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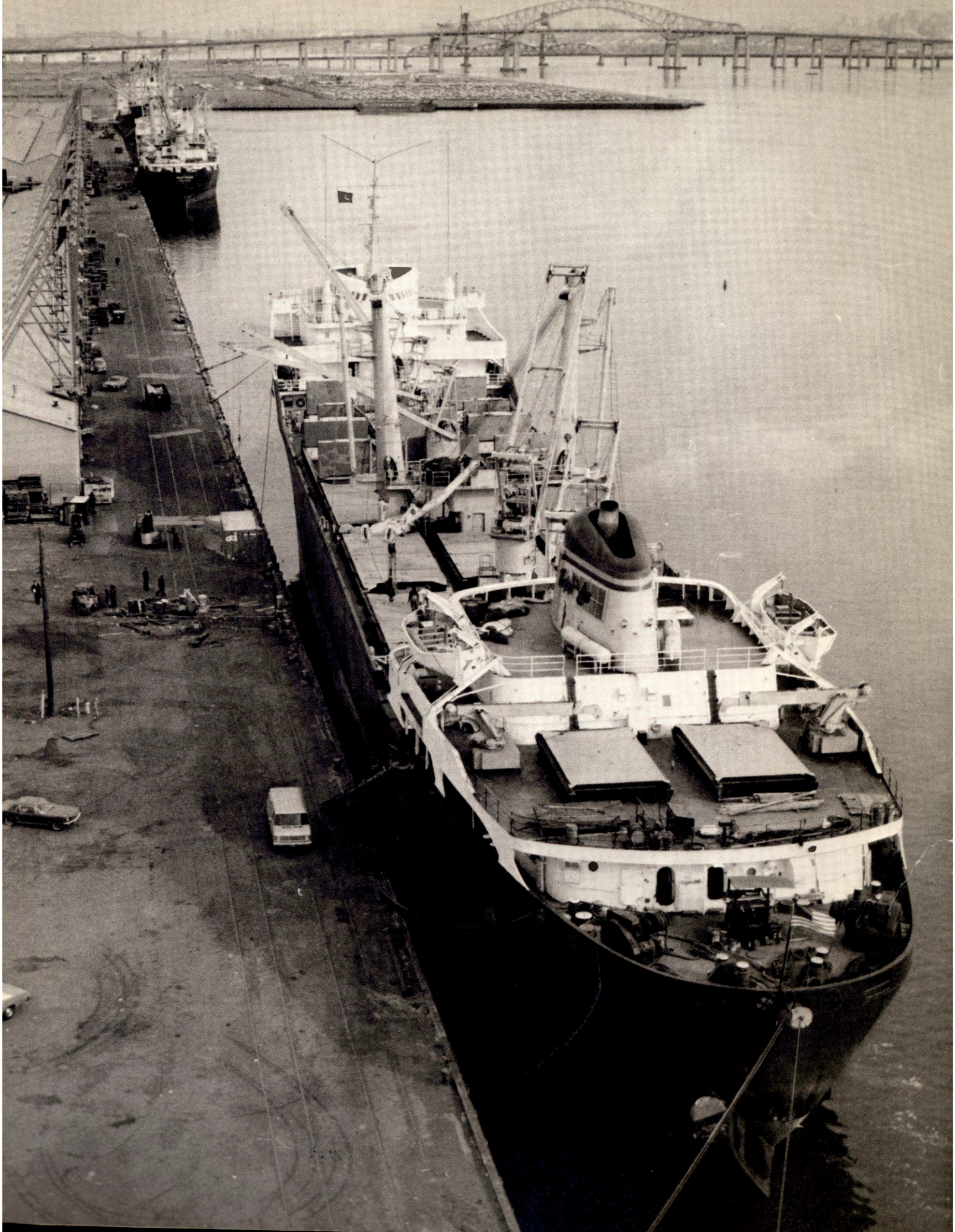
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**WATERFRONT
COMMISSION of
NEW YORK
HARBOR**

1979-1980

**ANNUAL
REPORT**



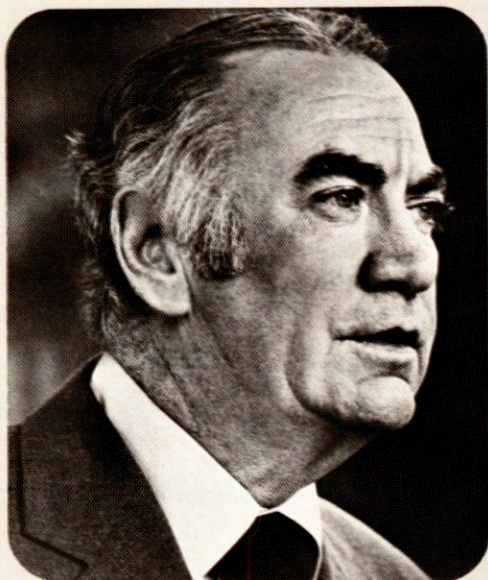
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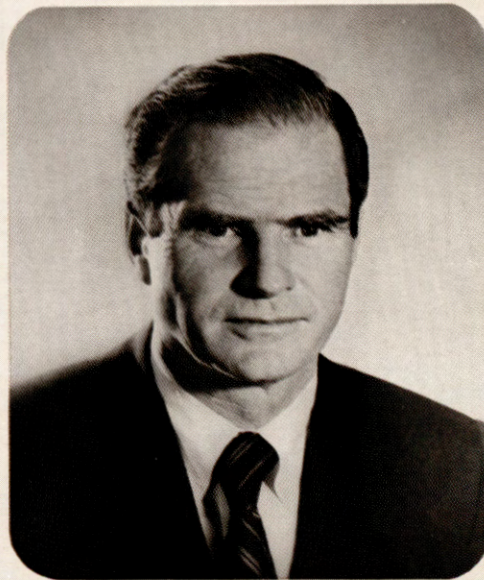
THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

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*To the Honorable Hugh L. Carey,
Governor, and the Legislature of the State
of New York*



*To the Honorable Brendan T. Byrne,
Governor, and the Legislature of the State
of New Jersey*

We are pleased to forward the Annual Report of the Waterfront Commission of New York Harbor for its fiscal year 1979-1980, containing highlights of the Commission's activities and observations concerning its administration and enforcement of the Waterfront Commission Compact between the States of New York and New Jersey.

THE COMMISSION

A unique governmental agency, the Waterfront Commission of New York Harbor is a bi-state instrumentality, with regulatory, licensing, investigatory and law enforcement jurisdiction in the Port of New York - New Jersey. The Commission was created in 1953 by a Compact between the States of New Jersey and New York, approved by Congress and signed into law by the President of the United States.

The Commission is composed of two members, one appointed by the Governor of each compact state, with the advice and consent of the respective State Senate. The chief executive officer of the agency is its Executive Director.

The State of New Jersey is represented on the Commission by Henry N. Luther, III. Commissioner Luther, in office since December, 1977, is presently in his second term, having been reappointed by Governor Brendan T. Byrne until the expiration of such term on June 30, 1983. A member of the New Jersey Bar, Mr. Luther formerly served as Executive Secretary to the Governor of New Jersey, Executive Director of the New Jersey Lottery Commission and as Mayor of Parsippany-Troy Hills in that state.

Commissioner Nicholas Scoppetta is the New York member of the agency. He also has been reappointed to a term expiring June 30, 1983. Prior to being first appointed to the Commission in May, 1979 by Governor Hugh L. Carey, Mr. Scoppetta served as an Assistant District Attorney, Associate Counsel to the Knapp Commission, Special Assistant United States Attorney, New York City Commissioner of Investigation and Deputy Mayor of New York City for Criminal Justice. A member of the New York Bar, Commissioner Scoppetta was also the Executive Director of the Institute of Judicial Administration and is a Professor at the New York University Law School.

Holding office as the Commission's Executive Director since July, 1976 is Leonard Newman, formerly an Assistant District Attorney in New York County for over 32 years. A New York lawyer, Mr. Newman was Chief of the Frauds Bureau in the District Attorney's office, and also served as First Deputy Commissioner of New York State's Division of Criminal Justice Services.

This past year the Commission operated with a staff of 181, under a budget approved by the Governors of \$5,657,291. It expended \$5,248,013, or \$409,278 less than its budget. The Commission's budgeted expenses are assessed upon the waterfront employers of

persons registered and licensed by the agency under the compact. Pursuant to the provisions of the compact, each such employer is required to pay assessments computed upon the gross payroll payments the employer makes to longshoremen, checkers, pier superintendents, hiring agents and port watchmen, at a rate not in excess of two per cent.

The Commission's authority and functions include:

- the registration and licensing of some 14,500 persons working on the New York - New Jersey docks as longshoremen, checkers, guards, pier superintendents and hiring agents and the licensing of over 110 companies performing cargo stevedoring work or services related to the movement of waterborne freight;
- the regularization of longshore employment by balancing the number of eligible waterfront workers with the demand for their services and by removing from the register of dock workers those longshoremen who fail to work or seek employment on a regular basis;
- the operation of port-wide employment centers to oversee the hiring of dock workers and provide information concerning waterfront employment opportunities;
- investigating waterfront crime and collecting and compiling information concerning waterfront practices; and
- prohibiting persons with serious criminal convictions from holding positions in unions representing registered waterfront workers.

Under the general supervision of the Executive Director, the duties and responsibilities of the agency are divided among its seven divisions: Executive, Law, Licensing, Law Enforcement, Audit and Control, Employment Information Centers and Administration.

THE PORT

Generally recognized as the container capital of the world, the Port of New York - New Jersey continues to dominate all other harbors in the nation in the movement of oceanborne general cargo. During the period between July 1, 1979 and June 30, 1980, there were some 14,000 ship arrivals and departures, transporting cargo between our harbor and half the nations in the world. This commerce has a direct or indirect effect on the 18 million people residing in the New York - New Jersey metropolitan area and furnishes hundreds of thousands of jobs in the shipping, trucking, banking, manufacturing and retailing industries.

In 1979, the harbor's total oceanborne foreign trade reached an all-time high of \$40.6 billion, an increase of 11.4% over the \$36.5 billion in 1978. Foreign general cargo increased to 16.3 million long tons from 15.7 million tons the previous year, notwithstanding an 88-day tugboat strike in the Port. Foreign bulk shipments, 95% of which consisted of petroleum imports, fell to 39.9 million tons from 44.9 million tons in 1978, in view of the vast decrease of oil received from Iran. By tonnage, the leading general cargo commodities exported through the port consisted of iron and steel scrap, plastic materials, general machinery and motor vehicles. The major imports were non-metallic minerals and slag, sugar, alcoholic beverages, bananas and coffee. During the year, the Port also serviced 375,000 cruise passengers.

As of June 30, 1980, the end of the Commission's fiscal year, the Port's licensed work force included 8,319 longshoremen, 2,373 cargo checkers, 2,485 dock workers performing container repairs, warehousing, weighing and scaling of freight, and other services incidental to the movement of waterborne cargo, 705 pier guards, 344 pier superintendents and 339 stevedore hiring agents. One hundred thirteen firms were licensed by the Commission as stevedores to perform the loading and unloading of cargo and to provide ancillary services in the Port.

Between October 1, 1978 and September 30, 1979, the contract year of the waterfront industry, 11,065 registered longshoremen and cargo checkers (not including dock workers performing services incidental to the actual movement of the freight) earned \$265,880,740 in regular and overtime wages, guaranteed annual income benefits, and vacation and holiday pay, representing average annual earnings of \$24,029, or an increase of 12.4% over the previous year's average earnings of \$21,372.

THIS YEAR

Waterfront Racketeering

The extensive investigation by the federal government into waterfront corruption in east and gulf coast ports, termed "Unirac," in which the Waterfront Commission participated, reached its culmination this past year with numerous convictions of pier union officials, waterfront businessmen and organized crime figures.

Among those convicted in the probe were the General Organizer of the International Longshoremen's Association and President of

its largest longshore local, the Executive Vice-President of the largest I.L.A. local, who also held office as a Vice-President of the International, the Presidents of three other longshore locals in the New York - New Jersey area, who were also international officers of the I.L.A., several longshore and checker union officials in the Port of Miami, who, in addition, were I.L.A. officials, and at least three persons described by federal prosecutors as controlling figures with respect to waterfront businesses and officials of the I.L.A.

As part of the Commission's contribution to the probe, it furnished the results of several of its investigations, as well as other information concerning illegal waterfront activities, to federal prosecutors in New York, New Jersey and Florida. While having extensive authority to investigate waterfront criminality, the Commission does not have the power under the Compact between New York and New Jersey to institute criminal charges itself and thus refers the evidence and results of its inquiries to the appropriate prosecutors.

The agency's expertise in uncovering pier crime has been publicly acknowledged by various United States Attorneys in the federal investigation. Thus, in announcing the indictments in January, 1979 of the President of the largest I.L.A. local and a high official of the International itself, as well as other persons, Robert B. Fiske, Jr., then United States Attorney for the Southern District of New York, expressed his "appreciation to the Waterfront Commission for the assistance it is providing in this continuing investigation." In March 1979, Mr. Fiske, in disclosing the indictment of a number of other dock union officials, waterfront businessmen and other persons described as "controlling figures" in the Port, again acknowledged the continuing aid of the agency generally, and in particular, for providing his office with information leading to specific counts of the indictment. In April, 1979, in publicly reporting a federal indictment of a New Jersey I.L.A. officer and a stevedore operator, the United States Attorney gave "particular praise to the Waterfront Commission" for the information which led to the charges against those defendants. Similar expressions were voiced by successive United States Attorneys William M. Tendy and John S. Martin, Jr.

* * *

One of the most important and efficacious tools granted the Commission by the states to utilize in its fight against pier crime is a legislative ban on criminal elements in waterfront unions. By almost identical individual state statutes, which were made part of

the Waterfront Commission Act, New Jersey and New York prohibit waterfront union officials who are convicted of felonies, high misdemeanors, misdemeanors involving moral turpitude or certain enumerated crimes from continuing in union office. The Act also prohibits anyone, including a labor organization, from knowingly permitting such a convicted person to hold office in a dock union, and further bars a waterfront union from collecting dues, assessments and other monies if any of its officers or agents is such an ineligible person. A violation of these provisions is a misdemeanor in both States.

Since the creation of the Commission in 1953 and prior to the "Unirac" convictions, 99 officers and agents of waterfront labor unions became subject to these provisions of the Waterfront Commission Act. Of those 99 persons, 59 were removed from office or resigned, 8 were not reelected, 6 died pending their removal from office, 23 were allowed to continue in office because they received certificates of good conduct or relief from disability, as provided for by the statute, and 3 were granted the right by the Commission to perform routine or clerical work for the union, pursuant to an exception under the Act. In addition, a number of notorious criminals resigned their union positions at the inception of the Commission in view of these provisions of law.

As various waterfront union officials were convicted as a result of the Unirac investigation, the Commission, in enforcing these provisions, officially notified the International Longshoremen's Association, the appropriate locals, and those convicted defendants holding office in waterfront locals in the New York - New Jersey Port or in the International itself, of the law prohibiting the continuation in office of the convicted persons and demanded their removal. None of the convicted persons vacated office willingly and, accordingly, litigation ensued in various forums.

In one case, the International Longshoremen's Association and one of the convicted I.L.A. officials challenged these provisions of the Waterfront Commission Act in federal court. Recently, the United States Court of Appeals for the Second Circuit unanimously upheld these provisions as constitutional and valid, stating, in part, that "[t]he roll call of recent convictions of waterfront union officials ... is adequate rebuttal to plaintiffs' [the I.L.A. and the convicted union official] contention that improved conditions on the New York waterfront have eliminated the continued need for the Waterfront Commission Act."

In another court proceeding, upon application by the Commission to a Justice of the New York Supreme Court, the General Organizer of the International Longshoremen's Association, who was also the President of the largest I.L.A. longshoremen local, and a Vice President of the International, who was also the Executive Vice President of the largest local, were removed "from each and every one of their various union and welfare fund and trust positions as an officer, agent and employee" and their positions were "declared vacant." This decision was unanimously affirmed by the Appellate Division of the New York Supreme Court and leave to appeal to the State's highest court, the Court of Appeals, by the convicted union officials, was denied by that court.

In granting the Commission a permanent injunction against the convicted union officials continuing in office, the New York Supreme Court stated:

"Having concluded that the plaintiffs are now in violation of the Waterfront Commission Act, Section 8, the sole remaining issue in this case is the Waterfront Commission's counterclaim for injunctive relief enjoining any further violations of said Section. The real question here is whether this court's role has ended with the rendering of the declaratory relief, with the next step up to the plaintiffs to voluntarily resign their union positions or face the possibility of criminal prosecution under Section 8. Alternatively, does this court have the right and should it exercise this right to take that additional step requested by the Waterfront Commission and order the plaintiffs to vacate their union positions?"

"It is the opinion of the court that consistent with the purpose of Section 8, i.e., to remove convicted criminals from positions of power and influence from unions operating on the waterfront * * * , the Waterfront Commission, as the bistate agency entrusted with achieving this objective, must necessarily have the right to request the immediate removal of such persons, and the courts the power to grant such requests. Since said removal of convicted criminals is in the public interest * * * , and since this can only be assured through injunctive relief (a possible or prospective criminal prosecution would not necessarily cause a voluntary resignation), the court finds that the Waterfront Commission has demonstrated the requisite elements for the granting of a permanent injunction**"

Stevedore Violations

Payments by stevedore companies of monies or other valuable consideration to union representatives for improper or unlawful purposes or to representatives of carriers of waterborne freight to obtain their stevedoring business are grounds under the Waterfront Commission Compact for the denial or revocation of the license required to operate as a stevedore in the Port. This year, several companies licensed by the Commission to perform stevedore services in the Port lost their licenses for such misconduct.

In one such case, a company performing repair work on cargo containers in Staten Island and Brooklyn was found by the Commission, after an administrative licensing trial, to have paid substantial sums of money to an officer and an employee of a carrier of freight, as kickbacks, to induce the acceptance of inflated invoices for refurbishing and repair work performed by the company for the carrier. The president of the firm was convicted of four federal felonies in connection with such activities. In denying the corporation a renewal of its license to continue operating in the Port, the Commission determined that the actions of the corporation and its president demonstrated a lack of the good character and integrity required by the compact to retain the permit.

In another proceeding, the Commission found that a company holding a temporary permit to operate as a stevedore in the Port, while functioning under its former corporate name, made sizable money payments to various longshore labor union officials for labor peace and to obtain additional business for the firm, for which it was convicted in federal court. The Commission also determined that the company made payment to employees of firms it did business with to have such employees approve fraudulent or fictitious bills for services or materials, as well as to obtain additional ship and pier carpentry business for the licensee.

Finding that the company failed to meet the standards for a permanent license as a stevedore, the Commission revoked its temporary permit and banned it from operating in this Port.

* * *

In part to aid in uncovering such illegal payments to waterfront union officials and representatives of waterborne carriers, the Waterfront Compact requires each stevedore to maintain a complete set of books and records containing an accurate account of the firm's receipts and disbursements arising out of its activities in the port district.

An audit of the books by Commission accountants of a company licensed as a stevedore to perform tire repair services on the piers revealed that, during a nineteen month period, the firm issued over 200 checks payable to "cash," of which over \$123,000 was disbursed without any indication of the recipients or of what goods or services were received, if any, by the company for such expenditures.

Questioned by Commission attorneys attached to its licensing division, the president of the licensee firm testified under oath that supporting vouchers and receipts for those payments had indeed been prepared, but "were missing."

The Commission instituted an administrative licensing hearing to determine whether the application of the company for a two-year renewal of its license should be granted. After the conclusion of the proceeding, the Commission issued an order denying the renewal of the permit, not only for the company's failure to keep a true record of its receipts and disbursements, but also for refusing to make certain of its records available for inspection.

* * *

The Commission previously reported action it took against a Brooklyn stevedoring firm, its Executive Vice President and its former President, for furnishing a leased automobile to a longshoreman at its terminal, over and above his \$40,000 annual compensation for acting as the extra-labor foreman at the pier. After an administrative proceeding, the Commission found that, since the employee was a member of the executive board of the longshoremen union local representing the firm's employees, the company's conduct violated the United States Labor-Management Act. That Act prohibits an employer from delivering "anything of value to an officer of a labor organization which represents any of the employees of such employer except as compensation for or by reason of his service as an employee."

Also finding that the action of the two corporate officers was in violation of the Labor Law of New York State, the Commission ordered that the company's permit to operate as a stevedore in the port be suspended for 10 days, with the firm granted an option to pay a fine of \$5,000 in lieu of the suspension, that each of the corporate officers be suspended for 20 days, and that the longshoreman's registration also be suspended for 20 days for violating his fiduciary obligation as an officer or agent of the union in accepting the leased car.

The stevedore firm, its officers and the longshoreman contested the Commission's determinations in a proceeding brought in the New York courts. The Appellate Division of the New York Supreme Court, in a split decision, annulled the Commission's rulings and the Commission appealed. The Court of Appeals, the State's highest court, unanimously reversed the Appellate Division's decision and reinstated the Commission's order, stating:

"We are satisfied that there was substantial evidence to support the factual conclusion that by the provision of the leased * * * sedan for his personal use, [the extra-labor foreman] had been given something of value which was over and above his compensation for or by reason of his services as an employee of the stevedore company in violation of the statutory proscriptions."

If at First You Do Not Succeed . . .

Several years ago, the Commission reported its actions in fining a licensed waterfront meat inspection company \$15,000 and in compelling its president and principal shareholder to divest himself of all interest in the firm upon a finding that the president was an undisclosed agent for the real party in interest in the licensee. An investigation by Commission attorneys and accountants disclosed that the true party in interest was a trustee of a union representing longshoremen, as well as an employee of another stevedore licensed by the Commission, and that he purchased his interest in the meat inspection firm for \$10,350 and sold it a year later at a 350% profit at a time when the company was operational for only a few months and its stock had no real market value.

After the president of the company severed his relationship with the firm in compliance with the Commission order, he formed another meat inspection concern which operated outside the Commission's jurisdiction. However, economic circumstances compelled him to seek dock business, which thus required licensure by the Commission.

In an attempt to persuade the Commission that his interest in the new firm was limited, he appeared as a minority stockholder, without holding any office in the corporation. An inquiry by the agency revealed, however, that despite these claims, he was in control of the firm and that the officers of the company were in reality his employees. After an administrative hearing, at which his prior conduct was again established and which also demonstrated that several of the other stockholders lacked good

character and integrity for various criminal convictions, the application for the license to operate in the Port was denied.

Workers' Compensation Fraud

As part of its continuing probe into fraudulent compensation cases by waterfront workers, Commission accountants checked the books and records of licensed stevedores operating as self-insurers of compensation claims. It was noted that some \$15,000 in drafts, issued by various stevedores to a Brooklyn based attorney as legal fees for representing waterfront claimants, were hand endorsed by the attorney, second endorsed with female names, and then cashed. Commission agents ascertained that the female names on the checks corresponded with employees of the attorney. This and other information from the Commission examination was furnished to the Internal Revenue Service. The claims lawyer was subsequently indicted for income tax evasion over a three year period, for which he was charged with failing to report over \$220,000 in income. The attorney ultimately pleaded guilty to one count in satisfaction of a six count federal indictment.

The Commission's cooperation with agents of the Internal Revenue Service also resulted in the indictment of a compensation representative handling longshoremen's claims for income tax evasion involving more than \$520,000. The representative was found guilty after trial. This was the same claims agent who several years ago steered a Commission undercover police officer feigning a back injury in a covert compensation fraud probe to a professional medical corporation for "treatment." As reported by the Commission two years ago, the doctors in such medical group were suspended from treating compensation patients by the New York State Workers' Compensation Board, acting upon the testimony of the investigator.

As in the past, the Commission continues to scrutinize those claims considered suspect. Regulations promulgated by the agency, as part of its remedial program to curb fraudulent compensation claims, require stevedore companies and terminal operators to supply the Commission with information concerning an accident where there is reason to believe that the dock worker is making a false claim or where he has not worked because of claimed injuries for 14 days or more. All such cases are reviewed by a special unit created within the Commission's legal division.

One recent case involved a longshoreman who professed that, as a result of slipping on



Commission attorneys working on litigation problem.

grease on the deck of a vessel, he fell and seriously injured his knee. Shortly after the accident, representatives of his stevedore company employer examined the area where the alleged accident reportedly happened and found the deck clean, without any trace of grease.

In view of the findings of the stevedore and the fact that the alleged accident was the basis for the dock worker's fifth compensation claim, the Commission initiated an investigation of the case. Surveillances of the longshoreman revealed that, during the period he maintained he was incapacitated and unable to work at his waterfront job of manipulating levers at a cargo crane, he worked as a butcher in a meat market. Commission agents took motion pictures of the claimant carrying loads of meat from his automobile to the market, including quarter sides of beef, which customarily weigh approximately 150 pounds each.

Since the longshoreman had been removed from the Register of dock workers for his failure to work or seek work on the waterfront during the period of his alleged disability, he sought reinstatement, maintaining that his injury was "good cause" for the reissuance of his dock pass. The Commission denied his request upon the results of its inquiry.

Examination of the waterfront employment record of another longshoreman disclosed that, in his ten year history on the docks, he sustained eight "accidents," none of which involved fractures or required any surgical procedure. Staff investigators developed information that the pier employee had a financial interest in a storefront dress manufacturing business. Indeed, it appeared that the date of one of his alleged injuries, causing him to stay away from the piers, coincided with his opening of the business.

Upon questioning by Commission attorneys, the longshoreman denied that since he began working on the waterfront he had any other source of income. In particular, he disavowed any interest in the dress business. When confronted with the results of surveillances, the longshoreman admitted visiting the business on occasion, but only to see his friend, whom, he stated, owned the establishment. The Commission was able to establish, however, that the longshoreman paid the rental on the premises and was listed as a principal owner by a utility company. In addition, the landlord of the building identified the dock worker as the owner of the clothing concern. As a result of his fraud under oath, the longshoreman's registration was revoked.

Spot checks of claimants who have returned to the docks after being out of work sometimes reveal that they have retained compensation benefits mistakenly granted them for periods after they have actually resumed employment. The Commission has been instrumental in having such longshoremen make restitution to the compensation carriers or self-insured waterfront companies for these overpayments. Moreover, information obtained as an outgrowth of Commission investigations of compensation claimants, furnished by the agency to the Social Security Administration, has resulted in the termination of the social security disability pensions of at least two dock workers.

This past year, the federal government's General Accounting Office, as well as a subcommittee of the House of Representatives, consulted with the Commission concerning its techniques in uncovering fraudulent compensation claims.

Watch on Thefts

One of the Commission's campaigns, throughout its existence, has been to control theft and pilferage of cargo from the docks. Some of the means utilized by the agency to curtail such thefts include patrols of the piers by its uniformed police officers and special agents, a training program for the pier guards it licenses, and periodic evaluations of cargo protection facilities and policies of the waterfront terminal operators.

Perhaps the most effective deterrent to thievery by pier personnel has been the suspension or revocation of licenses held by dock workers for such misconduct. Oftentimes, apprehension over the temporary or permanent forfeiture of the license, with the resulting loss of income, is of far greater concern to the pier employee than a criminal prosecution for the larceny. While the Commission has the jurisdiction to take such action against registered and licensed persons, its licensing authority does not extend to other persons who may be involved in pier thefts, such as truck drivers delivering to or receiving merchandise from the terminals.

As the Commission has previously reported, coffee, because of recent high prices and ready demand, is a recurrent target for criminals. In one case this past year, the Commission, together with the Intelligence Division of the New York City Police Department, established a surveillance of a group of persons meeting regularly at a Brooklyn bar who were suspected of being involved in gambling, loansharking and dealing in merchandise stolen from local piers. The Commission's observations led to the arrest of a truck driver and the owner of a coffee warehouse and roasting facility for the possession of \$14,000 worth of Columbian coffee illegally removed from a pier by the truck driver and delivered to the warehouse.

* * *

In recent years, the large metal containers used to house waterborne cargo being transported to its destination have themselves become targets for thieves. Many of these boxes are valued in excess of \$5,000 each.

The Commission received a report that two 40-foot containers, which had been utilized to bring bottled mineral water from Europe to the United States and which were scheduled to be returned to France, were missing from a Brooklyn pier.

Commission agents assigned to the case generated information that a longshoreman arranged with a truck driver making a delivery of merchandise to the pier to use the driver's

tractor to remove the containers from the terminal and bring them to an empty lot a half mile away. After the completion of its investigation, the containers were recovered and the dock worker was arrested on grand larceny charges by Commission police officers. In addition to the arrest, the agency instituted an administrative hearing against the longshoreman, who, just a few days earlier, was convicted in New Jersey for a possession of a gun.

* * *

During the course of an investigation by agents into possible misappropriations of bananas from a pier, the Commission uncovered information which it referred to the Department of Consumer Affairs of the City of New York. As a result, the consumer affairs agency instituted administrative proceedings against the licenses of six carting companies for allegedly charging a waterborne carrier in excess of the maximum legal rate for refuse removal services. These proceedings are pending.

* * *

Developing information that a longshore hi-lo driver and a pier maintenance worker were conspiring to steal waterborne freight, Commission agents established a surveillance at a Brooklyn terminal. They followed the maintenance worker's truck from the pier to his employer's garage where they then observed cartons of frozen shrimp within the vehicle. After questioning by the Commission police officers, the pier workers, together with another longshoreman who was also implicated in the theft, were arrested for the theft of eight boxes of the seafood. All three were convicted in Federal District Court.

In addition to the arrests, the Commission instituted administrative action against the registrations of the three dock workers. One longshoreman was banned from the waterfront for a year period, another suspended for thirty days, and the third immediately retired from employment and moved to Australia.

Licensing Violations

Among the various types of waterfront employment required to be licensed under the Waterfront Commission Compact is the occupation of port watchman. The watchmen, or pier guards, are employed by the terminal operators to protect the billions of dollars worth of cargo moving through the harbor from theft and fire.

The Commission requires that each of the 700 guards engaged in the Port be of good character and integrity, meet designated physical and mental standards, and pass a course of training administered by the Commission every three years.

An inquiry by the Commission into a security guard company engaged by a waterfront warehouse company disclosed that the protection firm was utilizing non-licensed guards. Despite the fact that the Commission directed the immediate registration of such watchmen, the company failed to so license them. In accordance with its mandate under the Compact, the Commission instituted legal action against the concern for an injunction and for money damages on behalf of the State of New Jersey, in which State the firm was operating. The Superior Court of New Jersey issued a restraining order against the company employing non-licensed guards and the firm, with the Court's approval, paid a \$7,500 fine for its unlawful conduct.

* * *

Similarly, a waterfront warehouse corporation, seeking renewal of its license as a stevedore company, was found by the Commission to have employed unregistered longshoremen. The corporation was fined in excess of \$12,000 for the violations and immediately submitted applications for the licensing of its unregistered personnel. In addition, the company's hiring agent, licensed by the Commission, was suspended by the agency for two weeks for his participation in the violations.

What's In a Name

The value of a longshoreman's registration can sometimes be best illustrated by the means used by applicants to obtain such licensure.

As reported last year, to aid in the filling of vacancies in longshore gangs and banana work lists, the Commission, utilizing its special and emergency powers under the compact, authorized the temporary longshore registration of up to 750 men and women, with the management and labor board administering the waterfront industry's collective bargaining agreement referring persons to the Commission for such registration.

In accordance with its screening process of all applicants for registration and licensing, the Commission required the applicants for temporary registration to complete work history and background applications and be

fingerprinted. One such applicant, in a vain attempt to conceal from the Commission that there were three outstanding warrants for his arrest, submitted an application under a fictitious name, and obtained a birth certificate, motor vehicle operator's license and social security card under the bogus identity. Unfortunately for the applicant, his fingerprints knew no name and his true identity and background were revealed.

Administrative Proceedings

Since its creation in 1953, the Commission has processed and reviewed 139,835 applications and reapplications for the registrations and licenses it is authorized to issue under the Waterfront Commission Compact.

Pursuant to the compact, no application is denied without the applicant being afforded an opportunity for an administrative hearing, at which he may be represented by counsel and present evidence in his own behalf. Similarly, once a license or registration has been issued by the Commission, it may not be revoked or suspended without an administrative licensing trial to establish the basis for such action. A proceeding to revoke, cancel or suspend a license or registration may be instituted by the Commission on its own initiative or upon the complaint of any person, including a public official or agency. Each Commission licensing hearing is conducted pursuant to the rules and regulations of the agency.

When the Commissioners themselves do not conduct the proceeding, it is presided over by an administrative judge appointed by and directly responsible to the Commissioners. Such judges are selected from a rotating panel of New Jersey and New York attorneys and include persons with varied judicial and legal backgrounds.

The regulations of the agency provide that, unless otherwise ordered by the Commission in the public interest, the hearings are open to the public. Stenographic records are made of each proceeding, with copies available to the applicant, respondent and any other person having a legitimate interest in the proceeding. The administrative judge has the authority to administer oaths, issue subpoenas to compel the attendance of witnesses, and rule upon offers of evidence.

Upon the conclusion of the taking of testimony and the submission to him of memoranda of law, the Administrative Judge issues a report to the Commissioners of his findings of fact and recommendations. Copies

of the report are furnished to all interested parties, who have the right to file written exceptions to the memorandum. The judge's report, the transcript of the proceeding, the exhibits, exceptions and legal arguments are then forwarded to the two Commissioners for their consideration, determination and order.

Determinations of the Commission are subject to judicial review in either compact state. In addition, the agency has established a number of various types of petitions which may be made to the Commissioners by a person dissatisfied with a ruling. These include petitions for rehearing of the case, reconsideration of an order, restoration of a license or registration, and for leave to reapply.

This year, the Commission ruled in 206 administrative cases. In 79 proceedings to determine whether applications for registrations or licenses should be granted, the Commission denied 74 and granted 5. In 127 disciplinary hearings, it revoked 26 licenses and registrations, revoked an additional 21 with leave to reapply granted after stated periods of time, suspended 71, issued 2 reprimands and dismissed the charges in 7 proceedings. These included 38 summary matters; a procedure in which the registrant or licensee admitted the violation and waived a formal administrative hearing. In addition to the above, the agency issued orders temporarily suspending four longshoremen pending their administrative hearings upon findings that their presence on the docks during the determinations of their cases would be inimicable to the public peace or safety.

The Commission also acted upon 133 petitions submitted to it, granting 41 and denying 92.

Litigation

Included among the various types of court proceedings the Commission was engaged in during the past year were the following:

International Longshoremen's Association, et al.
v.
Waterfront Commission
(United States Court of Appeals, Second Circuit)

The International Longshoremen's Association, certain of its locals, and a convicted I.L.A. official, brought suit against the Commission in the United States District Court to declare as invalid provisions of the Waterfront Commission Act barring convicted waterfront union

officials from holding office, barring dock unions from permitting such ineligible persons to hold office, and preventing the collection of dues and other monies on behalf of waterfront unions if any of their officers, agents or employees are ineligible to hold office by reason of being convicted.

The District Court for the Southern District of New York upheld the Act, except for the portion prohibiting the collection of union dues. After cross appeals by the parties to the United States Court of Appeals, the three-judge appellate court for the Second Federal Circuit unanimously upheld the constitutionality of all the provisions of the Act which had been contested by the I.L.A., including the dues-collection proscription.

Scotto et ano. v. Waterfront Commission, Gold, District Attorney of Kings County, and Morgenthau, District Attorney of New York County (Supreme Court of New York, Kings Co.)

After their felony convictions for waterfront racketeering, the General Organizer and a Vice President of the I.L.A., who also held the positions of president and vice president, respectively, of the largest longshoremen union local in the Port, initiated a court suit to prevent their removal from office by the Commission under a provision of the Waterfront Commission Act barring such convicted union officials from continuing to represent registered dock workers. Among the arguments advanced by the union officers to the court were that the Waterfront Commission Act did not encompass the crimes for which they were convicted and that, in any event, the Act legally did not take effect until they had an opportunity to exhaust all appeals from the convictions.

A Justice of the Supreme Court of New York, in a 47 page opinion, ruled in favor of the Commission, upon a motion by the agency for summary judgment. In upholding the Commission and removing the union officials from office, the Court declared that the provision of the Act barring convicted persons from holding waterfront union office takes effect upon the return of a verdict of guilty at the trial court level and not after exhaustion of all appeals, and that the federal convictions of the union leaders were embraced within the Waterfront Commission Act, irrespective of whether there was a New York State statutory felony counterpart.

This decision was unanimously affirmed by the Appellate Division of the Supreme Court. A request by the union officers to appeal to the Court of Appeals was thereafter denied.

Anthony M. Scotto v. Waterfront Commission
(Court of Appeals of New York)

In the course of an employee disciplinary hearing, the Commission issued a subpoena to compel the attendance of the president of a longshoremen's union as a witness in the proceeding. The labor leader applied to a Justice of the New York Supreme Court to quash the subpoena, contending that the agency's power to issue such directions to appear and testify did not extend to such a proceeding. His motion to quash was denied by the Supreme Court of New York. Upon appeal, the Appellate Division of the Supreme Court reversed, thus voiding the subpoena. The Commission thereupon appealed to the Court of Appeals.

In a unanimous decision by New York State's highest tribunal, the Court of Appeals upheld the Commission subpoena, stating, in part, that the agency's power to issue subpoenas to compel the attendance of witnesses, the giving of testimony and the production of evidence, was without statutory limitation and was of sufficient breadth to be utilized in a proceeding charging an employee with improper conduct.

D'Ambrosio v. Waterfront Commission
(Appellate Division of Supreme Court,
First Dept.)

To be eligible for monetary benefits in the industry's guaranteed income plan, a longshoreman not previously ordered for employment must make himself available for work at one of the Commission's employment centers. If he is not then selected for employment, he receives income credits for that day. An investigation by the agency established that a longshoreman, instead of appearing in person, had a friend "stand in" for him, thus attempting to misappropriate guaranteed income monies from the New York Shipping Association - International Longshoremen's Association Guaranteed Annual Income Fund.

After an administrative hearing establishing such fraud, and taking into account prior disciplinary action by the Commission against the dock worker for unlawful gambling activities, the Commission revoked the longshoreman's registration, with leave granted him to reapply for admission to the Register after six months.

In a proceeding brought by the pier worker to review the determination and challenging the punishment and sufficiency of the evidence against him, the Appellate Division of New York's Supreme Court upheld the Commission, finding the evidence adequate and the sanction appropriate.

American Sugar Refining Co. of New York et al.
v.

Waterfront Commission
(Appellate Division of Supreme Court,
First Dept.)

Under the Waterfront Compact, the Commission's budget is financed by assessments upon employers of persons registered and licensed by the agency, with such assessments computed upon the gross payroll payments made by the employers at a rate not in excess of two per cent.

Various steamship and stevedore employers of longshoremen brought suit in New York Supreme Court to declare the collection by the Commission of assessments on guaranteed annual income and vacation and holiday payments as invalid under the Compact. The Commission counterclaimed for a declaratory judgment that such assessments were authorized, and the association of the employers, in a counterclaim to the Commission's counterclaim, sought refund for these assessments paid in certain prior years.

A Justice of the New York Supreme Court ruled in favor of the employers, resulting in a judgment against the Commission. Such judgment was unanimously upheld by the Appellate Division of the Supreme Court. Upon application, the Commission has been granted leave to appeal the case to New York's Court of Appeals.

Anastasio v. Waterfront Commission
(Court of Appeals of New York)

Eleven years after being removed by the Commission as a longshoreman for having been convicted for manslaughter as the result of his part in a robbery conspiracy during the course of which a payroll messenger died, a dock worker brought legal action against the agency to compel his readmission to the Register. In denying restoration of the license, the Commission had noted that the longshoreman was unable to become part of the work force since he was now disabled and that his real reason for seeking reinstatement to the Register was not to work but to obtain union disability benefits.

In upholding the Commission's refusal to reinstate the dock worker, New York's Court of Appeals unanimously ruled that the agency's "licensing authority is defined not only by express statutory standards . . . but by what may be said to have been implicitly delegated from the fair import of its statutorily described purposes" and that "'ability to work' may well be a criterion relevant to the commission's duty to register 'all qualified longshoremen.'"

Administration

A number of long time and dedicated employees of the Commission retired during the year. These included George R. Voget, the Assistant Director of the Commission's Division of Employment Information Centers and the Manager of its Port Newark - Elizabeth Center, one of the first employees to join the agency upon its creation in 1953; E. Burton Tarlowe, the Manager of the Commission's Staten Island Center, another original employee, who served the Commission for 27 years; Alfred B. Centner, the Manager of the Manhattan Employment Center, after 24 years of employment with the agency; Stanley Caufield, the Assistant Manager of the Staten Island hiring hall; Andrew Cevasco, the Assistant Manager of the Commission employment center in Jersey City; and Mildred Clark, a legal stenographer in the Division of Administration.

The Commissioners, the Executive Director and the staff note with sorrow the deaths this year of several former employees with long service to the agency.

Hyman S. Lipman, the Commission's first Director of Administration, who retired to Arizona in 1961, died in June, 1980. Prior to joining the Commission staff in 1953, Hy Lipman was the Chief Accountant for the waterfront staff of the New York State Crime Commission during its 1951-1953 investigation of crime in the Port.

Samuel P. Lisman, another of the Commission's original staff, also died in June, 1980. Mr. Lisman, after service as an auditor with the New York State Crime Commission, entered into employment with the Waterfront Commission as an accountant, was later promoted to Chief Accountant, and was Director of Administration when he retired in 1972.

Entering into service as an investigator with the agency in 1953, George R. Merrill, Jr. was appointed Secretary to the Commission in 1955. He later became Assistant to the Executive Director in 1961 and served in that capacity until he left the Commission in 1962. Mr. Merrill died in April, 1980.

Thomas J. Galligan, who came to the Commission's Division of Law Enforcement in 1960, after service as a lieutenant in the New York City Police Department, retired as a Supervising Special Agent in late 1979. Agent Galligan passed away in June, 1980.

* * *

Once again, the Commission wishes to express its gratitude for the outstanding cooperation and assistance it has received from other law enforcement and regulatory

bodies in the performance of its statutory functions.

* * *

The Commission has recently moved its main offices to 42 Broadway, New York, New York 10004.

CONCLUSION

Recently, the United States Senate Permanent Subcommittee on Investigations held hearings in Washington, D.C. on waterfront organized crime and dock corruption. While the Subcommittee has not as yet made formal recommendations, it did issue interim suggestions to combat such crime. Observing that "state or local waterfront commissions or regulations are absolutely necessary," the Senators holding the hearings urged those state legislatures and local governments with waterfront crime problems to study the example of the bi-state New York and New Jersey Waterfront Commission. Indeed, during the course of the hearings, the Chairman, Senator Sam Nunn, in addressing the Waterfront Commission, stated: "I am hoping my own State of Georgia will take a look at what you [the Waterfront Commission] have done ... We think the initiative you have taken in New York and New Jersey while certainly has not solved all the problems, it has certainly solved some of them and has helped mitigate others."

The Waterfront Commission pledges its continuation in the effort to remove those greedy and lawless persons who for their own monetary gain and struggle for power would menace the welfare and prosperity of our Port.

* * *

The Commission finds and determines that, to continue the gains realized in the Port of New York - New Jersey District and to achieve the goals and objectives of the Waterfront Commission Compact, public necessity still exists for the continued registration of longshoremen, the continued licensing of the occupations and employments required to be licensed under the Waterfront Commission Act and the amendments thereto, and the continued public operation of the Employment Information Centers provided for in Article XII of the Compact.

Respectfully submitted,

HENRY N. LUTHER, III
Commissioner for New Jersey

NICHOLAS SCOPPETTA
Commissioner for New York

COMMISSION DETERMINATIONS

Year Ended June 30, 1980

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Sus- pended	Repri- mand	Dismiss Charges	Suspend P/H	Totals
Longshoremen	37	1	13	7	40	0	3	4	105
Checkers	3	0	2	3	13	1	2	0	24
Hiring Agents	1	0	0	0	2	0	0	0	3
Port Watchmen	12	1	7	3	4	1	0	0	28
Pier Superintendents	0	0	0	0	2	0	0	0	2
Stevedores	1	0	0	0	0	0	0	0	1
Maintenance	20	3	4	8	10	0	2	0	47
Totals	74	5	26	21	71	2	7	4	210*

*includes 38 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	29	1	30
Petitions for Leave to Reapply	4	3	7
Petitions for Rehearing	2	0	2
Petitions to Withdraw	0	1	1
Petitions to Remove Ineligibility	2	0	2
Petitions for Restoration of Registration	15	1	16
Petitions to Vacate Temporary Suspension	0	0	0
Petitions for Retention or Reinstatement	40	35	75
Totals	92	41	133

STAFF FUNCTIONS

	DIVISION OF LAW	DIVISION OF LICENSING	TOTAL
Investigations Completed	124	34	158
Recent Arrests Completed	77	12	89
Petitions Completed	31	41	72
Applications investigated and processed	6	421	427
Witnesses and applicants questioned	554	654	1208
Summary Proceedings completed	29	7	36
Requests for Reinstatements from Withdrawal and Decasualization	3	122	125
Total Hearings conducted	66	63	129
Probationers Reviewed	18	10	28

DIVISION OF LAW ENFORCEMENT

Arrests and Apprehensions	
for thefts	21
for gambling	2
for other offenses	17
Total	40

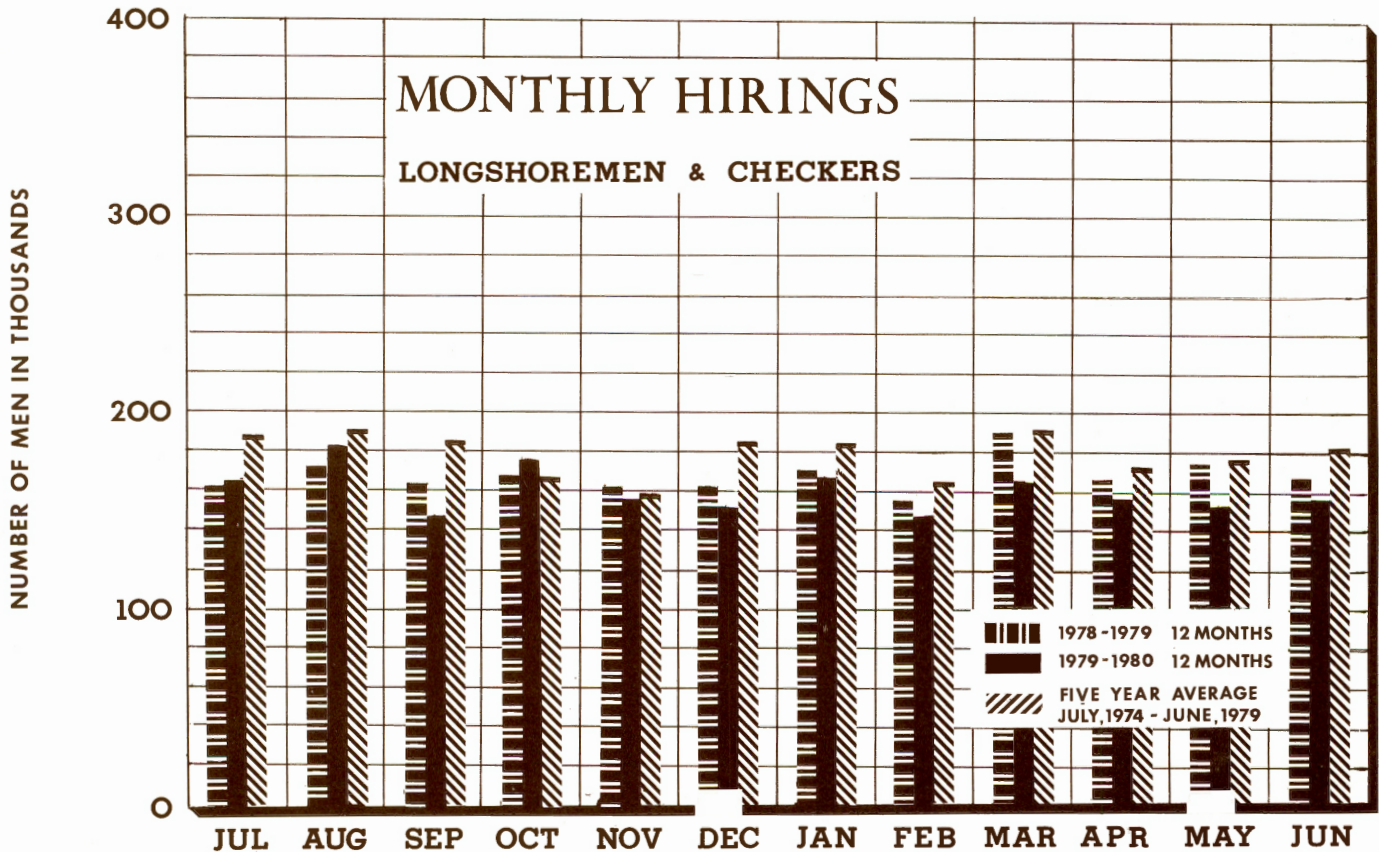
DIVISION OF AUDIT AND CONTROL

Audits	
licensing	84
assessments	103
investigative	22

EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the fiscal years ending June 30, 1980 and 1979

Center and Location	Piers and Areas	HIRINGS		Increase or Decrease	%	% Share of Port Employment	
		1979-1980	1978-1979			1979-1980	1978-1979
Manhattan 261-281 Hudson St.	Manhattan	97,360	107,930	-10,570	- 9.79%	5.06%	5.35%
Brooklyn 5914 3rd Avenue	Brooklyn	714,210	788,193	-73,983	- 9.39%	37.10%	39.03%
Staten Island 22 Wave Street	Staten Island	94,084	85,513	8,571	-10.02%	4.89%	4.23%
Port Newark 117 Tyler Street	Port Newark, Port Elizabeth & Perth Amboy	787,474	777,469	10,005	1.29%	40.91%	38.50%
Hudson County 111 Newark St. Hoboken, N.J.	Jersey City and Bayonne, Hoboken, Weehawken & Edgewater	231,781	260,409	-28,628	-10.99%	12.04%	12.89%
TOTAL — NEW JERSEY		1,019,255	1,037,878	-18,623	- 1.79%	52.95%	51.39%
TOTAL — NEW YORK		905,654	981,636	-75,982	- 7.74%	47.05%	48.61%
PORT WIDE TOTALS		1,924,909	2,019,514	-94,605	- 4.68%	100.00%	100.00%



**APPLICATIONS AND REAPPLICATIONS RECEIVED AND PROCESSED
DURING FISCAL YEARS**

As of June 30th

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Longshoremen	1,566	1,283	3,107	1,557	1,846	4,810 _c	1,741 _c	1,196 _c	1,126 _c	1,192 _c	1,093 _c	1,087 _c	903 _c	913 _c	1,656 _{c,d}	945 _c
Checkers	453	286	276	320	516	1,233	87	0	2	0	2	0	63	431	40	0
Pier Guards	418	2,081	472	699	1,014	858	612	612	573	404	470	516	284	407	437	257
Pier Superintendents	37	47	73	116	57	131	82	67	60	74	66	98	46	47	71	32
Hiring Agents	51	127	92	169	66	172	139	69	63	77	68	75	34	35	41	25
Stevedore Companies	0	53	4	53	7	99	32	117	19	121	20	115	6	117	12	118
TOTALS	2,525	3,877	4,024	2,914	3,506	7,303	2,693	2,061	1,843	1,868	1,719	1,891	1,336	1,950	2,257	1,377

- (a) Pier Guards are required to renew licenses every third year.
- (b) Stevedores are required to renew licenses every second year.
- (c) Includes warehousemen, container repairmen, and other persons required to register under amendments to Waterfront Commission Act, effective September 1, 1969.
- (d) Includes applications for temporary longshore registration to meet special and emergency needs.

REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

As of June 30th

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Longshoremen	19,792	19,110	18,352	17,026	16,612	17,646 _a	16,367 _a	16,006 _a	14,226 _a	13,704 _a	12,515 _a	12,237 _a	11,863 _a	11,420 _a	11,150 _{a&b}	10,804 _{a&b}
Checkers	4,511	4,397	4,220	4,115	4,335	3,979	3,714	3,557	3,176	3,006	2,728	2,584	2,479	2,408	2,468	2,373
Hiring Agents	565	606	631	600	559	602	605	545	493	512	427	378	369	361	357	339
Pier Superintendents	417	414	430	417	365	403	406	424	374	395	370	337	342	340	357	344
Pier Guards	1,801	1,551	1,630	1,654	1,637	1,548	1,485	1,405	1,291	1,064	979	894	818	789	750	705
Stevedore Companies	28	49	49	50	46	93	106	109	117	113	118	112	115	113	116	113
TOTALS	27,114	26,127	25,312	23,862	23,554	24,271	22,683	22,046	19,677	18,794	17,137	16,542	15,986	15,431	15,198	14,678

- (a) Includes warehousemen, container repairmen, and other persons required to be registered 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

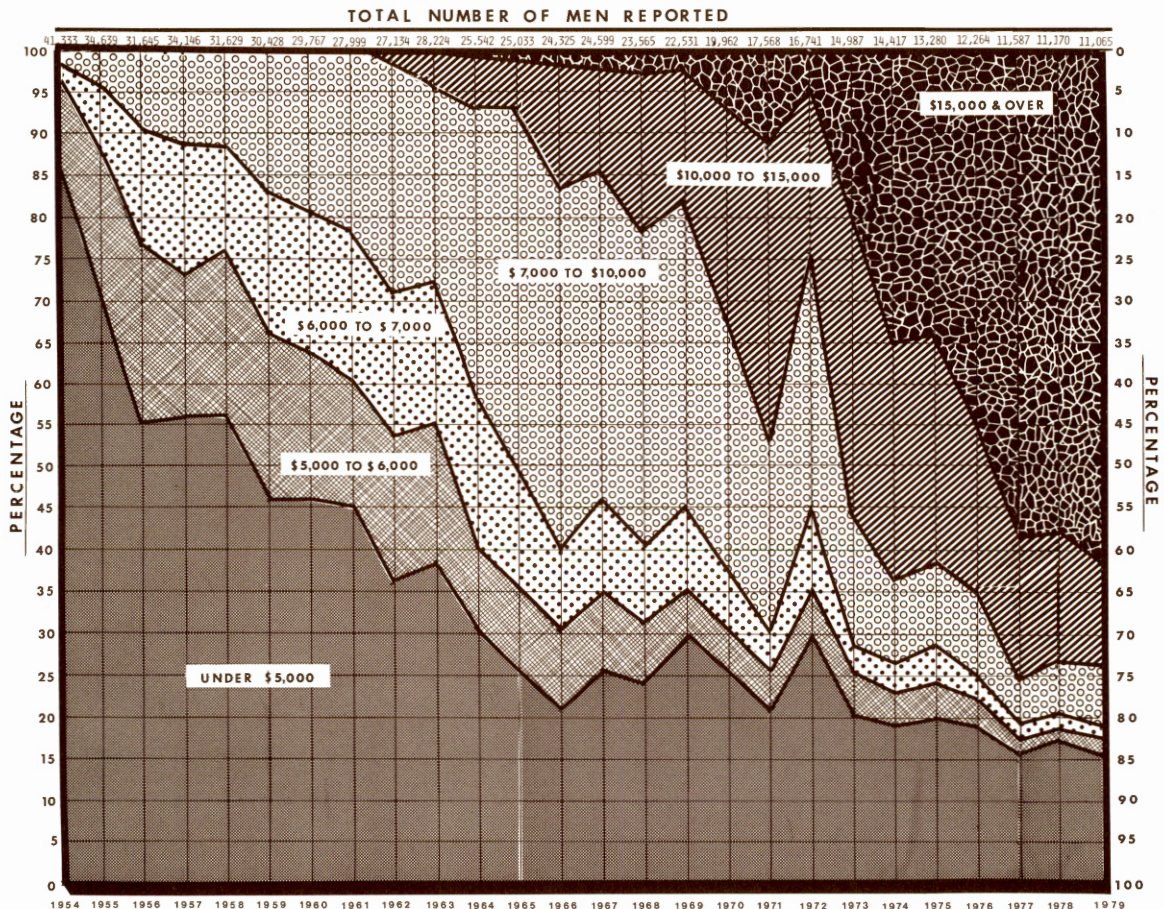
	1954	1977	1978	1979
Over \$25,000	(*)	1,505	1,892	2,996
\$20,000 to \$25,000	(*)	1,737	2,019	1,971
\$15,000 to \$20,000	(*)	3,406	2,559	1,905
\$12,000 to \$15,000	(*)	1,373	1,088	718
\$10,000 to \$12,000	(*)	681	529	527
\$10,000 and Over	(*)	8,702	8,087	8,117
\$ 7,000 to \$10,000	406	663	702	825
\$ 6,000 to \$ 7,000	802	199	246	194
\$ 5,000 to \$ 6,000	2,589	148	195	190
\$ 4,000 to \$ 5,000	6,330	200	224	190
\$ 3,000 to \$ 4,000	7,013	298	249	191
Under \$3,000	24,193	1,377	1,467	1,358
TOTAL REPORTED	41,333	11,587	11,170	11,065
Total Earnings	\$102,061,108	\$180,878,559	\$180,622,219	\$203,239,104
Total Hours Worked	37,813,991	19,038,879	17,761,020	18,215,008
% Hours Overtime	24.3%	23.6%	26.4%	25.4%
AVERAGE ANNUAL WAGES**	\$ 2,469	\$ 15,610	\$ 16,170	\$ 18,368

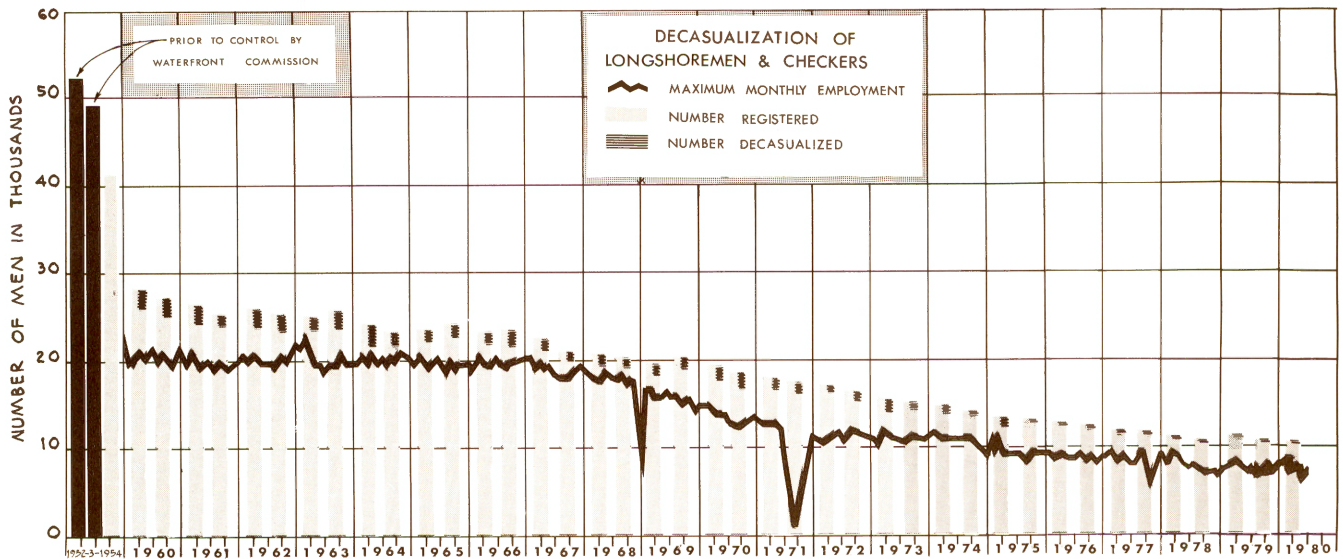
*Records incomplete for 1954

**Does not include guaranteed annual income payment or 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 1957-58 included earnings of longshoremen and checkers only, as reported by the New York Shipping Association.

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





DECASUALIZATION OF LONGSHOREMEN AND CHECKERS

		Number Decasualized	Remaining Registrants
1st decasualization	June 3, 1955	7,141	31,574a
17th decasualization	May 10, 1963	1,182	25,218
18th decasualization	October 22, 1963	1,523	25,997
19th decasualization	April 10, 1964	2,096	24,172
20th decasualization	October 15, 1964	1,715	23,084
21st decasualization	April 16, 1965	934	23,796
22nd decasualization	October 7, 1965	581	23,920
23rd decasualization	March 31, 1966	1,070	23,332
24th decasualization	November 7, 1966	1,226	23,471
25th decasualization	March 31, 1967	1,142	22,100
26th decasualization	October 6, 1967	954	21,515
27th decasualization	April 12, 1968	903	20,901
28th decasualization	October 18, 1968	770	20,384
29th decasualization	April 22, 1969	999	19,973
30th decasualization	October 3, 1969	1,022	20,627b
31st decasualization	April 13, 1970	1,098	19,512b
32nd decasualization	October 30, 1970	1,012	18,651b
33rd decasualization	April 2, 1971	715	18,115b
34th decasualization	September 30, 1971	514	17,742b
35th decasualization	March 30, 1972	227	17,626b
36th decasualization	September 27, 1972	523	16,316b
37th decasualization	April 9, 1973	930	15,368b
38th decasualization	September 27, 1973	330	14,792b
39th decasualization	March 25, 1974	423	14,409b
40th decasualization	September 26, 1974	271	14,143b
41st decasualization	March 27, 1975	425	13,726b
42nd decasualization	September 25, 1975	156	12,962b
43rd decasualization	March 25, 1976	194	12,602b
44th decasualization	September 23, 1976	181	12,303b
45th decasualization	March 24, 1977	174	11,978b
46th decasualization	September 22, 1977	168	11,723b
47th decasualization	March 31, 1978	120	11,370b
48th decasualization	September 29, 1978	126	10,995b
49th decasualization	March 30, 1979	150	11,321b,c
50th decasualization	September 28, 1979	124	10,956b,c
51st decasualization	April 3, 1980	115	10,701b,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 OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

Year Ended June 30, 1980

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	\$ 42,253.22	
Less taxes and other withholdings from employees	<u>44,334.42</u>	\$ (2,081.20)
Cash in savings accounts (net of badge deposits of \$8,715.00)		109,911.59
Time certificates of deposit		540,000.00
Insurance dividends and interest held by Prudential Insurance Co.		<u>62,707.38</u>
		<u>710,537.77</u>
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	5,273,851.93	
Interest on time certificates of deposit	173,579.54	
Interest on savings accounts	3,762.34	
Penalties, fines and miscellaneous income	15,545.77	
Interest on dividends held by Prudential Insurance Co.	<u>3,503.38</u>	5,470,242.96
		<u>6,180,780.73</u>
Disbursements:		
Salaries	3,225,643.43	
Rentals	345,026.96	
Retirement, group insurance and social security taxes	1,123,390.53	
Special services and expense	45,769.42	
Communications	80,831.18	
Carfare, auto and travel expense	63,596.46	
General office expense	29,342.71	
Repairs and maintenance	56,337.36	
Furniture, fixtures and equipment	41,651.01	
Hearing officers, auditors and consultant fees	34,284.42	
Insurance	110,365.81	
Light, heat and power	69,886.28	
Printing	16,319.03	
Miscellaneous overtime expense	1,217.50	
State unemployment insurance	<u>4,351.36</u>	5,248,013.46
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	25,560.70	
Less taxes and other withholdings from employees	<u>47,526.94</u>	
	(21,966.24)	
Cash in savings accounts	23,522.75	
Time certificates of deposit	925,000.00	
Insurance dividends and interest held by Prudential Insurance Co.	<u>6,210.76</u>	<u>\$ 932,767.27</u>

See notes on page 22

Ernst & Whinney

153 East 53rd Street
New York, New York 10022

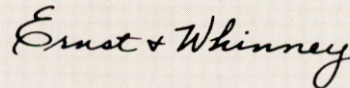
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The Commissioners
Waterfront Commission of New York Harbor

We have examined the statement of cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1980. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note A, it is the policy of the Waterfront Commission of New York Harbor to prepare its financial statement on the basis of cash receipts and disbursements; consequently revenue and related assets are recognized when received rather than in the period to which they apply and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statement of cash receipts and disbursements is not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Further, reference should be made to Note C for significant litigation relating to the Commission.

In our opinion, the accompanying statement of cash receipts and disbursements presents fairly the cash transactions of the Waterfront Commission of New York Harbor for the year ended June 30, 1980, on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.



New York, New York
July 31, 1980

NOTE A—

It is the policy of the Waterfront Commission of New York Harbor (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 in the period to which they apply and expenses are recognized when paid rather than when the obligation is incurred.

NOTE B—

During the prior year, in connection with an agreement providing for certain penalties assessed against a shipping company, the Commission received \$34,161.50 to be held by it in escrow for the benefit of certain employees of the shipping company; subject to certain conditions, such amounts were to be disbursed to those employees. As of June 30, 1980, the remainder of such assessment aggregated \$16,902.84, including interest thereon. Such amount is not included in the foregoing statement of cash receipts and disbursements.

NOTE C—

In fiscal 1979, there was a suit pending against the Commission by various steamship and stevedore employers of longshoremen to declare the collection from such employers by the Commission of assessments on guaranteed annual income and vacation and holiday payments to longshoremen as unauthorized under the Waterfront Commission Compact. The Commission, in a counterclaim, sought a declaratory judgment that such assessments are authorized. The association of such employers, in a counterclaim to the Commission counterclaim, was seeking \$3,334,528 paid in prior years to the Commission for such assessments, together with interest. A final judgment was filed against the Commission in March 1980, awarding the New York Shipping Association a total of \$4,063,145. The Commission has appealed from this judgment and the matter is currently pending in the Appellate Division of the Supreme Court. In a separate and similar suit, in a United States District Court, two joint New York Shipping Association-International Longshoremen's Association funds were seeking to declare such assessments invalid and to recover \$2,039,857 from the Commission for assessments paid, together with interest. This latter suit has been suspended pending the outcome of the first suit. General Counsel of the Commission is of the opinion that the Waterfront Commission Compact authorizes the aforementioned assessments. However, General Counsel of the Commission as well as outside counsel are unable, at this time, to render an opinion as to the outcome of the appeal.



Henry N. Luther, III
*Commissioner
for
New Jersey*



Nicholas Scoppetta
*Commissioner
for
New York*



Leonard Newman
Executive Director

Jerome J. Klined, *Deputy Executive Director*

Gerald P. Lally, *General Counsel*

Francis A. Byrne, Jr., *Secretary*

John S. Winthers, *Director, Division of Law Enforcement*

Paul D. Kelly, *Director, Division of Law*

Jesse O. Langston, *Director, Employment Information Centers*

Carmine A. Cardone, *Director, Division of Licensing*

Gemma T. Macaluso, *Director, Administration*

Marvin Weissman, *Director, Division of Audit and Control*

Elmer H. Williams, Jr., *Comptroller*

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