 1588 in Bayonne, N.J., and Local 1588 in Bayonne, N.J.

Plot to 'hit' dock boss is thwarted

A Jersey City longshoreman was charged with conspiracy after he allegedly filed $100 from an undercover Waterfront Commission detective to help pay to have a terminal supervisor's legs and knees broken with a baseball bat.

Craig (Shaleik) Gray, 33, of Randolph Avenue was arrested at the Port Authority of New York and New Jersey's imported automobile marine terminal in Jersey City where the officer had been working undercover.

During a hearing in Superior Court, Gray said he was innocent of the charges and was released on his own recognizance pending a hearing next week. He has held a longshoreman's license from the blatable agency since May.

According to the Waterfront Commission, the officer was told other workers were infuriated by the strict discipline of the supervisor, Edward Figueroa, and arrangements had been made with professionals to have his legs and knees smashed with a bat.

The officer's contribution was one of a number being sought to defray the cost of the job.

"We were concerned with his (the supervisor's) safety so we had to expose our investigation," said Jerome Hoffman, deputy executive director. He said other participants in the plot are being sought.

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NY Docker Arrested For Conspiracy To 'Knee Cap' Boss

By DAVID F. WHITE
Journal of Commerce Staff

NEW YORK — When the Waterfront Commission of New York Harbor announced the arrest last week of a port warehouseman for conspiring to maim a supervisor, it represented an unusual case.

"I can't recall an incident like this where someone would seek to harm a supervisor because he was a strict disciplinarian," said Jerome J. Klied, deputy executive director of the commission.

In all, the commission has roughly 50 detectives, and occasionally it engages in undercover work. The commission investigates violence, theft, white collar crime on the waterfront and violations of law by union officials.

Mr. Klied said incidents of violence on the waterfront are much rarer than they used to be. "The Waterfront Commission was formed because of violence on the waterfront. In recent years there have been very few incidents of violence on the waterfront," said Mr. Klied. Last week's case was one of those few incidents.

Arrested was Craig "Shaleik" Gray, 23, of 122 Randolph Ave., Jersey City. He worked as a waterfront warehouseman at BMW of North America Inc. of Jersey City.

According to the Waterfront Commission, an undercover detective of the commission working at the BMW plant was told by Mr. Gray that Mr. Gray and others were furious with the strict discipline of their supervisor, Edward Figueroa, and had arranged with "professionals" to have Mr. Figueroa's legs and knees broken with a baseball bat.

The undercover detective, who had been working for four to five months at the BMW plant for other reasons, was solicited for a $100 contribution to help defray the costs of the plan.

Concerned for the safety of Mr. Figueroa, the detective contacted other Waterfront Commission detectives and the New Jersey State Police, who arrested Mr. Gray for conspiracy to commit "atrocious assault and battery."

The commission is continuing to uncover other participants in the plot to maim the foreman, Mr. Klied said.

Brooklyn ILA Leaders Called Part of the Family

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — Anthony Pimpinella and one other Brooklyn waterfront union leader are "made" in the 1970s when Mr. Pimpinella was conducting gambling activities at a restaurant called Anthony's Nine and Dance in Brooklyn's Red Hook section.



PIMPINELLA: Executive vice president of Local 1814 of the International Longshoremen's Association, and key figure in waterfront activity in New York.

While there are thousands of associates of the five traditional organized crime families in New York, Mr. McCabe testified that Mr. Pimpinella and Mr. Ciccone belong to an elite group of only a few hundred so-called made members inducted into the Mafia.

Other ILA members, including defendant Gregory Lagana, a dele-gate, are mob associates, who have not been fully initiated into a crime family, said Mr. McCabe.

Defense lawyers blasted Mr. McCabe's accusations in their cross examinations. When asked on what basis he based his expert opinions, he had testified only "on consultations with other law enforcement agencies and confidential informants. whom he would not name.

"This is the crux of the case, Judge," protested Mr. Pimpinella's lawyer, George Santangelo. "If I can't go into that (the credibility of informants), I can't defend my client."

But Judge Leonard B. Sand would not allow Mr. Santangelo to ask Mr. McCabe who the informants were. However, the lawyer was able to get Mr. McCabe to admit that he had not actually talked with some of the confidential informants and that their conversations had been with other law enforcement officials.

"I know one of the informants, and he is from this area," said Mr. McCabe.

In some cases Mr. McCabe said his opinions also were based on wiretap evidence. Much of the trial has been occupied so far by the government introducing some of those tapes as evidence.

Several witnesses have testified about alleged loan sharking activities of Anthony DeMeiri, a mechanic at the Red Hook Container Terminal, but the government has yet to draw a connection between Mr. DeMeiri and the defendants.

The former owner of a small trucking company that operated at the Red Hook terminal testified that Mr. DeMeiri terrorized him and threatened to burn his cars after he fell tens of thousands of dollars into debt to Mr. DeMeiri on the interest on a $14,000 loan. Mr. DeMeiri was charging interest of 4% a week, said 39-year-old Edward J. Swanson, the owner of now-defunct Red Hook Motor Lines.

ILA's Bowers, Government Seen Near Settlement

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — After intensive weekend negotiations the U.S. government, civil rackets chief Judge John Bowers, longshore leader and three Manhattan locals have reached a settlement Monday, courthouse sources said.

U.S. District Court Judge Leonard B. Sand delayed the start of the trial until today, saying he was confident the case in progress was "subject to some but not all of the defendants."

Mr. Bowers, the president of the International Longshoremen's Association and previous ILA leaders, are accused of pressuring ILA members in other parts of the union to vote in favor of three officers seeking and re-election. The government has been trying to show the union leadership and the locals' government trustees oversee the affairs of the union. The government has also charged that Mr. Bowers supervised elections of union officers through the 1997 general election.

While the settlement fell short of the government's original goal of barring the union's leaders from any activities in the government-run union, the leaders will be prohibited from receiving more than $100,000 annually in punishing the defendants have been forced to pay for the costs of the litigation. Some defendants have been forced to take on the financial burden of paying for their own individual defenses.

Monday no word was available on the terms of the settlement. Some of the terms of the West Side Manhattan locals' settlement was

SEE BOWERS, PAGE 14A

Bowers, Government Close To Settling RICO Civil Case

CONTINUED FROM PAGE 1A

represent Brooklyn defendants said they did not expect an immediate settlement in their part of the case to go forward this week.

On Friday a settlement was reached between the government and one of the defendants, Joseph Kenny, Local 1804-1 longshoreman.

The officers of New Jersey Local 1804-1, Joseph Kenny, Larry Cahin and Harold Daggett, agreed to pay a total of $100,000 to the local's general treasury out of their personal funds. They are the local's president, vice president and secretary-treasurer, respectively.

The local also is expected to hire a court-appointed overseer to oversee all elections. The monitor will supervise three elections.

While the settlement does not bar the union's leaders from any activities in the union, the government did succeed in punishing the defendants by making them pay the $100,000 penalty. In punishing the defendants by making them pay the costs of the litigation the government has forced to pay for the costs of the litigation the government has forced to pay for their own individual defenses.

Monday no word was available on the terms of the settlement. Some of the terms of the West Side Manhattan locals' settlement was taking the New Jersey settlement as a precedent, which would be able to remain in power while agreeing to accept some personal sanction.

The government filed suit against Pinpinella and other officers of the International Longshoremen's Association, Local 1814, under civil provisions of the Racketeer Influenced and Corrupt Organizations Act, or RICO statute, and a member of a Brooklyn gang who is suspected in the murder of a union rival.

Pinpinella, who is the assistant U.S. attorney in charge of the Newark, N.J. office, was ordered the murder of a union rival.

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Longshoreman Arrested For Alleged Conspiracy

By ALAN ABRAMS
Journal of Commerce Staff

NEW YORK — The Waterfront Commission of New York Harbor said Friday that a longshoreman had been arrested for conspiracy to commit atrocious assault on his supervisor.

The suspect is Creig "Shalsik" Gray, 23 years old, of 122 Randolph Ave., Jersey City, N.J. Mr. Gray was employed as a waterfront warehouseman at BMW of North America Inc. in Jersey City.

The work emanated from an undercover investigation by a detective of the Waterfront Commission, who was told by Mr. Gray that he and other workers had arranged with "professionals" to have the supervisors legs and knees broken with a baseball bat.

The undercover agent was solicited for a $100 contribution to help defray the expenses of the effort.

The arrest was made by the New Jersey State Police, who arrested Mr. Gray for conspiracy to commit atrocious assault and battery.

Longshoreman pleads innocent to conspiracy

A Jersey City longshoreman pleaded innocent in Superior Court recently to charges of conspiring to assist authorities from the Waterfront Commission in soliciting a detective to have his supervisor's legs and knees broken.

Craig (Shaleik) Gray, 23, of Randolph Avenue, was arrested at the Port of New York and New Jersey's New Terminal in Jersey marine where he works and the employee. He was released on his own recognizance pending a hearing next week.

The detective was told by workers were angered by the strict discipline of the supervisor, Bierenfeld Figueroa, and a professional was to be hired to have his legs and knees broken with a baseball bat, according to the commission.

Coffee 'trail' nets four

By AL FRANK

Theft charges were lodged against four men after detectives trailed a truck from a Brooklyn pier to a Linden warehouse where bags of coffee, valued at $50,000, were found, authorities said yesterday.

The arrests were made by detectives who had been staking out the Metro Storage Co. for the last month, said Jerome Klied, deputy executive director of the Waterfront Commission of New York Harbor.

Metro is near the Port Authority of New York and New Jersey's Pier 3, just south of the Brooklyn Bridge, and had reported a previous theft of $500,000 worth of coffee beans, Klied said. The warehouse stores green beans from Guatemala, Brazil and Honduras. The Waterfront Commission is a bistate agency that fights crime and regulates employment on the piers of the Port of New York and New Jersey.

On Tuesday, detectives saw 180 of the 150-pound bags loaded onto the truck and brought to PCK Warehousing Ltd. on East Linden Avenue.

After obtaining a search warrant, another 300 bags were found inside. They were later identified as stolen from Metro Storage by John Hall, the owner of the Brooklyn warehouse, Klied said.

Charged with receiving stolen property was PCK's owner, Peter Fabrico, 52, of Glendale, N.Y. Fabrico and his attorney, Roger Schwarz, declined comment.

Fabrico was released pending a hearing next week in Superior Court in Elizabeth, as were Miguel Montalvo, 40, the owner and driver of the truck, and his helper and brother-in-law, Angel Colone, 31. Montalvo and Colone, who were also charged with receiving stolen property, live in Brooklyn.

Also arrested was Charles Watford, 38, of Brooklyn, a supervisor at Metro Storage. In addition to a criminal charge of grand larceny, he faces disciplinary action at the Waterfront Commission, which granted him a warehouseman's license in 1988.

SHIPPING

NY Dock Police Arrest Four In Apparent Coffee Theft Ring

By LEEANN LODDER
Journal of Commerce Staff

NEW YORK — Waterfront police arrested four men Tuesday in connection with an apparent coffee theft ring operating out of a New Jersey warehouse.

Detectives from the Waterfront Commission of New York Harbor tailed two men early Tuesday as they removed 160 bags of coffee from a warehouse on the Brooklyn waterfront, loaded it into a truck and drove it to a warehouse in Linden, N.J., according to Jerome J. Klied, deputy executive director of the commission.

The New York Waterfront Commission is a bi-state law enforcement and licensing agency for the New York and New Jersey waterfronts.

Miguel Montalvo, 40, the truck's owner and driver, and his brother-in-law, Angel Colon, 31, were arrested as they unloaded the stolen coffee at the PCK Warehouse, 2401 E. Linden Ave.

Eight detectives from the Waterfront Commission had been investigating thefts of coffee from the Brooklyn warehouse for the past month.

The warehouse's owner, Peter Fabrico, 52, also was arrested. All three men were charged with receiving stolen property. They will be arraigned in a New Jersey court Jan. 16.

A search of the warehouse, with a warrant from the Union County, N.J., prosecutor's office, led to the discovery of 300 more bags of stolen coffee.

John Hall, owner of the Metro Storage Inc. warehouse on the Brooklyn Port Authority's Pier 2, identified the coffee.

The 460 bags of stolen coffee are worth $46,000 to $50,000, Mr. Klied said. But Mr. Hall told police he thinks more than $500,000 worth of coffee have disappeared from his warehouse, Mr. Klied said.

Commission detectives later arrested Charlie Watford, 38, a Metro Storage Inc. employee. Mr. Watford was charged with grand larceny. He was scheduled to be arraigned in a New York court Wednesday.

Eight detectives from the Waterfront Commission had been investigating thefts of coffee from the Brooklyn warehouse for the past month before Tuesday's surveillance operation led to the arrests. The commission's investigation is continuing, Mr. Klied said.

DOJ claims crime families control New York dock locals

To remedy what the Justice Department calls corruption on the New York-New Jersey waterfront, the federal government moved in the courts to dismantle the local dockworker leadership by removing members of the Mafia-dominated union.

The suit filed Feb. 14 in federal court, the federal government asked the court to appoint a trustee to run the union's International headquarters in Jersey City, N.J., and to suspend members of the union's executive council charged in the suit.

The suit also requested the court to oversee the union's election of officers.

In addition to going after the ILA, the civil suit named the five Mafia families that dominate the New York waterfront — the Gambino, Genovese, Lucchese, Colombo and Bonanno families — plus representatives of employers or associations who have been found to have ties to the organized crime families.

Named in the suit were Peter Gleason, president of Brooklyn Local 1814; Anthony Scotto, president of Local 1804-1, which represents longshoremen in Hoboken, Jersey City and Bayonne, N.J.; Anthony Scotto, president of Local 1588, which represents longshoremen in Bayonne and Newark

in the probe and his restitution to the stevedore of $11,000 for the value of the stolen containers, was permitted to have his former longshoreman pass restored after a sixty-day suspension of such registration. No criminal proceedings were instituted against the owner-operator of the trucking firm which removed the containers since it developed that he had a serious and life-threatening illness.

* * *

Narcotic Nab

The cooperative effort of law enforcement agencies to interdict drugs in the Port was illustrated this year in the arrest of six persons for smuggling 27 pounds of cocaine aboard a vessel docking in the harbor.

Information developed by the Commission police staff led to the narcotic, which was concealed in hollowed pallets used in conjunction with a shipment of imported furniture. The shipment remained under surveillance until it was delivered to the consignee at a private residence in Passaic, New Jersey, where officials of the United States Customs Service and the Commission made the arrests.

Joining Customs and the Commission in the effort were the New Jersey State Police, the Passaic Police Department, the Drug Enforcement Administration and the Passaic County Prosecutor's Office. The criminal case is awaiting trial.

* * *

Ghost Busters

Prior to the creation of the Commission, a common practice on the docks was the carrying on waterfront payrolls of "phantoms," persons who performed little or no services. Indeed, on occasion, the placement of a fictitious name on a stevedore or steamship company payroll was a technique used to illegally pass money to waterfront union officials. This practice has largely been eliminated by the Commission. To discourage any resurgence of this scheme, agency detectives make spot checks on the piers to uncover persons who may be inclined to engage in such conduct.

Suspecting that a longshoreman on a Brooklyn pier was engaging in phantom activities, agency officers conducted periodic surveillances of his movements during an eight-day period. They discovered that the pier worker, whose brother was a longshore shop steward, absented himself from the docks at various times during the working day on six days of the eight-day span, often going home or shopping with his wife for 3 to 5 hours. An analysis of his employer's payroll records demonstrated that he was paid $464.40 for the more than 25 hours he was missing from his assigned duties.

Ultimately, the Commission revoked the longshoreman's right to work on the docks for a period of 45 days and directed that he make full restitution to his stevedore employer. In imposing the punishment, the agency took into account his 30-year otherwise clean record on the waterfront.

* * *

The Nut Case

Several years ago, the Commission recounted the results of an extensive investigation by the agency, together with the Federal Bureau of Investigation and the New York City Police Department, of a hijacking and theft ring operating in Brooklyn and New Jersey. The probe uncovered several large-scale cargo thefts committed by the gang over a three-year period, including the taking of clothing, VCR's, appliances, electric tools, tin ingots and foodstuffs. Six men were arrested; four later pleading guilty in federal court to charges of theft from interstate shipment.

This year, one of the ring members was again arrested by the Commission and the FBI. Information developed by the agency disclosed that he stole thirty 88-pound bags of imported pistachio nuts from a motor truck and storage facility and was offering them for sale to nut dealers at less than half their value. The thief pleaded guilty to the charge in the United States District Court.

* * *

Truck Stop

During the nighttime at a New Jersey waterfront terminal, when little cargo was being moved, a licensed pier guard at his post suddenly saw one of the terminal's repair vehicles exit the pier at a high rate of speed. Inquiries by the guard of other persons at the facility revealed that no one had authorized the removal of the vehicle. The truck, valued at $10,000, was not carrying license plates, since its permitted use was only at the terminal.

The following day, a dock worker employed at the terminal saw the truck parked on a public street several miles from the pier. He advised his steamship employer, who in turn notified the Commission. Detectives of the Commission and the Port Authority of New York and New Jersey reported to the scene of the observation, but the stolen truck was gone. The police officers returned to the location several hours later and set up a surveillance. They subsequently observed the truck and followed it to a tire repairshop. Both the driver and a passenger, neither of whom were dock personnel, were arrested; the operator for receiving stolen property and both for possession of drug paraphernalia. A check of outstanding warrants revealed that the driver was also wanted for possession of narcotics and for the a theft of another vehicle. The criminal cases are pending.

* * *

Hiring Oversight Role

In its previous Report, the Commission detailed the evolution of its mandated responsibility to monitor the hiring of dock workers in the Port.

In summary, the "shape-up" system of hiring longshoremen was found by the Legislatures in 1953 to have resulted in "vicious and notorious abuses, of which such employees have been the principal victims." In proscribing the practice, the States directed the Commission to establish and maintain employment information centers through which the agency could regulate dock worker employment.

At its peak, the Commission operated fifteen such centers, located throughout the Port, to accommodate a work force of some 35,000 registered longshoremen. By Commission regulation, regular employees were not required to report to the centers, but would go directly to their assigned piers. Those persons not regularly employed or without assignment on a particular day, known as "casuals," would seek work at a center.

In 1971, the industry and the Commission initiated a prior day ordering program for waterfront labor, including the casuals. Thus, a dock worker without employment for the following day could contact a center by telephone and be advised whether a waterfront employer had ordered him for work for the next day. Only those not receiving such orders would seek work the following morning at a center, usually as a "fill-in" for an absentee.

By 1988, the number of registered longshoremen and checkers decreased to slightly over 6,000, primarily because the containerization of cargo reduced the need for large numbers of laborers to handle merchandise. Concomitantly, the number of employment centers was reduced. By 1989, only three such facilities existed and few persons who physically appeared were actually hired. Most of the longshoremen reporting to the centers did so in order to meet the requirements for obtaining the "guaranteed annual income" granted under the industry's collective bargaining agreement. Thus, by early 1989 less than 5% of the persons appearing at the centers were hired.

Since the personal appearance system had become an antiquated and costly method of obtaining the few longshoremen and checkers needed to replace absentees, the Commission and management and labor established a comprehensive telephonic hiring system (THS) to replace personal appearance employment. Now, those workers not ordered for work the following day advise a central telecommunications employment center of a telephone number at which they may be reached between 8 and 9 a.m. the following morning. Morning hiring is performed by Commission-licensed hiring agents in order of dock worker seniority, and those registrants ordered to work are notified by telephone by industry dispatchers licensed and monitored by the agency.

As also reported last year, prior to the commencement of THS, ten members of two longshore union locals brought suit against the Commission, the employer association and the international longshoremen's union to enjoin the implementation of universal telephonic hiring. They alleged that the new system would result in discrimination against them and a loss of their livelihood.

The United States District Court in Newark, New Jersey denied the plaintiffs' application for a preliminary injunction, finding that the plaintiffs failed to demonstrate that THS would reopen the doors to the evils of corruption and favoritism the Legislatures sought to eliminate.

In the past year, New Jersey and New York, at the request of the Commission, enacted legislation implementing THS. Included in the amendment to the Compact is a requirement that industry employees participating in the operation of the telecommunications hiring system, such as telephone dispatchers, must be registered by the Commission and possess "good character and integrity." Another section of the act provides that all records and data compiled and maintained by management and labor pertaining to THS shall be available for inspection and investigation by the Commission.

In the legal action initiated by the ten longshoremen to prohibit the operation of THS, the Commission and the industry defendants conducted discovery proceedings. It was ascertained that the plaintiffs were not being harmed in any manner under the new method of hiring. Indeed, the primary complaint of the plaintiff-dock workers

was that they lost a gathering place and missed the camaraderie they enjoyed during the former personal appearance hiring.

After discovery proceedings were concluded, the Commission, together with the other defendants, moved for summary judgment of the case, which the United States District Court granted. In its opinion, the Court stated:

> " ***the basis of plaintiffs' complaint was that the THS was in violation of the relevant statutes. Now that this Court has denied their motion for preliminary injunction, and, more importantly, both New York and New Jersey have expressly authorized use of the THS, there is simply no issue of fact or law remaining in this case. Because plaintiffs seek only declaratory and injunctive relief, now precluded by the present state of the law, defendants are entitled to a judgment. Accordingly, defendants' motion for summary judgment is granted."

* * *

Licensing

During the year, the Commission's licensing personnel examined and processed 1,146 applications and reapplications for licensing and registration. These included 782 applications for inclusion in the agency's register of deep-sea and ancillary longshoremen, 230 for licensing as pier guards, 42 for pier superintendent licenses, 20 licenses as hiring agents, and 72 for licenses to operate as stevedores in the Port. Since its establishment in 1953, the Commission has reviewed over 149,000 applications.

Stevedore licenses currently expire on December 1st of each odd-numbered year. Legislation proposed by the Commission, which would extend the licensing period to three years, has passed in the State of New York and is pending in the New Jersey Legislature.

Longshore and checker registrations are issued by the agency without any termination date. Licenses to act as pier superintendents or hiring agents are valid for as long as the licensee continues in employment with the sponsoring stevedore or shipping line. A license to work as a pier guard continues indefinitely, provided the licensee complies with regulations of the agency requiring periodic submission of updated personal history data, the fulfillment of a refresher course of training for pier guards, and the satisfactory completion of a physical examination.

* * *

The Waterfront Commission Compact provides that an application for inclusion in the Register, or for licensing, may not be denied by the agency without reasonable prior notice and an opportunity for the applicant to be heard at an administrative proceeding. Moreover, once issued, a registration or license may not be cancelled, suspended or revoked without the respondent being granted a right to contest the charges at a hearing.

Revocation proceedings may be initiated by the Commission on its own initiative or on the complaint of any person, including a public official or agency. Additionally, the Compact provides that a licensee or registrant who has been charged with a crime equivalent to a felony may be temporarily suspended by the Commission pending the determination of the proceeding.

Commission hearings are open to the public, stenographically recorded, and presided over by administrative law judges who are selected from a rotating panel of New York and New Jersey attorneys, several of whom are retired jurists. The applicant or respondent may be represented by counsel, present evidence in his or her behalf, cross-examine, and have subpoenas issued to compel the appearance and testimony of witnesses.

The administrative judges are not bound by common law, statutory rules of evidence or technical rules of procedure. At the conclusion of the hearing, they render written memoranda to the Commissioners containing findings of fact and recommendations for final disposition of the proceeding. A copy of such report is furnished to each party in interest, who may then file written exceptions and argument for consideration by the Commissioners.

The Commissioners, after review of the entire record of the proceeding, make the final determination, which is reflected in an order. This decision is subject to judicial appeal in either New Jersey or New York in the manner provided by law in such state for review of the final actions of administrative agencies. The aggrieved party may also petition the agency for a rehearing of the case, reconsideration of the determination, restoration of a registration or license which has been revoked, or for leave to reapply for the license or registration.

* * *

The Commission made determinations in 66 administrative licensing and related proceedings this fiscal year.

The agency denied inclusion in the Register to 20 applicants; 18 seeking warehouse or maintenance registration, and 2 as cargo checkers. Five applicants for licenses as port watchmen were denied, as were one for a license as a pier superintendent and another for a hiring agent license. Two applications to operate in the harbor as stevedores were rejected. Two applicants for registration as warehouse longshorepersons were granted, after hearings.

In addition, the Commission revoked the registrations of 9 persons, 4 unconditionally and 5 with leave granted to reapply for registration after stated periods of time. Four pier superintendent licenses were revoked and 2 licenses as hiring agents were rescinded. The licenses of 2 stevedores were revoked.

The agency suspended for various periods 1 longshoreman, 2 checkers, 5 maintenance workers and 4 port watchmen. These included determinations in 11 summary proceedings in which the licensees and registrants admitted the offenses charged and waived formal hearings. One stevedore company was issued a formal reprimand.

Pursuant to the provisions of the Compact, the Commission also suspended the registrations of 1 checker, 2 longshoremen and 2 maintenance personnel pending the final determination of charges instituted against them.

Three stevedore firms were issued permanent licenses during the year.

The Commission also ruled on 40 petitions submitted to it.

* * *

As stated earlier, one of the agency's mandated responsibilities is to regulate the number of eligible longshoremen and checkers consistent with the labor needs of stevedores and waterborne carriers. As part of this program, twice yearly the Commission removes from the Register those dock workers who, without good cause, have failed to work or be available for employment according to standards established by the agency. This past year the registrations of 202 "deep-sea" personnel were so cancelled.

* * *

Personnel

Two employees with long and dedicated service to the Commission retired this year.

John H. Hoffmann, a detective in the agency's Police Division, served the agency for 24 years. For most of his tenure, he was assigned to the New Jersey side of the Port. At a time when the Commission had a uniformed police force in addition to its investigative staff, he held the rank of Lieutenant. Prior to joining the agency, he was a patrolman with the Borough of Fort Lee in New Jersey and served in the United States Army.

Lorraine S. McCurry served as a principal clerk in the Commission's Division of Administration. She was a specialist in transcribing investigative interviews and was employed by the agency for more than 17 years prior to her retirement.

* * *

The Commissioners, Executive Director and staff record with sorrow the deaths of several former employees.

Ivalena "Tex" Pettet, one of the agency's original employees, served in clerical capacities in the Division of Employment Information Centers. She retired in 1970 after 17 years of service. In her spare time, Ms. Pettet collected and dealt in hand crafted Native American jewelry and was a nationally recognized authority in that field.

Marguerite M. Malone, a secretary, had retired after 15 years of employment with the agency. She served in various divisions of the Commission.

Miklos A. Strauch entered service with the Commission shortly after its creation. He served for four years as an investigator with the then Division of Investigation. Prior to his agency employment, he served in the U.S. Army, assigned as a sergeant-investigator with the Criminal Investigation Division, and later served as a Special Agent with the CID. He retired from the New York Guard with the rank of Brigadier General.

CONCLUSION

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

Respectfully submitted,

NICHOLAS SCOPPETTA
Commissioner for New York

CONRAD N. KOCH
Commissioner for New Jersey

KPMG Peat Marwick

Certified Public Accountants

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, 1990. 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, 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, 1990 on the basis of accounting described in note 1.

KPMG Peat Marwick

July 31, 1990

Member Firm of
Klynveld Peat Marwick Goerdeler

Notes to Statement of Cash Receipts and Disbursements
June 30, 1990

(1) It is the policy of the Waterfront Commission of New York Harbor (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) The Commission is party to various claims which, in the opinion of general counsel, will not have a material adverse effect on the accompanying statement of cash receipts and disbursements.

(3) 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.

WATERFRONT COMMISSION OF NEW YORK HARBOR
Statement of Cash Receipts and Disbursements
Year Ended June 30, 1990

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	$ 37,975	
Cash in money market accounts	71,545	
Cash in savings accounts	7,383	
Time certificates of deposit	830,000	
	946,903	
Less taxes and other withholdings from employees	400	$ 946,503
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	6,300,836	
Penalties, fines and miscellaneous income	50,224	
Interest:		
Time certificates	113,520	
Money market accounts	10,885	
Savings accounts	412	6,475,877
		7,422,380
Disbursements:		
Salaries	3,966,092	
Retirement, group insurance and Social Security taxes	1,062,932	
Rentals	599,468	
General insurance	215,515	
Light, heat and power	100,585	
Repairs and maintenance	36,686	
Furniture and equipment	72,196	
Carfare, auto and travel	56,079	
Communications	51,387	
Special services and supplies	56,281	
General office	35,189	
Printing	7,380	
Hearing officers, auditors and consultant fees	7,951	
Miscellaneous overtime expense	379	6,268,120
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	17,526	
Cash in money market accounts	179,957	
Cash in savings accounts	7,649	
Time certificates of deposit	949,586	
	1,154,718	
Less taxes and other withholdings from employees	458	$ 1,154,260

COMMISSION DETERMINATIONS

Year Ended June 30, 1990

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Suspended P/H	Totals
Longshoremen	0	0	1	2	1	0	2	6
Checkers	2	0	2	2	2	0	1	9
Hiring Agents	1	0	2	0	0	0	0	3
Port Watchmen	5	0	0	0	4	0	0	9
Pier Superintendents	1	0	4	0	0	0	0	5
Stevedores	2	0	2	0	0	1	0	5
Maintenance	18	2	1	1	5	0	2	29
Totals	29	2	12	5	12*	1	5	66

* Includes 11 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	5	2	7
Petitions for Leave to Reapply	5	1	6
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	1	12
Petitions to Vacate Temporary Suspension	0	0	0
Petitions for Retention or Reinstatement	11	1	12
Petitions for Stay	0	2	2
Totals	32	8	40

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	10
Recommendations to Continue Temporary Permits/Registrations	7
Recommendations to Withdraw Notice of Hearing	0
Recommendations to Issue Notice of Hearing	5
Recommendations to Amend Notice of Hearing	1
Recommendations to Amend Order of the Commission	0
Recommendations to Rescind Order of the Commission	1
Totals	24

DECASUALIZATION OF LONGSHOREMEN AND CHECKERS

		Number Decasualized	Remaining Registrants
1st decasualization	June 3, 1955	7,141	31,574a
25th decasualization	March 31, 1967	1,142	22,100
30th decasualization	October 3, 1969	1,022	20,627b
40th decasualization	September 26, 1974	271	14,143b
50th decasualization	September 28, 1979	124	10,956b,c
60th decasualization	October 4, 1984	88	8,026b
65th decasualization	April 9, 1987	100	7,159b,c
68th decasualization	October 6, 1988	82	6,086b
69th decasualization	April 6, 1989	108	5,926b
70th decasualization	October 5, 1989	126	5,846b
71st decasualization	April 6, 1990	76	4,507b

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

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

As of June 30th

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Longshoremen	12,515[a]	12,237[a]	11,863[a]	11,420[a]	11,150[a]	10,804[a&b]	10,289[a&b]	9,947[a&b]	9,474[a]	8,702[a]	7,955[a]	7,810[a]	6,999[a]	6,520[a]	6,511[a]	5,371[a]
Checkers	2,728	2,584	2,479	2,408	2,468	2,373	2,231	2,084	2,017	1,806	2,065	1,894[b]	1,686[b]	1,578[b]	1,510	1,175
Hiring Agents	427	378	369	361	357	339	327	304	291	279	242	242	229	233	185	179
Pier Superintendents	370	337	342	340	357	344	353	341	325	304	298	317	304	302	268	279
Pier Guards	979	894	818	789	750	705	655	635	560	525	491	455	404	387	343	356
Stevedore Companies	118	112	115	113	116	113	109	110	104	101	87	83	80	73	71	69
TOTALS	17,137	16,542	15,986	15,431	15,198	14,678	13,964	13,421	12,771	11,717	11,138	10,801	9,702	9,093	8,888	7,429

(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.

* * *

COMPARISON OF AVERAGE EARNINGS OF LONGSHOREMEN AND CHECKERS

	1954 (*)	1987	1988	1989
Over $50,000	(*)	1,425	1,348	1,396
$25,000 to $50,000	(*)	2,401	2,073	1,766
$20,000 to $25,000	(*)	374	235	248
$15,000 to $20,000	(*)	370	277	198
$10,000 to $15,000	(*)	483	283	255
$ 5,000 to $10,000	3,797	638	401	353
Under $5,000	37,536	1,337	1,251	1,139
TOTAL REPORTED	41,333	7,028	5,868	5,355
Total Earnings	$102,061,108	$214,851,778	$185,415,776	$178,645,195
Total Hours Worked	37,813,991	10,478,728	9,023,512	8,184,485
% Hours Overtime	24.3%	32.4%	29.7%	33.2%
AVERAGE ANNUAL WAGES**	$ 2,469	$ 30,570	$ 31,598	$ 33,361

* Records Incomplete for 1954.
** Does Not Include Fringe Benefits.

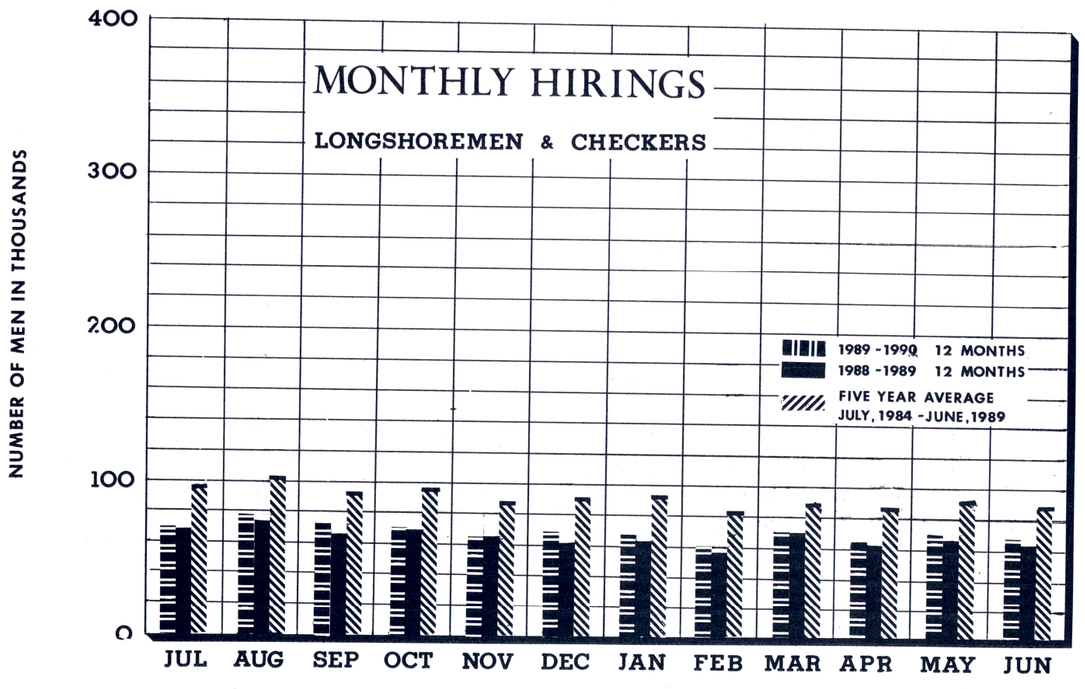
NOTE: This table includes craftsmen such as carpenters, coopers, maintenance men and miscellaneous personnel required to be registered as longshoremen effective May 27, 1957, but does not include most persons required to be registered as waterfront warehousemen and in other capacities effective September 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.

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

EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 1989 and 1990

Center and Location	Piers and Areas	HIRINGS 1989-1990	HIRINGS 1988-1989	Increase or Decrease	% Change	% Share in Port Employment 1989-1990	% Share in Port Employment 1988-1989
Manhattan 261-281 Hudson St.	Manhattan	23,298	21,278	+ 2,020	+09.49	02.91%	02.54%
Brooklyn 5914 3rd Avenue	Brooklyn & Staten Island	159,245	163,993	– 4,748	–02.90	19.92%	19.60%
Port Newark 117 Tyler Street	Port Newark & Port Elizabeth	512,329	542,093	– 29,764	–05.49	64.08%	64.77%
	Jersey City, Bayonne & Weehawken	104,642	109,531	– 4,889	–04.46	13.09%	13.09%
TOTAL—NEW JERSEY		616,971	651,624	– 34,653	–05.32	77.17%	77.86%
TOTAL—NEW YORK		182,543	185,271	– 2,728	–01.47	22.83%	22.14%
PORT WIDE TOTALS		799,514	836,895	– 37,381	–04.47	100.00%	100.00%



X862



Nicholas Scoppetta
Commissioner for New York



Conrad N. Koch
Commissioner for New Jersey



Leonard Newman
Executive Director

Jerome J. Klied, *Deputy Executive Director*

Gerald P. Lally, *General Counsel*

Ralph C. DeRose, *Secretary*

James T. Sullivan, *Chief, Division of Police*

James J. McConnell, *Director, Division of Law*

Carmine A. Cardone, *Director, Division of Licensing and Employment Information Centers*

Gemma T. Macaluso, *Director, Administration*

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