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WATERFRONT COMMISSION of NEW YORK HARBOR



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 1988-1989. 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
1988–1989

THE WATERFRONT COMMISSION OF NEW YORK HARBOR

AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

THE COMMISSION

The Waterfront Commission of New York Harbor was created in 1953 by the States of New York and New Jersey after an intensive investigation by the New York State Crime Commission, with the cooperation of the New Jersey Law Enforcement Council, revealed widespread crime and corruption in the nation's largest port. The Waterfront Commission Compact establishing the agency was enacted into law by both states on June 30, 1953, and, after receiving Congressional consent, was approved by the President of the United States on August 12, 1953.

The Compact launched a comprehensive plan to eliminate the evil conditions which were endangering the economic survival of the bi-state harbor. Citing, among other things, the degrading conditions under which dock labor was employed, the corrupt practices of stevedoring firms, and the lack of regulation of various waterfront occupations, the Legislatures gave the Waterfront Commission the power to:

- register longshoremen and license stevedore companies, hiring agents, pier superintendents, and pier guards;
- operate information centers to oversee the hiring of longshoremen and port watchmen and provide them with data concerning employment opportunities;
- regularize the longshore work force by balancing the number of eligible dock workers with the demand of stevedores and waterborne carriers for their services and periodically remove from the longshoremen's register those employees who fail to work or seek employment on a regular basis;
- investigate criminal activity in the harbor and collect and compile information concerning waterfront practices generally;
- prohibit persons with serious criminal convictions from holding positions in unions representing registered or licensed dock workers and in welfare funds or trusts administered by such labor organizations;
- issue subpoenas throughout both states to compel the attendance of witnesses, the giving of testimony and the production of other evidence; administer oaths; appoint police officers; confer immunity from criminal prosecution; promulgate rules and regulations; receive from other governmental agencies such data and assistance as will enable the Commission to properly perform its functions; and to
- make reports and recommendations to the governors and legislatures for the improvement of the conditions of waterfront labor and for the effectuation of the purposes of the Compact.

The Compact also eliminated two nefarious practices which were prevalent on the docks for many years. One, the "shape-up," was a method of hiring dock workers which often required longshoremen to pay tribute to mobsters as a means of obtaining daily employment. In its stead, the states required governmental regulation of the hiring process through the Commission-operated employment information centers. The other, known as "public loading," required payments to certain groups of persons to load or unload cargo from the trucks at the piers, whether or not their services were required or desired.

* * *

There are two members of the Commission, one appointed by the Governor of New York and one by the Governor of New Jersey, with the consent of the respective State Senates. Each Commissioner is appointed for a three-year term, with the compensation fixed by the appointing Governor. The Compact provides that the Commission shall act only by unanimous vote of both members.

Representing the State of New York since May, 1979, is Nicholas Scoppetta. Commissioner Scoppetta is a member of the New York and Federal Bars. He saw prior public service as an Assistant District Attorney in New York County, Associate Counsel to the Knapp Commission, which investigated police corruption in the City of New York, Special Assistant United States Attorney in the Southern District of New York, New York City Commissioner of Investigation, and New York City Deputy Mayor for Criminal Justice. Commissioner Scoppetta was also a Professor at New York University School of Law and Director of the Institute of Judicial Administration.

Conrad N. Koch was appointed as New Jersey Commissioner in December, 1983. A resident of West Orange, New Jersey, he is a member of the New Jersey and Federal Bars. Commissioner Koch received his undergraduate degree from Seton Hall University and was graduated with a law degree from the Columbia University School of Law. He is the former prosecutor for the Township of East Hanover and attorney for the West Orange Zoning Board in New Jersey.

The agency's Executive Director, in charge of the day to day administration of the Commission, is Leonard Newman. Serving as the chief operating officer since July, 1976, Mr. Newman was an Assistant District Attorney in New York County for 32 years, including 8 years as Chief of the Fraud Bureau. Immediately prior to joining the Commission, Mr. Newman held the position of First Deputy Commissioner of the Division of Criminal Justice Services of New York State. In that post, he was directly in charge of the Office of Special Services, which included the Bureau of Municipal Police, the Prosecutorial Technical Assistance Unit and the Juvenile Justice Institute.

* * *

The agency's functions are administered through six divisions: Executive, Law, Police, Licensing and Employment Information Centers, Audit and Control, and Administration. The Executive Division is headed directly by the Executive Director, who maintains general management over the other divisions. Each of the other divisions is under the immediate supervision of a director, with the exception of the Police Division, which is directed by the Commission's Chief of Police.

The Executive Division is responsible for the execution of the policies formulated by the Commissioners. Pursuant to such policies, it also prepares the budget of the agency. By statute, the Commission's budgeted expenses are obtained by an assessment upon the employers of those persons licensed and registered under the Compact. Such assessments are limited by the original Compact to a maximum of two percent of the gross payroll payments made by employers to longshoremen, checkers, pier superintendents, hiring agents and port watchmen.

Other functions of the Executive Division include public relations, litigation, legal research, and the preparation and review of contracts, leases, regulations and legislation. Included within the Division are the General Counsel and the Comptroller sections.

Attorneys assigned to the Division of Law investigate violations of the Waterfront Commission Act, penal statutes and other laws pertaining to operations in the harbor. In addition, administrative hearings are conducted by this Division to determine whether persons and companies registered and licensed by the agency and accused of wrongdoing should have their permits revoked or suspended. In carrying out their assigned duties, counsel in the Law Division work closely with the Commission's police force and staff of investigative accountants.

The Agency's Police Division is comprised of detectives, detective investigators and waterfront intelligence analysts. It probes criminal activity in the harbor, performs background and criminal history checks of persons and firms seeking registration or licensure, interprets organized crime data, assesses the cargo protection policies and facilities of stevedores and shipping lines, and maintains the investigative and licensing files of the Commission.

The Division of Licensing and Employment Information Centers has three distinct functions. It is responsible for processing applications submitted by individuals and companies for the various types of licenses issued by the agency. It is also charged with overseeing the waterfront industry's hiring of longshoremen, checkers and cargo guards. In addition, the Division administers the statutory programs designed to balance the harbor's labor force with the needs of the employers by removing those waterfront workers who, without good cause, fail to work or seek work on a regular basis. Attorneys in the Division conduct administrative trials to determine whether applications for licenses or inclusion in the register should be granted or denied.

The Audit and Control Division plays an essential part in the agency's law enforcement and regulatory functions. The Division's accountants examine the books and records of persons and businesses under investigation by the agency; audit the records of applicants for licenses as stevedore firms; inspect the payroll accounts of waterfront employers to insure the accuracy of assessment reports submitted to the Commission; and enforce the record-keeping standards required of licensed stevedores.

The Commission's Division of Administration furnishes stenographic, court reporting, clerical, library and messenger services to the other divisions. The Division also maintains the personnel and other administrative records of the agency.

The Commission, in conjunction with other federal, state and local law enforcement agencies, is a member of several organized crime task forces.

During its fiscal year ending June 30, 1989, the Commission operated with a staff of 133 employees. The agency's budget, which by statute is submitted to the Governor of each State for review, was $6,994,462. In the performance of its mandated functions, the Commission spent $6,092,543 or $901,919 under its approved budget.

THE PORT

A vital asset to the economics of the States of New Jersey and New York, the Port operates in a legislatively designated 1500-square mile district, embracing over 200 municipalities and with an immediate consumer market of over 15 million persons.

It is estimated that the shipping industry in the Port generates some $14 billion annually in economic activity, including 200,000 jobs and over $4 billion in wages. During 1988-1989, the Port accommodated more steamship lines and handled more general cargo than any other single harbor in the United States. In 1988, it accommodated over 5,300 ship arrivals and its share of total general cargo

was 8.2% . The Port's portion of North Atlantic cargo was 38.3%. Over 1.3 million containers were handled in 1988 and over 5,000 trucking companies serviced the harbor.

During 1988, the Port handled 57.2 million long tons of general and bulk cargo, an increase of over 6% from the 53.8 million moved the previous year.* While total general cargo declined 7.4% from the prior year, bulk cargo, such as ores, petroleum, grain and asphalt, increased by 10.7%, with distillate fuel oils more than doubling and kerosene and jet fuel advancing by over 70%.

In terms of dollar value, oceanborne cargo, general and bulk, decreased 2.1% from $50.3 billion in 1987 to $49.2 in 1988. The value of bulk cargo exports increased 21.7%, while bulk imports declined 2.2%. Similarly, the value of general cargo exports increased by 6%, while imports decreased by 4.7%.

The value per ton of oceanborne general cargo was $3,605 in 1988, some 64% higher than the national average, and the highest value in the Port's history.

* * *

During the period between October 1, 1987 and September 30, 1988, the waterfront industry's collective bargaining year, 5,868 "deep-sea" longshoremen and checkers (excluding those dock workers registered under amendments to the Compact to perform services incidental to the actual movement of waterborne freight) received a total of $263,310,392 in regular and overtime wages, vacation and holiday monies, and guaranteed annual income payments.**

Average annual earnings for the 5,868 pier employees were $44,872. In the prior collective bargaining year (ending September 30, 1987), 7,028 such registered dock workers received $299,690,072, for an average annual income of $42,641.

* * *

As of June 30, 1989, the close of the agency's fiscal year, the Port's licensed work force consisted of 4,440 "deep-sea" longshoremen, 1,510 cargo checkers, 2,071 persons registered to perform work incidental to the movement of cargo (such as the repairing of containers and the weighing and storage of freight), 343 pier guards, 268 pier superintendents and 185 hiring agents. There were 71 companies licensed by the Commission as stevedores authorized to move waterborne cargo for carriers or to engage in services ancillary to such movement.

* *A long ton is 2,240 pounds*

** *"Deep-sea" longshoremen are those dock workers employed to physically move waterborne freight; "deep-sea" checkers are specialized longshoremen engaged in the checking or custodial accounting of such freight.*

THIS YEAR

It was perhaps the most eventful year at the Waterfront Commission in the past decade.

After an extensive investigation of waterfront conditions conducted jointly by the Federal Bureau of Investigation and the Commission, the United States Department of Justice instituted a civil RICO suit to put several longshore locals operating in the Port under federal court supervision, alleging organized-crime control over these labor organizations.

Following a separate probe by the Commission and the United States Attorney's Office for the Eastern District of New York, two officials of the largest longshore local in the harbor and two waterfront businessmen entered guilty pleas to federal crimes for using their positions as trustees of employee benefit funds to obtain favorable personal loans from banks in which the funds were deposited.

In addition, a new telecommunications system for the daily hiring of dock workers was inaugurated in the Port, replacing the personal appearance procedure established by the Commission thirty-six years ago.

* * *

For the past three years, Commission detectives, special agents of the F.B.I. and attorneys from the United States Attorney's Office for the Southern District of New York have been focusing on the alleged domination by organized crime families over certain locals and labor officials of the International Longshoremen's Association (ILA). The ILA represents the Port's dock workers in collective bargaining with waterfront employers.

The investigation culminated in a civil suit brought by the Justice Department under the federal Racketeer Influenced and Corrupt Organizations Act, known as "RICO." The complaint, filed in the United States District Court in Manhattan, alleges that a series of recent criminal prosecutions have demonstrated that persons associated with organized crime exercise control over six ILA locals operating in the bi-state port and have used these unions and various affiliated benefit funds to conduct a pattern of racketeering activity. The suit includes charges that organized crime, through its henchmen, has continued to exploit the waterfront industry through a pattern of murder, extortion and payoffs of dock labor union officials.

The court action seeks to remove from office any union officers found to have violated the federal racketeering law and to appoint trustees to insure fair elections of new officers and to discipline those officials found guilty of wrongdoing. Preliminary injunctive relief is also being sought to keep organized crime out of the locals and to bar union officers from engaging in any further racketeering activity.

In addition to the six local ILA unions, other defendants in the suit inc lude 32 present or former officials of these locals, 21 of whom are identified in the complaint as members or associates of organized crime groups, and 12 other individuals designated as members or associates of crime families. The suit also includes 2 waterfront firms and 2 associations of waterfront employers, named for the purpose of effectuating the objectives sought by the government.

The initiation of the court proceeding was announced by the Attorney General of the United States, Dick Thornburgh. In attendance were Otto G. Obermaier, United States Attorney for the Southern District of New York, James Fox, Assistant Director of the New York Office of the F.B.I., and Leonard Newman, Executive Director of the Waterfront Commission. Attorney General Thornburgh acknowledged the efforts of the Waterfront Commission in the investigation. Mr. Obermaier praised the joint efforts of the Federal Bureau of Investigation and the Waterfront Commission for their assistance and excellent investigative work. The United States Attorney stated that the joint probe laid the groundwork for the civil suit. Mr. Newman pointed out that, of the nine former ILA officials named in the action, each of whom had been convicted of a serious crime, all had been barred from holding any further union office by the Commission, which invoked provisions of the Waterfront Commission Act. However, as the Commission's Executive Director observed, "out of office is not out of power. . .their pervasive influence was not even diminished while incarcerated."

In an interim order, the federal judge presiding over the suit has ruled that individual ILA defendants would not be permitted to utilize union monies to pay for their legal expenses. The case is pending.

* * *

In an independent inquiry, the Commission and the United States Attorney's Office for the Eastern District of New York united forces in a probe of the management of certain waterfront employee benefit funds.

A law enforcement team led jointly by the agency's Assistant Director of Law, who was designated in the investigation as a Special Assistant United States Attorney, and the Assistant United States Attorney in the Eastern District in charge of Organized Crime and Racketeering, with the aid of Commission accountants, designated as United States Marshals, and personnel from the federal Department of Labor, developed evidence of criminal activities in connection with the investment of several million dollars from waterfront pension and welfare funds. It was established that a Vice-President and a Delegate of the Port's largest longshore local, and a Co-Executive Director and the former President of a trade association representing employers performing maintenance and mechanical work on the waterfront, received personal and business loans from several banks and other institutions in return for directing large deposits of the various funds to those financial establishments. All four of the individuals, each of whom had served as a trustee of benefit funds, pleaded guilty in federal court to charges of receiving illegal benefits related to the investments.

Pursuant to the provisions of the Waterfront Commission Act authorizing the Commission to remove from waterfront union office those labor officials convicted of felonies and other serious crimes, the agency barred the two convicted union officers from representing registered longshoremen. The Commission also barred them from their positions as trustees of dock worker benefit funds.

In addition, as part of his plea arrangement, the former president of the employer association, who had also held interests in various waterfront companies which were members of the trade group, agreed to settle a civil action brought by the federal government charging that those companies were delinquent in making their contributions to various employee benefit funds. Moreover, the plea agreement compelled the resignation of another union official, not convicted in the case, from his position as welfare director of the management association.

The United States Attorney for the Eastern District of New York, in announcing the guilty pleas, had high praise for the Waterfront Commission and its staff, whom he stated had developed the case.

* * *

Prior to the passage of the Compact, the "shape-up" system of hiring longshoremen prevailed in the Port. It was both degrading and corrupt. Each morning, dock workers seeking employment were required to gather at the pierhead. Men were chosen by the hiring boss after he "blew the whistle" and indicated his choice by touching a man on the arm or shoulder or pointing at the one selected.

Those "shaping" were well aware that kickbacks were the order of the day, with the hiring boss often signifying the current rate by the number of cigarettes or matches he wore in his hat band. Those who were not picked could try again at a different pier, if time remained, or wait for the afternoon "shape." There was little long-term employment among longshoremen and the obvious key to economic survival was to obtain the favoritism of the hiring boss—favoritism which was often for sale.

The Legislatures of the two States, concerned with the problem, declared in enacting the Compact:

> "The states of New Jersey and New York hereby find and declare that the method of employment of longshoremen and port watchmen in the port of New York district, commonly known as the 'shape-up', has resulted in vicious and notorious abuses, of which such employees have been the principal victims. There is compelling evidence that the 'shape-up' has permitted and encouraged extortion from employees as the price of securing or retaining employment and has subjected such employees to threats of violence, unwilling joinder in authorized labor disturbances and criminal activities on the waterfront. The 'shape-up' has thus resulted in a loss of fundamental rights and liberties of labor, has impaired the economic stability of the port of New York district and weakened law enforcement therein. It is the sense of the legislatures of the states of New York and New Jersey that these practices and conditions must be eliminated to prevent grave injury to the welfare of waterfront laborers and to the people at large and that the elimination of the 'shape-up' and the establishment of a system of employment information centers are necessary to a solution of these public problems."

Outlawing the "shape-up," the Legislatures mandated the Commission to establish and maintain a system of employment information centers through which the employment of longshoremen and port watchmen could be regulated by the agency. The Compact decreed that no person should, directly or indirectly, hire a longshoreman or port watchman in the Port except through such particular employment center as would be prescribed by the Commission and, concomitantly, that no longshoreman or port watchman could accept work except through such center.

Soon after its creation, the Commission established thirteen employment information centers, located in various areas of the harbor, to accommodate the then available work force of approximately 35,000 registered longshoremen and 2,700 port watchmen. Peak hirings of longshoremen approximated 19,000 a day in those early years.

From the very inception of the Centers, not every waterfront worker had to be physically present at a center in order to be hired. Regular employees, or those who worked almost exclusively for a single employer, were permitted to report directly to the employers' piers. Persons not regularly employed at a particular pier, known as "casuals," were required to report to an information center to seek employment from employer hiring agents, licensed by the Commission. All hiring was monitored to insure compliance with Commission regulations.

In late 1971, the industry, with the cooperation of the Commission, and with the utilization of computers, instituted a prior day ordering system for dock employees, including casual labor. Under this system, a dock worker who did not have employment for the following day at his regular pier contacted the Commission by telephone and was advised whether he had been assigned for work the next day. If he was so assigned, he was not required to report to a Commission employment center the next morning, but went directly to the designated pier. Only a longshoreman who failed to receive orders by telephone the previous day was required to physically report to a Commission center the following morning, where he would have an opportunity to fill in for an absentee.

Through the years, primarily because the containerization of waterborne cargo reduced the need for large numbers of workers to physically move merchandise, the longshore work force declined. Thus, by the end of 1988, the number of those registered longshoremen and checkers authorized to move cargo diminished to slightly more than 6,000.

The decrease in the amount of dock workers brought about a corresponding reduction in the number of employment centers. By 1989, the Commission maintained three centers: one each in Manhattan, Brooklyn, and Port Newark, New Jersey. Those dock workers who physically appeared at the Commission's centers "badged-in and badged-out" (inserted a seniority card into a computer) to indicate their availability for employment. However, few individuals who physically appeared were actually hired; a considerable number who reported to the centers merely "badged-in" and "badged-out" in order to qualify for the "guaranteed annual income" payments under the industry's collective bargaining agreement.

By early 1989, an average of some 3,000 "deep-sea" longshoremen and checkers were hired each day out of the 6,000 registered. In February, for example, the total number of hirings in the Port, including weekends and holidays, was 60,208. Of this number, 55,457 hirings or 92.1% were of regular gang or list members. Just over 3,000 hirings or 4.9% were casuals hired on the previous day and advised of their employment by telephone. Significantly, only about 1,750 hirings or 2.9% of the total number resulted from personal appearances at the Commission centers.

Moreover, a far greater number of individuals reported to the three Commission centers than were actually hired. In February, 1989, a total of 37,015 registrant appearances were recorded at the centers, with only 1,750 hirings.

The personal appearance system had thus become an inefficient and costly method to obtain the few dock workers hired to fill in for absentees. Accordingly, in June, 1989, after extensive discussions between the Commission, the management association of stevedores, carriers and other employers, and the union representing longshoremen and checkers in the Port, a full telephonic hiring system (THS) was implemented to replace personal appearance hiring. THS is based in offices at the World Trade Center in lower Manhattan, designated as the Commission's telecommunications employment information center.

Under THS, Commission licensed hiring agents, located either at the telecommunications center or their employers' pier or terminal, continue, as they did before, to hire by computer longshoremen and checkers who are members of regular gangs and regular employee lists. Moreover, casual workers are also ordered on the previous day, as before. Similarly, those registrants who do not know if they have been ordered for the following day telephone the telecommunications center for next day orders.

The major change brought about by THS affects those dock workers who are not ordered to work on the following day. Under the new system such registrants are no longer obliged to personally appear at an employment center to record their availability for work and seek employment. They now advise the telecommunications center of a telephone number they may be reached at between 8 and 9 a.m. the following morning. Hiring in the morning is performed by the licensed hiring agents in order of seniority and those registrants ordered to work are so notified by telephone by a staff of industry dispatchers monitored and regulated by the Commission.

To ensure compliance with the new requirements, random telephone checks are made each morning by Commission and industry personnel to determine if registrants are indeed available for employment. The industry employees presently performing telephonic work in connection with the system are all persons registered by the agency. The Commission has introduced legislation which would require all such persons to be registered by the agency as "telecommunications system controllers" and to meet and maintain a standard of "good character and integrity." Such legislation has been enacted in New York and is pending in the New Jersey Legislature.

In addition, off-hour, weekend and holiday hiring continues to be conducted under Commission auspices. Registrants volunteer for such hiring by telephone and are selected by the Commission licensed hiring agents in accordance with seniority and qualifications.

The hiring of waterfront workers through the new telephonic hiring system is accomplished under the same watchful eye of the Commission which has scrutinized such hiring in the Port since 1953. Thus, telephone calls coming into the telecommunications center the previous afternoon are recorded, as are the morning calls offering employment to the dock workers. Commission personnel stationed at the center continuously monitor all hiring operations. Monitoring also takes place via computer terminals located at the Commission's main offices, as well as at its centers in Port Newark and Brooklyn. These centers have been retained to provide employment information to longshoremen and checkers in those areas, including data concerning those persons hired through THS. Registrants, as they have done in the past, may continue to file complaints with the Commission if they believe that any hiring has been improperly conducted. In addition, applications for registration and licensing may be filed at the satellite centers.

* * *

Prior to the start-up of the telephonic hiring system in June, 1989, ten members of two New Jersey longshore union locals brought suit against the Commission, the employer association and the union, seeking to enjoin the implementation of the system. The plaintiffs claimed that they would suffer irreparable harm if the hiring procedures were changed. They alleged that the new system would lead to discrimination against them and result in a subsequent loss of their livelihood. The United States District Court in Newark, New Jersey, denied the plaintiffs' application for a preliminary injunction, stating in part:

> "On the present record, the Court is persuaded that the THS proposed for use beginning in May 1989, *** is not a departure either from the original intent of the New York and New Jersey legislatures or from the statutory language. There is no showing by plaintiffs that the THS will reopen the door to the evils of corruption and favoritism that the legislatures sought to eliminate. (*See* N.J.S.A. 32:23-2). First, the system has been approved by the Commission, the ILA and the NYSA. *** Next, under the new system, the Commis-

sion will continue to operate employment centers, *** at which hiring agents licensed by the Commission will continue to hire by use of computer terminals; casual employees will continue to be ordered on the previous day; and those who do not know if they have been hired for the following day may continue to call in for orders. *** Further, the statute does not appear to require that the workers appear physically at the centers; it refers only to hiring through the centers. N.J.S.A. 32:23-52. In plain language in this context, 'through' means 'by the agency of' and not 'at' or 'in'. *** The sole difference in the new system appears to be that anyone (in the small minority of 'casual' dock workers) who calls in and finds he has not been ordered for next day work need not appear at a center to qualify for last minute hiring or for guaranteed annual income benefits. He need only leave a number where he may be reached by telephone if he is needed. *** Thus, 'instead of being 97-98% telephonic, the hiring system will become 100% telephonic' *** Therefore, because plaintiffs made no showing that the statute or the legislative purpose will be violated by the THS, the Court finds that plaintiffs have not shown a reasonable probability of success on the merits."

A cross-motion made by the Commission, the employer association and the union for summary judgment of the case was also denied, the Court noting:

"Plaintiffs have put in issue [various] concerns which can only be tested upon implementation and use of the THS policy over some period of time. Therefore, despite the fact that the Court finds that neither the statute (N.J.S.A 32:23-1 *et. seq.*) nor the legislative policy expressed therein prohibits telephonic hiring through an employment information center, defendant's motion for summary judgment on the complaint is denied."

* * *

Stevedore Investigations

Like Father. . .

As part of the remedial program of the Compact, all stevedore firms are required to be licensed by the Commission. Generally, stevedores are the contractors, usually corporations, who are engaged by carriers or other parties to move waterborne freight at the piers or other waterfront terminals or to perform services incidental to such movement, such as the storage of cargo, the repair of containers, and certain maintenance and mechanical functions.

Among other statutory provisions regulating such licensing, the Compact mandates that no license may be issued for a stevedore to operate in the Port unless the Commission is satisfied that the applicant and each member, if a partnership, or each officer, director and each shareholder of a corporate applicant owning at least five per cent of the corporate stock, possesses "good character and integrity." Licenses are valid for a term of two years and may be renewed by the licensee upon the fulfillment of the same requirements as for the original application.

The books and records of stevedore applicants and licensees are periodically audited by Commission staff accountants to determine whether there have been illicit financial transactions. One such examination led to a determination by the Commission this year to deny the renewal application of a firm engaged in tire repair services on the New Jersey waterfront.

An administrative hearing was instituted by the Commission to determine whether the company, which had been licensed for over five years, had failed to maintain true and accurate records of its receipts and disbursements arising out of its activities in the Port, as required by the Compact and the agency's regulations. After several witnesses including Commission auditors testified, the company entered a plea of *nolo contendere* to the charges.

In its determination of the case, the Commission found that in a period of less than three years the tire repair concern had knowingly and wilfully omitted to record over $200,000 of its gross income. Moreover, in a one-year period, the company failed to include almost $83,000 of its income in its corporate income tax return, in violation of federal statutes. In addition, the president and sole stockholder of the corporation, licensed by the Commission as the firm's pier superintendent and hiring agent, was found to have participated in these acts. Ruling that both the stevedore and its president lacked the good character and integrity required to continue operating in the Port, the Commission revoked their licenses.

Data developed in the course of the Commission's audit and investigation was forwarded to the Criminal Investigation Division of the Internal Revenue Service and the Tax Evasion Unit of the New Jersey Division of Taxation. As a result, the tire repair firm pled guilty in the Essex County Superior Court to the crime of "misapplication of entrusted property" for collecting sales tax monies and failing to remit such taxes to the State of New Jersey. The president and sole stockholder has also been charged by federal authorities with subscribing to a false corporate tax return.

Ironically, some seven years earlier, the father of the present and sole stockholder, who similarly owned a tire repair service in the harbor, had been denied a stevedore license for his firm in view of financial transgressions in understating gross receipts.

* * *

Cleaning Firm Washed Out

In another case involving fiscal irregularities in a New Jersey stevedore operation, a Commission investigation revealed that, of $93,000 in checks issued by the firm over a two-year period allegedly for security and guard services, almost $68,000 was cashed or deposited in the personal bank account of the company's principal shareholder and chief executive officer. Agency accountants discovered that ll6 checks drawn for such services were made payable to a company which had never provided such work and, indeed, was not licensed by the State of New Jersey to provide security.

The Commission's audit of the stevedore, which was licensed to clean ocean cargo containers, also disclosed that $24,000 in checks drawn for truck repairs and travel and entertainment expenses were similarly cashed and used for other purposes by the corporate executive. In addition, the company offered no explanation for another $80,000 in expenditures which it had allegedly made during a three-year period.

In an administrative proceeding to determine whether the licenses of the firm as a stevedore and the principal shareholder as a pier superintendent should be continued, neither the corporation nor the stockholder contested the charges brought against them. The Commission found that both fell below the standard of good character required by the Compact and both were ordered to cease doing business on the piers.

* * *

Litigation

A major factor contributing to the corrupt hiring practices in existence in the Port prior to the passage of the Compact was an excess of longshore labor. This surplus produced irregularity of employment and inadequate earnings, as well as exploitation and extortion as the price for securing work. Casual workers, drifting in and out of the industry, diminished the earning power of those longshoremen who sought to make the waterfront their prime means of earning a living.

To remedy this situation, the Commission, from its inception, has been authorized to periodically remove from the Register of Longshoremen those laborers who, without good cause, fail to work or seek work regularly. An agency regulation provides that in order to avoid such removal process, called decasualization, a registered longshoreman or checker must work or apply for employment a minimum of 48 days in each half-calendar year, with such work or application distributed at least 8 days a month during at least 5 of the 6 months.

Under the Compact, a decasualized registrant may be reinstated immediately upon a proper showing that his or her failure to work or apply for work was due to military service or incapacitation because of ill health, physical injury, or other good cause. Under the original Compact, a registrant without such good cause had to wait one year from the date of removal before seeking reinstatement to the Register.

Then, in l966, legislative changes to the Waterfront Commission Act caused modifications to decasualization. In that year, an amendment to the Act empowered the Commission to suspend the acceptance of applications for inclusion in the Longshoremen's Register. The Register was closed and, except for brief openings, has remained closed.

The closed register legislation had its genesis in the early sixties in the wake of a technological revolution in the means of transporting waterborne freight. Traditional "break-bulk" vessels, requiring hundreds of longshoremen to load or unload cargo packed in cartons and boxes, were replaced by new ships carrying containers the size of semi-trailer bodies and moved ashore by huge land-based cranes. Waterfront management was anxious to avail itself of the new technology, while organized labor was concerned with the preservation of the jobs of its members. An accommodation was reached in the l965 labor-management collective bargaining agreement; the shippers and stevedores could containerize cargo and labor gangs would be modestly reduced in size, but every dockworker (unless otherwise disqualified) would be guaranteed an annual income equal to 2,080 hours of pay (52 weeks), whether or not there was work available. This guaranteed annual income has been continued through succeeding contracts, with modifications. Currently a longshoreman who collects the full guaranteed income will receive $34,200 a year (1,900 hours of pay).

In order to control the size of the Register and enable the waterfront industry to reap the full benefit of the agreement, the "closed register" amendment was enacted in l966. To effectuate this change, since l966 decasualized persons without good cause may only seek reinstatement at such times as the Commission is adding longshoremen or checkers to the work force.

Thus, the Commission has significant responsibilities with respect to the size of the available

Brooklyn ILA Officer Fined in Bribery Case

By BRUCE VAIL
Journal of Commerce Staff

NEW YORK — A Brooklyn officer of the International Longshoremen's Association was given a $1,000 fine and a conditional discharge Tuesday in a 1987 bribery case involving the sale of jobs on the waterfront.

Gregory Lagana, 59, was also sentenced to 200 hours of community service, according to a spokesman for the Brooklyn District Attorney's office. Mr. Lagana, a delegate of ILA Local 1814, pleaded guilty to commercial bribery Feb. 5.

Mr. Lagana was caught up in an 18-month criminal probe conducted by the Waterfront Commission of New York Harbor, the New York State Organized Crime Task Force, the Kings County (Brooklyn) Organized Crime Task Force and the U.S. Department of Labor. Thirteen individuals, including five other members of the dockworkers union, were arrested as a result.

The investigation included the use of undercover agents and electronic surveillance at a social club known as John's Luncheonette, located near Brooklyn's Red Hook docks.

Mr. Lagana was indicted July 21, 1987, for accepting a bribe from Waterfront Commission undercover agent Steven Mutone. Mr. Mutone had offered $800 in return for securing a job at a fish processing complex then under construction on the Brooklyn waterfront, according to the indictment. Mr. Lagana accepted a $400 down-payment on the bribe, the indictment charged.

The fish processing terminal — known as the Erie Basin Fishport — has since been closed for lack of business.

A series of related indictments charged other individuals with illegal gambling, loan sharking and drug selling close to the Red Hook docks. On Tuesday, a Waterfront Commission spokesman was unable to provide details on the disposition of those indictments.

Mr. Lagana and six other officers of Local 1814 were named last month as members of the Gambino Mafia family in a civil lawsuit brought by the federal government. The lawsuit charges that Local 1814 and five separate New York area ILA locals are under the influence of organized crime and seeks to have their leaders removed from union office.

The New York Times

Charging Decades of Mob Control

...ront commission and F.B.I. officials said the union has kept a stranglehold over shipping and stevedore companies and other businesses on the waterfront.

F.B.I. and Waterfront Commission investigators began to assemble the case three years ago, officials said. Some of the predicate acts with which the case tries to prove a pattern of mob involvement date back 20 years.

Filing of the suit was postponed to avoid "confusion" during Mr. Gotti's recent state trial on assault and conspiracy charges. Investigators said the suit would have been filed regardless of the outcome of Mr. Gotti's recent trial. The Government's brief in the longshoremen's case cites surveillance tapes entered in the state trial as "the most compelling evidence of the Gambino family's domination" of the union's largest affiliate, Local 1814 in Brooklyn.

After Mr. Gotti's acquittal last week, the office of the United States Attorney in Manhattan held off filing the suit to coincide with a visit yesterday by Mr. Thornburgh to New York, a senior law-enforcement official said.

...tors to control union discipline, corruption and the union's national elections in 1991.

In the suit yesterday, the Government opted not to prosecute the union's international organization, but instead to focus on a specific area of its operations.

"We attempt here to put an entire economic marketplace effectively under court supervision," said Otto G. Obermaier, the United States Attorney for the Southern District of New York.

In that, legal experts likened the ... action taken against mob involvement in labor at the Fulton Fish Market, though the Government failed in ... ary 1989 to win a court takeover ... major union at the market, an o... administrator was left in pla... guard against organized crime ... ty. A Federal court said the G... ment had failed to prove t... union's top two leaders were co... by the Genovese crime family.

The suit asserts that before... ing Mr. Gotti's leaders... Gambino family has contro... 814 in Brooklyn and, th... s and their leader, ... ve controlled Loca... 9 on the West Side ... Genovese fami... d by Anthony (F... minates Locals ... N.J., and 1588 of ... ontends.

Telecom Hiring Set For NY, NJ Dockers

Journal of Commerce Staff

NEW YORK — The Waterfront Commission of New York harbor said the 36-year-old personal appearance system for the hiring of casual longshoremen at ports in New York and New Jersey will come to an end Monday, June 5.

It will be replaced by telecommunications hiring.

The system being terminated requires that dockworkers, who have not in advance been ordered ... employment on a parti... personally appea... Commissi... tion ...

centers during the morning hiring period.

Under the new plan, these unemployed longshoremen will by telephone, on the prior afternoon, make themselves available for work for the following day ... leave a telephone numbe... they may be re... morning. ... once ...

The Jersey City Reporter • March 11, 1990 • 7

Shape-up is shipped out

Dock commission introduces new hiring system

By Brett Jenks

Waterfront Commission directors who oversee the bistate shipping industry's new telephone hiring system see it as the latest step in their 37-year battle with loading dock corruption — a technological advance which ensures that the "shape-up" remains a thing of the past.

The system, known as the THS, was brought on-line last June to match cargo carriers and stevedoring firms with teams of longshoremen who haul their cargo. The database is coordinated in World Trade Center offices by telephone operators employed by the New York Shipping Association and licensed by the commission.

Representatives of the commission monitor the operation and record all phone transactions. If they didn't, says Carmine A. Cardone, the commission's director of licensing, the system would "revert back" to the corrupt hiring practice of the early 1950s, before the commission was established as watch dog.

As evidenced by the recent U.S. District Attorney's civil racketeering suit against more than three organized crime networks and six International Longshoremen's Association (ILA) locals, corruption outside the hiring halls still exists on the waterfront, despite the commission's presence. The THS, however, is an "important way we can guard against corruption in the hiring practices," says Cardone.

When shape-up ruled the docks

Before 1953, when the commission was created to license hiring agents and monitor hiring practices, the "shape-up" ruled the loading docks.

As portrayed in the film *On the Waterfront*, the shape-up was once a daily procedure. Longshoremen formed a semi-circle around hiring bosses who regularly demanded kick-backs and receipt of high interest loans in exchange for work. Today, longshoremen sit at home by their phones awaiting work orders each morning, and corrupt hiring bosses have been replaced by telecommunication agents who coordinate the computerized workpool.

Rid of abuses?

Jerome Klied, the commission's deputy executive director, says the shipping companies have long advocated telephone hiring, but the commission couldn't let it operate without oversight. "Unless we had the right to look over their shoulder, the right to monitor and the right to tape," he says, "we would never have agreed to the telecommunication systems."

With the THS, adds Cardone, "You don't see the abuses they way you found them in former days."

In the mid-1960s, after the shape-up was removed from loading dock procedure, longshoremen received work orders at hiring halls stationed in every port. As the number of longshoremen has dwindled form about 40,000 in 1950 to 4500 today, hiring halls became too expensive and the telephone system replaced them.

"Once the shape-up was abolished, there was less crime," says Klied, though he says the commission still finds criminal activity in other waterfront areas. Until recently, he said, "one of the things we suspect may have been happening is a situation where work is being done on a Saturday or Sunday night" and men are hired without using the system. Klied credits the THS's computerized record-keeping with halting that practice.

Extortion also continues on the piers today, they say, despite a history of convictions and monitoring. Last month, the U.S. District Attorney's office filed a civil racketeering suit against more than 30 members of the six ILA locals in New York and New Jersey. The problem, they say, is "how do you stop someone from taking their place."

The last three general organizers for the ILA, Cardone says, have been convicted of racketeering. The current organizer, Anthony Pimpinella, is named in the recent RICO suit.

Overseeing THS is only one aspect of the commission's task today. The body has 45 investigators, nine attorneys and seven accountants on its staff of 110, who at times work in conjunction with the FBI and other authorities, especially in undercover investigation.

Each hiring agent today is registered with the commission and subject to dismissal and even prosecution for corrupt activity, and longshoremen are hired each day by seniority.

Hiring, which is always done a day in advance, starts at noon when carriers call in with orders for "stuffing" or "stripping," loading unloading cargo. For the next three hours hiring agents match laboring pools with job requests. By 4 p.m., longshoremen begin calling in to get the next day's work orders. If there is no work for a longshoreman, he registers to be available for work the next morning.

At 8 a.m., the morning of the particular job, stevedoring companies assess their workforce and determine how many extra workers they need. Then the process begins again, as orders for workers are placed with the telephone hiring system. Meanwhile, longshoremen — whose fathers and uncles once endured the whim and power of a corrupt hiring boss — sit at home, getting hired by seniority as well as by telephone.

The Record

Friend of the People It Serves

Attack on waterfront corruption

U.S. sues mob and union brass

By Karen Tumulty
Los Angeles Times News Service

NEW YORK — The Department of Justice, contending that the mob has dominated the New York and New Jersey waterfront for almost a century, on Wednesday filed a massive racketeering lawsuit against top officials of the International Longshoremen's Association, several employers of dockworkers, and dozens of reputed organized crime figures.

The civil action seeks to put the entire waterfront under court supervision. The court is being asked to oversee six locals of the 90,000-member longshoremen's union, to oust corrupt officials who are alleged to have ties to reputed Mafia leaders such as John Gotti, and to hold free elections.

It is only the second time the government has tried such a tactic with a labor union on so large a scale, and it reflects, in part, the failure of criminal prosecutors to break the grip that organized crime is said to have on the union.

Although the government has successfully prosecuted mob figures in the past, including many of the ones named in the civil suit Wednesday, "none of those [criminal sanctions] have removed the pervasive influence of organized crime from the waterfront," U.S. Attorney General Dick Thornburgh said. He vowed to have "the influence of organized crime removed, root and branch, from the waterfront."

Government investigators have uncovered evidence that the defendants were involved in extortion, embezzlement of union funds, bribery, mail fraud, assault, and murder, Thornburgh said.

Mob domination has not only made the world's second-largest port a dangerous place but has imposed a "hidden tax of payments to organized crime" that has cost consumers millions of dollars, he added.

A union spokesman did not return repeated telephone calls.

The lawsuit centers on six locals: 1809, 1909, and 824, all on the West Side of Manhattan; 1084-1 in North Bergen; 1588 in Bayonne, and 1814 in Brooklyn. The ILA itself was not named in the suit, which was filed in Manhattan federal court and charges violations of the Racketeer Influenced and Corrupt Organizations law, known as RICO.

The defendants include 32 current and former union officials, 21 of whom are described as members or associates of organized crime groups. Among them is John Bowers, who is president of the international union, as well as of three of the six named locals. Bowers is alleged to be a member of the Westies, a Manhattan gang with organized crime ties.

Also named were 12 other people. They include Gotti, the reputed head of the Gambino crime family, and Anthony Salerno, the Genovese family chief who is serving a 100-year prison term for racketeering.

Bruce Cutler, Gotti's lawyer, said the civil suit was part of the government's "continuing vendetta" against his client, who has been tried on a variety of charges and last week won his third acquittal in a row. "It's a continuing saga of throwing Mr. Gotti into a case he doesn't belong," Cutler said.

If they are found guilty, those named in the suit would be ordered to give up any connection with the operation of the waterfront. They also could be forced to give up any illegally obtained gains. Department of Justice officials did not give an estimate of how large those penalties might be.

By choosing to pursue a civil suit, the government gave up its opportunity to seek jail terms or other criminal penalties. However, a civil complaint imposes a lower standard of proof and allows the use of previous convictions as evidence.

Corruption in the longshoremen's union has been the focus of government investigations as far back as the 1950s. In 1986, a report by the President's Commission on Organized Crime said the ILA "has been virtually a synonym for organized crime in the labor movement."

Removing or prosecuting individual officials has amounted to a "game of musical chairs," said Leonard Newman, executive director of the Waterfront Commission of New York Harbor. "We know only too well that out of office is not out of power."

Even from prison, ousted leaders have managed to control the union through their hand-picked successors, Newman said.

THE STAR-LEDGER

Piers closed to 'dirty' cleaning firm

By AL FRANK

A Newark cleaning company was ordered to stop servicing its Port Elizabeth client after the Waterfront Commission of New York Harbor said it found irregularities in the firm's financial records.

Commissioners Conrad Koch of West Orange and Nicholas Scoppetta of New York ordered Mr. Steam Clean to stop cleaning ocean cargo containers for the Puerto Rico Marine Management Inc. in Port Elizabeth by Dec. 4.

In disclosing its order yesterday, the bistate agency said Mr. Steam Clean lacked "the good character and integrity" needed to work the piers in the Port of New York and New Jersey.

The company has been licensed by the commission since 1981 and does almost $500,000 in business, with most of its accounts off the waterfront, said Jerome Klied, the commission's assistant executive director.

The commission took its action after finding that some $68,000 in payments designated for a security company actually wound up in the personal savings account of John Martino, 36, of Livingston, the chief executive of Mr. Steam Clean.

The commission's auditors also found vouchers did not properly explain the purpose of another $124,000 in payments. Klied said commission regulations require licensed companies to properly document all disbursements over $50.

Attorney John McDonald of Somerville said Martino agreed to plead guilty to the administrative charge that not all the expenses had the required vouchers.

McDonald said he was not at liberty to explain the commission's allegations except to say Martino did not feel the ordeal of a full hearing was worth the one pierside customer he had nor the great amount of record-keeping required by the Waterfront Commission.

Accountants found that 116 checks, totaling $93,000, were made payable to a company that never provided the services to Mr. Steam Clean.

Further audits disclosed that $24,000 in checks drawn by the cleaning company for truck repairs and travel and entertainment expenses were also cashed and used for other purposes by Martino, the commission said. In addition, the company offered no explanation for another $80,000 in expenditures during a three-year period.

THE WALL STREET JOURNAL.

TUESDAY, JUNE 6, 1989

THE SHAPE-UP gets shaped up. The Waterfront Commission of New York Harbor starts using the telephone to fill the 50 or so longshoremen jobs that open each day because regular workers fail to appear. The 2,000 or so applicants for the jobs previously had to show up in person at hiring halls.

Warehouse must yield cargo data

By AL FRANK

A Superior Court judge has ordered a Hillside warehouse company to turn over records to the Waterfront Commission of New York Harbor as the bistate agency conducts an investigation into missing ocean cargo worth $300,000.

The investigation began in May after four tractor-trailer-sized containers of a synthetic resin, titanium dioxide, were found empty on their arrival in Hong Kong. The material, which is used as a whitener, left Port Elizabeth aboard the Ming Energy on Feb. 16.

The theft was reported to the commission May 25. In court papers, the commission said the containers were loaded and hauled by LMD Warehouse & Distribution Inc., which balked at providing all the information requested by agency investigators.

A commission spokesman said more information is needed from LMD because the agency, charged with policing the piers in the Port of New York and New Jersey, is as yet unsure whether a theft has occurred.

After a hearing in Elizabeth, Superior Court Judge Alexander Menza ordered LMD to turn over the documents to the commission within 30 days. The judge also ordered LMD's president, Louis DiBlosi Jr., to submit to an interview.

Barry Cooke of Woodbridge, LMD's attorney, said the company resisted the commission's subpena because it did not state the purpose of the investigation.

"It's not only our constitutional right but our statutory right, pursuant to the Waterfront Act, that we be at least apprised of the scope of the investigation being undertaken," Cooke said.

"Now that we know where they're going, I'd say we'll probably comply," he added, although Cooke said there was time to discuss with his client whether Menza's order should be appealed.

In the early stages of their investigation, commission detectives found the numbers on the seals of containers unloaded in Hong Kong were different from those recorded at Maher Terminals in Port Elizabeth, according to a commission affidavit.

The affidavit also states the containers had been "improperly admitted" to the terminal. One checker at the stevedore's gate denied signing documents admitting the trailers to the yard, while scalemen told detectives they had not filled in the scale weight sections of the documents.

The court papers also state the commission has learned that a civil suit has been lodged in federal court in New York by Velco Corp. against LMD for the loss of 40,000 pounds of resin reported missing about the same time as the Hong Kong shipment.

The New York Times



The New York Times/John Sotomayor

Longshoremen receiving their job assignments at the last shape yesterday at the hiring hall in Port Newark. The century-old daily ritual is to be replaced on the piers of New York Harbor today by a computerized telephone system.

The Longshore Shape, a Hiring Ritual, Ends

By ANTHONY DePALMA
Special to The New York Times

NEWARK, June 5 — This morning, most likely for the last time, men with broad backs and rough hands went down to the water's edge here and in Manhattan and Brooklyn looking for work on the piers and berths of New York Harbor.

Starting Tuesday, the last vestiges of a century-old routine called the shape, by which longshore workers have vied for a day's work, will be replaced by a computerized telephone system.

Instead of having to show up at the waterfront to find out if there is work, longshoremen without regular positions will merely have to be available at home until 9 A.M. If they are needed, a dispatcher will call.

Shippers and the longshore union support the change, saying it will save up to $500,000 a year through the closing of three hiring halls.

But one longshore local here has challenged the new hiring system in court. And many of the 274 men who gathered at the grimy cinder-block hiring hall here this morning were worried about the new system.

They said it could lead to the return of the favoritism and abuse that was depicted in the Marlon Brando film "On the Waterfront" and led to the establishment of a government-monitored hiring system 33 years ago.

Secret Hiring Feared

"When you come down here, you know who gets hired because you can see it," said Wesley Shipman of Plainfield, a longshoreman for 29 years. "But if you're sitting at home waiting for a phone call, you don't know who gets hired." Other longshoremen, especially old-timers who have been jostling to get picked for work for more than 35 years, say they are glad the system is being changed. Some showed up with cameras this morning to record the passing of a part of their lives.

"We were here since before Marlon Brando," said Joseph Cappelluti of North Arlington, a longshoreman for 38 years. Instead of getting to the Newark hiring hall at 7 A.M. every day, only to be told usually that there was no work available for him, Mr. Cappelluti said he would wake up late tomorrow morning, have a cup of coffee and wait for the phone to ring.

"It's wonderful," he said.

The new telephone hiring system is the last step in moving hiring from the piers to

Continued on Page B4

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offices monitored by the Waterfront Commission of New York Harbor. The commission was established in 1953 in an attempt to end some of the exploitation suffered by longshoremen in the nation's busiest port.

Before the commission was formed, longshoremen hoping to be picked for a day's work sometimes gave a signal at the shape — a toothpick behind the ear often was used — to indicate to the hiring boss their willingness to pay for the right to work.

In 1955 the waterfront commission established 14 hiring centers throughout the port where licensed agents hired men under a seniority system. At that time there were more than 16,000 longshoremen in the port.

Work Force Shrinking

But with the coming of large metal containers for shipping goods, fewer workers were needed. The International Longshoreman's Association demanded that those put out of work by automation be guaranteed a salary until they retired. The guarantee covers 1,900 hours of work at $18 an hour, the standard rate for all longshore workers today.

The number of longshoremen in New York Harbor has shrunk to 5,900, including a handful of women, and until today just three hiring centers remained open.

Starting today, workers will wait by the telephone.

In 1966 modern communications changed the shape for the first time. Under a telephone hiring system, most of the workers who had regular assignments were told where they would work the following day. Only those without orders had to show up the next morning to see what additional workers, if any, were needed.

In Manhattan, at the World Trade Center, 529 longshoremen showed up this morning, but only three were hired. The Brooklyn center on Third Avenue was packed with 1,383 men, but because there is now so little work in New York City, none were hired.

In Newark, which handles more than 75 percent of the port's cargo, 43 men were hired this morning. Mr. Shipman of Plainfield was one of the lucky ones.

Seniority Prevails

When the hiring agent called for workers with D-cards, indicating the level of their seniority, Mr. Shipman pushed to the front and offered his. He was picked to work as a driver hustler on Berth 80, shuttling 40-foot containers from the water's edge to nearby railroad yards.

As Mr. Shipman left the hall for work, one of his friends extended a hand and said: "Congratulations. That's the last one you'll get out of here."

Joseph Sztybel of Union wasn't so lucky. The son of a longshoreman, 29-year-old Mr. Sztybel usually works unloading bananas, but there was no ship this morning. Because he has been working for just 11 years, he is not eligible for the guaranteed income the older workers get, even if they do not work.

"The future looks bleak," he said.

The union and the shippers have tried for years to set up an independent telephone hiring system, without the involvement of the Waterfront Commission. Finally, they agreed to allow the commission to continue its monitoring.

Court Challenge Rejected

About 1,000 longshoremen signed a petition against the new system, and last month I.L.A. Local 1233 asked a Federal District Court judge in Newark to block telephone hiring. But Judge John W. Bissell allowed the proposal to move forward, pledging to intervene if problems arose.

Carmine A. Cardone, director of licensing and employment information centers for the Waterfront Commission, said the new system should give the longshoremen even more protection than now. All telephone calls will be recorded, he said, and commission officials will monitor all operations.

Guilty Pleas Likely in ILA Corruption Case in NY

By BRUCE VAIL
Journal of Commerce Staff

NEW YORK — Four men directly involved in the administration of a dockworkers union bank account fund are expected to plead guilty today to criminal charges.

Sources in Washington, D.C., and New York said four individuals associated with New York area locals of the International Longshoremen's Association have agreed to plead guilty following a long investigation by the United States Attorney for the Eastern ...

The Journal of Commerce

and Commercial

Takeover Reports Take The ILA by Surprise

By WILLIAM ARMBRUSTER
Journal of Commerce Staff

NEW YORK — Attorneys for the International Longshoremen's Association expressed surprise Wednesday at television reports — possibly unfounded — that the Justice Department is planning to take over the dock union next week.

"I don't know anything about it. They have not said anything to the international," said Thomas W. Gleason Jr., ILA general counsel.

Spokesmen for the Justice and Labor departments in Washington declined to comment Wednesday. A television report aired on the ABC network news Tuesday said the Justice Department would ask a federal judge to appoint a trustee to oversee union affairs. The action reportedly is based on the government's belief the dockworkers' union is controlled by organized crime.

"All I know is that there's a problem with one local," added Mr. Gleason, who declined to identify the local. He later added that he felt the problem concerned certain individuals.

The Waterfront Commission of New York Harbor, which regulates and licenses waterfront labor in the Port of New York and New Jersey, also declined to comment.

Both the Justice Department and the Waterfront Commission have been investigating the dock union for many years.

Those probes reportedly have focused on Local 1804-1, whose members maintain and repair containers in the bi-state port.

"I don't know anything about it," said Harold J. Daggett, secretary-treasurer for the local, which is based in North Bergen, N.J.

In Miami, an attorney representing four Florida-based locals that reportedly have been under investigation by law enforcement authorities for many years, also said that he had not been contacted by the government about any possible takeover.

Allen Wastler in Washington contributed to this story.

THE HOME NEWS SUNDAY, JUNE 18, 1989

New job procedure closes longshoremen hiring hall

NEWARK (AP) — For 22 years, Virgolino Gralha has showed up at the cinderblock hiring hall here to vie for a day's work at the country's largest port.

He says the work wasn't always there, but the hiring routine kept him in touch with the piers and allowed him to see who was getting the jobs.

Gralha's hiring hall has been empty two weeks now. And for Gralha and 3,000 other longshoremen, the summons to work will instead come by telephone, a change they greet with suspicion and resentment.

The century-old hiring routine for longshoreman — called the shape — formally ended June 6. While some workers welcomed the chance to spend more time at home longshoremen interviewed at the port feared they were going to be kept in the dark when their ship came in.

"I haven't worked all week, I'm waiting by the phone," said Herman Parker of Newark, a longshoreman for 10 years.

Gralha, of Kearny, said a number of workers, unwilling to stay home, hang out near pay phones ... ait for calls.

"It's a lot of inconvenience," ... id.

"I have to call and stay a... of the pay phones an... if there is work," said ... s, a longshoreman for ... you don't have ano... re outta luck."

... hers also mourn t...

camaraderie evident at the hiring halls. Even if they found no work, there was always someone to drink coffee with.

"This is really separating us after all these years," ... Murrell, a hatch foreman. ... guys I've been ... might never see...

Last mor... Longshoreme... 1233 asked U... W. Bissell ... new hiring ... ted the ch... ing he ... were pr...

a central office at the World Trade Center in New York the day before they are available to work an 8 a.m. shift. They must then call prior to the 1 p.m. and 7 p.m. shifts to make themselves available for work.

The hiring change completes the move from the piers to offices over... the Waterfront Commission ... Harbor.

... was formed in ... ption at the ...

By BRUCE VAIL
Journal of Commerce Staff

NEW YORK — The federal government moved Wednesday to take over six New York area units of the International Longshoremen's Association — an effort aimed also at toppling John Bowers, the leading officer of the national dockworkers union.

* * *

In the civil suit filed Wednesday in U.S. District Court for the Southern District of New York, the government named as defendants a total of 32 ILA officers. They are charged with systematic violations of the Racketeer Influenced, Corrupt Organizations Act, known as the RICO law.

RICO charges were leveled against an additional 12 individuals who are said to be members of the Mafia, including reputed Gambino crime boss John Gotti.

* * *

Asked why the government chose to pursue a civil RICO action rather than a criminal one, Mr. Thornburgh responded "Criminal prosecutions have not removed the pervasive influence of organized crime on the waterfront. This represents a systemic approach."

The attorney general said a series of criminal convictions of ILA members over the last 10 years had failed to dispel organized crime influence on the waterfront.

Leonard Newman, executive director of the Waterfront Commission of New York Harbor ... that nine individuals ... action already ... of crime...

Phone System Marks End of Waterfront Era

The Journal of Commerce

and Commercial

Commission Bars NJ Box Cleaning Firm

NEW YORK — New York harbor officials barred a Newark cleaning company from operating on the New York-New Jersey waterfront beginning next month due to alleged financial irregularities in the company's operations.

Mr. Steam Machine, which cleans shipping containers, will have its operating license revoked as of Dec. 4, the Waterfront Commission announced late last week.

During an administrative licensing procedure, the Waterfront Commission found that John Martino of Livingston, N.J., the company's chief executive officer and principal shareholder, cashed or deposited $92,000 in checks issued by the company into his personal bank account, the statement said.

The checks were written for security services, truck repairs and travel and entertainment expenses between April 1985 and August 1987.

The company also failed to explain an additional $80,000 in expenditures during a three-year period, the statement said.

The commission said neither Mr. Martino, 36, nor Mr. Steam Machine contested the allegations at a hearing on whether to continue the company's license to work on a New Jersey pier.

Mr. Martino's attorney, John P. McDonald of Somerville, N.J., said the company pleaded guilty last summer to one count of failing to document its business expenses.

He said the company did not challenge the allegations because it had only one customer on the piers and decided that defending itself would be too costly.

"They decided to forfeit their license rather than comply with all the cumbersome rules and regulations of the Waterfront Commission," he said.

Mr. McDonald declined to comment on whether Mr. Martino had deposited the checks into his personal account.

The company has been licensed by the commission since 1981 and reportedly does almost $500,000 in business, the commission said. (AP)

The Journal of Commerce

and Commercial

TUESDAY, FEBRUARY 6, 1990

2 ILA Officers Face Waterfront Exile

By BRUCE VAIL
Journal of Commerce Staff

NEW YORK — The Waterfront Commission of New York Harbor is preparing to move in April to permanently bar two officers of Local 1814 of the International Longshoremen's Association from further business activities in the Port of New York and New Jersey.

The action follows a plea agreement formally entered Monday in which four men — two ILA officers and two of their management counterparts — admitted they were guilty of using their positions as trustees of union benefit funds to obtain personal loans under favorable conditions from the banks where those funds were deposited.

Those plea agreements are the culmination of a seven-year investigation by the Waterfront Commission and other law enforcement agencies, according to Lawrence Lezack, the commission's assistant director of the division of law.

Mr. Lezack, who himself was deputized to the U.S. Attorney's Office for the Eastern District of New York for the case, declined comment on whether the plea agreement also entailed jail terms or heavy fines for the men pleading guilty.

The four men pleading guilty are Umberto J. Guido Jr., 50, Joseph F. Colozza, 49, Robert A. Colozza, 42, and Michael Porta Jr., 52.

Mr. Guido and Mr. R.A. Colozza are former officers of the Metropolitan Marine Maintenance Contractors Association, a group of waterfront businessmen that negotiates and administers labor contracts with Brooklyn-based ILA Local 1814 and North Bergen, N.J.-based ILA Local 1804-1. Mr. J.F. Colozza and Mr. Porta are officers of ILA Local 1814.

Late last week, federal Judge I. Leo Glasser told the four men that their guilty pleas could subject them to jail terms of up to three years and fines of up to $250,000 each.

Sentencing will await settlement of related civil charges brought against Mr. Guido and Mr. J.F. Colozza by the Department of Labor, according to Michael Quidagno, an assistant federal prosecutor who presented the government's case.

As part of the plea agreement, no formal judgment will be entered against the four until early April, Mr. Quidagno told the court. The delay will allow the pension benefits of some to be fully vested before they are barred from the waterfront, he indicated.

Jerome Klied, deputy executive director of the Waterfront Commission, said the 1953 law establishing the commission gives the agency the power to permanently bar from dockside business activity longshoremen or stevedores who have been found guilty of crimes.

The longshore union offici... subject to this sancti... said, but Mr. ... Colozz...

Phone Hiring System to Replace NY Dock Ritual

By BRUCE VAIL
Journal of Commerce Staff

NEW YORK — A 36-year-old ritual of the New York waterfront passes into history today as a system for hiring casual dockworkers is brought into the modern era of telecommunications.

The daily sight of hundreds of burly dockworkers milling around hiring halls in the early morning light will be a thing of the past if a new telephone hiring system proves successful.

The hiring hall method of recruiting casual longshore workers has become completely outdated, said Carmine Ragucci, vice president of the New York Shipping Association, a group of waterfront businesses that negotiates and administers labor contracts with dockworkers.

Instead, longshoremen will simply call in at a central location to be told whether they should report to work or not. This will be more efficient, Mr. Ragucci said, because the vast majority of workers who show up at the halls are not put to work anyway.

For example, statistics provided by the Waterfront Commission of New York Harbor show that one day in mid-March more than 2,200 members of the International Longshoremen's Association turned up at the three hiring halls, located in Manhattan, Brooklyn and Newark, N.J. Only 44 were given jobs.

This system has become a waste of time and effort for the workers themselves, for the employers and the commission, said Jerome Klied, the agency's assistant executive director.

It was instituted in the early 1950s by the commission, which has continued to run the halls, as part of its mandate to clean up corruption on the docks of New York and New Jersey.

The hiring halls replaced the notorious "shape-up," a practice wherein dockers assembled at dozens of piers around the port and were selected for work by hiring bosses. Police investigations in the 1950s showed the shape-up was a source of corruption and worker exploitation.

But changes in the way work is assigned on local docks have made the hiring halls entirely pointless, Mr. Ragucci commented.

Now, most longshoremen are informed the previous day if they will be needed at the piers where they regularly work. That was the case for most of the 2,608 dockworkers who had jobs on that same mid-March day when only 44 men were taken on at the hiring halls. The 44 who were hired were almost all replacements for regular dockers who had called in sick or failed to show up for work.

Furthermore, a seniority system among the workers means that many have the right to refuse these replacement jobs and still get paid. As a result, there are hundreds of men who have been coming daily to the hiring hall but haven't actually worked in years.

Under a plan called the Guaranteed Annual Income program, thousands of older longshoremen are paid over $34,000 annually, regardless of whether they work or not.

The hiring hall system has long been outdated, Mr. Ragucci said, but has remained in force through simple inertia and a complicated maze of regulations governing the local waterfront.

Six years ago the New York Shipping Association and the International Longshoremen's Association agreed that a

SEE PHONE, PAGE 10B

...gatio...

... pects. The U.S. Attorney's ... Miami declined comment ... Krant and Joseph DeLillo, P... erglades commissioners, said ... were unaware of the FBI's inv... gation.

ILA locals in Miami are not the only longshoremen's unions under criminal investigation.

Union officials in New Jersey and Tampa, Fla., are under investigation for alleged embezzlement of money from the union's benefits fund, federal sources said.

The Labor Department's Office of Labor Racketeering and the New York Waterfront Commission for five years have been investigating allegations that ILA officials in Port Elizabeth, N.J., have been embezzling thousands of dollars for private use, the sources said.

A grand jury has been c... and is due to comple... the end of the ...

... ficials, ... orge Bar... identified by ... estigators as ... e family. York's powerful ... erwyde, 69, has worked ... Rago and Mr. Barone ... the mid-1950s, investigators ...

At least 21 other union members also are under investigation, officials said.

Locals President Arthur Coffey said, "I don't believe there is anything illegal or improper going on." Asked about allegations of illegality or impropriety within the union, he said: "It's a false impression.

"We're not lily-white, goody-two-shoes people at the docks," said Mr. Coffey, whose salary is $118,855 a year. "But a lot of people get a bad rap. Your neighbor walks away from you because he thinks you're a bad guy, or you have three eyes."

... id union chiefs had back... their demands with threats ... violence, work slowdowns and ... otage of cargo and equipment.

"Payoffs and kickbacks to the union have become the price of doing business for most companies at the two ports," said Steve Bertucelli, the head of the Broward Sheriff's ...

"The money goes to Cosa Nostra members in New York," ... celli said. "And the ... on these illicit ... higher ...

work force. An uncontrolled supply of labor could lead to the return of corrupt conditions that haunted the Port prior to the advent of the Commission, and could also increase the cost of the guaranteed annual income.

* * *

Commission determinations removing persons from the Register for failing to work or seek work in the Port are subject to judicial review in the Courts of New Jersey or New York.

* * *

In one illustrative case this year, in which the Appellate Division of the New York Supreme Court affirmed the agency's decasualization of a registrant, a longshoreman who was removed in 1981 sought reinstatement some six years later. In support of his request for restoration to the Register, the dock worker testified that he went to Italy in 1981 to be with his sick wife, who was already there. It appeared that the longshoreman's wife did not suffer from a life-threatening illness; that he had a daughter living in Italy; and that he was able to, and did, work in that country. The former pier worker and his wife returned to the United States shortly before he filed his petition for reinstatement. Although the longshoreman averred that his wife went to Italy in 1981 for medical treatment because health care was too expensive in the United States, it was established that he and his eligible dependents, including his wife, were entitled to free medical, clinical, hospital and surgical benefits in 1981 through the medical plan administered by the waterfront industry.

While the Commission generally considers not only the personal illness of the registrant but also the documented sickness of a close relative requiring the registrant's constant attention as "good cause" to excuse nonobservance of the work requirements, in this case the agency found that, under the circumstances, the petitioner had abandoned the longshore industry in this Port.

The former longshoreman challenged the Commission's determination in the New York State Supreme Court. That Court declared the agency's ruling to be neither arbitrary nor capricious. Upon appeal by the dock worker, the Appellate Division affirmed the lower court ruling stating:

> "Petitioner has failed to demonstrate that the denial of his requests for reinstatement to the longshoremen's register under the immediate reinstatement procedure, after a hiatus of nearly 6 years, was irrational, arbitrary or capricious."

* * *

A Synthetic Defense

As an aid to its investigatory and enforcement authority, the Commission is invested with broad powers of subpoena. Through the years, the agency's subpoena jurisdiction has been upheld in a variety of cases. Indeed, the New Jersey Supreme Court has held that the Commission's investigative authority within its statutory function is similar to that of a grand jury. Other courts have ratified the use of Commission subpoenas to obtain the records of waterfront unions, to determine whether a corporation operating in the port required licensing as a stevedore, to ascertain whether criminal elements were doing business on the waterfront, to investigate the alleged misuse of funds collected from dock employees for the maintenance of a medical center, to inquire into matters within the responsibility of the agency even though the individuals or companies subpoenaed were not licensed by the Commission, to require the testimony of a witness in an employee disciplinary proceeding, and to obtain the names of members of a dock union who had authorized payroll deductions for the labor organization's political action fund where coercion in soliciting the authorizations had been indicated.

* * *

During the year, the Commission was advised by officials of a licensed stevedore in Port Elizabeth, New Jersey, that four containers allegedly containing titanium dioxide, a synthetic resin, which had been received at the stevedore's terminal for export and thereafter shipped, were found to be empty upon their arrival in Hong Kong. Counsel for the consignee stated that the resin had an insured value exceeding $300,000.

The Commission learned that, on the day before the containers had been received in Port Elizabeth, a warehouse firm located in Union, New Jersey had its truck drivers pick up four empty containers from the Port Elizabeth premises of the stevedore. The next morning the warehouse delivered the four containers allegedly containing the synthetic resin to the stevedore; the containers purportedly having been loaded or "stuffed" at the warehouse's premises. The four containers supposedly bore seals consecutively numbered.

However, as the stevedore was later informed by the carrier's general agent, when the four containers arrived in Hong Kong, they bore seals with entirely different numbers from those noted in Port Elizabeth and, as stated, the containers were empty.

A Commission investigation was initiated which revealed that certain documents, denominated trailer interchange reports (TIR), were used by the warehouse firm's truckers making the delivery of the four containers to the stevedore. These forms contain, among other things, the number of the container, the number of the seal, and a description of the physical condit ion of the container and chassis at the time they are received and checked at the terminal. The agency's suspicions became heightened when it ascertained that the four TIR documents were out of sequence for those used on the day of delivery, in that they were part of a series of such forms which were utilized at the stevedore's terminal on the day before the containers were received at the pier. Moreover, each TIR showed that while the four containers came through the same gate and a terminal employee, a line checker, signed the forms, another person or persons had filled them out. While the line checker admitted signing the forms, he denied filling them out, as did a terminal TIR inspector and a scaleman employed by the stevedore. The Commission detectives accordingly suspected that the TIR forms were previously stolen from the pier and fraudulently executed.

When a Commission police officer sought the assistance in the investigation of the president of the warehouse and requested certain documentation pertaining to the shipment, the company officer was less than cooperative. Accordingly, a Commission subpoena *duces tecum* was served upon the warehouse demanding production of documentation relating to the shipment of the synthetic resin. In its response to the subpoena, the company only furnished copies of documents which had previously been obtained by the Commission from the stevedore. It failed to supply any of its internal warehouse accounts pertaining to its receipt of the resin from the supplier or any records reflecting its handling or disposition of the merchandise.

Thereafter, the Commission was advised by the firm that it did not maintain internal "stuffing documents," or records generated by the warehouse when the containers were supposedly loaded. It alleged that it was a difficult, if not impossible, task to produce documents reflecting the receipt by the warehouse of the resin material, since such substance was "generic" and was intermingled with similar cargo. Subsequently, the Commission issued an additional subpoena for the appearance and testimony of the president of the warehouse concern.

Both the company and its president sought to avoid production of the documents and brought a motion in the New Jersey Superior Court to quash the subpoenas. The company argued, in part, that the scope of the subpoena *duces tecum* exceeded the Commission's jurisdiction, since any synthetic resin obtained by the warehouse from its suppliers was received at its off-waterfront facility. In opposition to this application, the Commission informed the Court that its investigation was attempting to determine how and where the alleged loss of resin occurred and who was responsible for the missing cargo. The Commission stressed that it was also trying to ascertain if any fraud was perpetrated in connection with the TIR forms and the delivery of the four containers by the warehouse truckers to the stevedore's terminal. The Commission advised the Court that it suspected a possible conspiracy between the warehouse and/or its employees and pier personnel licensed by the agency.

A Judge of the Superior Court denied the application of the warehouse and its president to quash the subpoenas, ordering the company to produce the requested documents. The Court also ordered the firm's president to appear before the Commission pursuant to the subpoena.

Thereafter, records pertaining to the resin were supplied to the Commission by the warehouse. While the firm's chief executive officer appeared before the Commission, he refused to answer many questions, relying upon his Fifth Amendment privilege against self-incrimination, although he subsequently answered a number of questions in his capacity as custodian of the warehouse's records. The investigation is continuing.

* * *

Brooklyn Dock Probe Update

Two years ago, the Commission reported the results of a joint investigation of racketeering on the Brooklyn waterfront it conducted with the cooperation of the New York State Organized Crime Task Force, the Kings County District Attorney's Office and the United States Labor Department's Office for Labor Racketeering.

Employing electronic surveillance, informants, and a Commission undercover detective, the probe resulted in the arrest of fourteen persons on various charges, including loansharking, grand larceny and the sale of drugs.

This year, one of the persons arrested, a delegate for the Brooklyn longshoremen's union, pled guilty to a charge of commercial bribe receiving in the second degree, a class A misdemeanor under the New York Penal Law. The delegate admitted accepting monies from the agency's undercover agent to arrange employment for the detective at a fish processing facility then being constucted on the Brooklyn waterfront. In view of his conviction for a crime involving moral turpitude, the union official was barred by the Commission from holding any position as an officer, agent or employee in a labor organization representing registered or licensed dock workers. The delegate also resigned his position as president of a corporation holding the lease of the Brooklyn local's union premises.

Licensing Proceedings

Since its establishment in 1953, the Commission has examined and processed 147,855 applications and reapplications for licenses and registrations to operate or work in the bi-state harbor. In the past fiscal year, the agency's licensing personnel reviewed 1,230 applications, including 941 for inclusion in the Commission's Register of "deep-sea" and ancillary longshoremen, 202 for licensing as cargo guards, 60 for pier superintendent licenses, 21 for licenses as hiring agents, and 6 to operate as licensed stevedores.

Registrations to work as longshoremen or checkers are issued without any termination date. Licenses to function in the harbor as pier guards are of indefinite duration, provided the licensee periodically submits supplemental personal history information, completes a refresher course of training, and meets certain physical and mental standards established by the Commission. Pier superintendent and hiring agent licenses expire at such time as the licensee is no longer employed by his or her sponsoring stevedore or waterborne carrier.

At present, stevedore licenses expire on December lst of each odd-numbered year. An amendment to the Waterfront Commission Act, proposed and prepared by the agency, would enlarge the licensing period to three years. The legislation, which has industry support, has been enacted in New York and is pending in the New Jersey Legislature.

* * *

Under the provisions of the Waterfront Compact, no application for a license or for inclusion in the Register may be denied without the applicant being given reasonable prior notice and an opportunity to be heard at an administrative proceeding. Similarly, a registration or license, once issued, may not be cancelled, suspended or revoked without the holder thereof being granted the right to contest the charges alleged against him or her. A disciplinary proceeding may be instituted by the Commission on its own initiative or on the complaint of any other public official, agency, or other person. The Compact authorizes the Commission to temporarily suspend the registration or license of a person charged with a crime equivalent to a felony, pending determination by the agency of the hearing.

The Commission hearings, which are open to the public, are presided over by Administrative Law Judges selected from a panel of New Jersey and New York attorneys. Each proceeding is stenographically recorded. The applicant or respondent has the right to be represented by counsel of his choice, present evidence in his or her behalf, and cross-examine witnesses. By agency regulation, the applicant or respondent may request the hearing officer to issue subpoenas to compel the attendance of witnesses and the giving of testimony. The regulations also provide for interrogatories to be answered by witnesses who may be outside the two Compact states. Under the Compact, the administrative judges are not bound by common law, statutory rules of evidence, or technical rules of procedure in the conduct of the hearing.

At the conclusion of the hearing, the administrative judge renders a written memorandum to the Commissioners containing findings of fact and recommendations. Copies of the memorandum are furnished to the applicant or respondent and staff counsel in charge of the case. Each party in interest is then afforded the opportunity to contest the findings and recommendations by filing written exceptions. The record of the hearing, together with the memorandum of the administrative judge and any exceptions and argument submitted, are then transmitted to the Commissioners.

Thereafter, the Commissioners, who make the final determination in each case, review the entire record and issue their ruling, which is reflected in a written order. The determination of the Commissioners is subject to judicial review by the courts of either state.

In addition to seeking appeal to the courts, the aggrieved party may petition the Commissioners for a rehearing or reconsideration of the case, or, in an appropriate matter, for restoration of a registration or license which has been revoked, or for leave to reapply for a license or registration.

* * *

The Commission issued final determinations in 56 administrative proceedings this past fiscal year. It denied 23 applications or reapplications for inclusion in the Register, including 21 seeking maintenance or warehouse registration and 2 for inclusion as "deep-sea" longshoremen. One pier superintendent and one port watchman application were denied. Three stevedores whose applications were denied and temporary permits cancelled were permitted to pay penalties in lieu of the loss of their licenses. One stevedore application was granted after the hearing.

The Commission ordered the revocation of 11 registrations, 8 unconditionally and 3 with leave to reapply after stated periods of time. The licenses of 1 pier superintendent and 1 hiring agent were revoked with leave granted to reapply at a future date. The registrations of 8 longshoremen and 3 checkers were suspended for various periods of time and I checker was issued a reprimand. One hiring agent and one port watchman were suspended. These cases included determinations in 10 summary proceedings in which the respondents admitted the violations charged and waived formal hearings.

During the year, 10 stevedore companies were issued permanent licenses.

Since its creation, the Commission has conducted 10,497 administrative hearings; 4,621 with respect to various types of applications and 5,876 involving disciplinary proceedings.

Personnel

Several employees with long and dedicated service to the agency retired this year.

Paul D. Kelly, Director of the Commission's Division of Law, served with the agency for more than 17 years. He joined the Commission as Assistant Director of the legal division and was appointed Director in 1979. His prior government service included five years as an Assistant District Attorney in New York County and seven years as Assistant Chief Counsel with the New York State Commission of Investigation. Upon his retirement from the Waterfront Commission, he was appointed as Special Counsel in the Investigations Office established pursuant to an order of the federal court in *U.S.A.* v. *International Brotherhood of Teamsters* to regulate the Teamsters' Union.

Frank A. Johannessen retired as Manager of the Commission's Port Newark Employment Information Center. He was employed by the agency at its inception and served for more than 36 years. An attorney admitted to the New Jersey and Pennsylvania Bars, Mr. Johannessen is a member of the Board of Commissioners of Pilotage of the State of New Jersey. He was a graduate of the Merchant Marine Academy and served in the merchant marine during the Second World War.

Leo Pierre retired after 29 years of service with the Commission. During that time, Mr. Pierre rose from a clerical position to Manager of the agency's Manhattan Information Center. He saw military service in the United States Navy during World War II.

* * *

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

Clarence F. Ahern, an investigator with the Commission's then Investigation Division, was with the agency for 16 years. He had also served as the Assistant Manager of the Manhattan Employment Information Center. Prior to his Commission employment, he was a detective with the Bureau of Criminal Investigation of the New York State Police and served as an Acting Agent in Charge with the United States Secret Service.

Philip P. Shannon entered Commission service shortly after its creation as a senior validating clerk. A series of promotions led to his appointment as Manager of the Employment Information Center in the Greenpoint section of Brooklyn. After the closing of that center, he managed several other Commission facilities on the New York side of the Port.

Harold W. Berk, who retired from employment with the agency after 17 years, was also one of the original group of employees who joined the Commission when it was established in 1953. He had served as Manager of four different Employment Centers during his tenure with the agency.

Ellen M. Mason was a legal stenographer in the agency's Division of Administration. She had been employed by the Commission for 10 years.

CONCLUSION

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

Respectfully submitted,

NICHOLAS SCOPPETTA
Commissioner for New York

CONRAD N. KOCH
Commissioner for New Jersey

KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
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, 1989. 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 A, 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, 1989 on the basis of accounting described in note A.

KPMG Peat Marwick

October 10, 1989

Member Firm of
Klynveld Peat Marwick Goerdeler

Notes to Statement of Cash Receipts and Disbursements
June 30, 1989

(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 when earned and expenses are recognized when paid rather than when the obligation is incurred.

(B) 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.

WATERFRONT COMMISSION OF NEW YORK HARBOR
Statement of Cash Receipts and Disbursements
Year Ended June 30, 1989

Balance of funds at beginning of year:		
Cash in checking accounts and on hand	$ 15,895	
Cash in money market accounts	180,149	
Cash in savings accounts	7,035	
Time certificates of deposit	645,000	
	848,079	
Less taxes and other withholdings from employees	231	$ 847,848
Receipts:		
Assessments on employers of persons registered or licensed by the Commission	6,012,439	
Penalties, fines and miscellaneous income	72,961	
Interest:		
Time certificates	97,085	
Money market accounts	8,365	
Savings accounts	348	6,191,198
		7,039,046
Disbursements:		
Salaries	3,942,974	
Retirement, group insurance and Social Security taxes	717,092	
Rentals	705,238	
General insurance	260,637	
Light, heat and power	139,483	
Repairs and maintenance	95,304	
Furniture and equipment	8,050	
Carfare, auto and travel	50,403	
Communications	62,606	
Special services and supplies	56,505	
General office	31,570	
Printing	10,195	
Hearing officers, auditors and consultant fees	11,585	
Miscellaneous overtime expense	901	6,092,543
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	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

COMMISSION DETERMINATIONS

Year Ended June 30, 1989

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	Revoked L/R	Suspended	Reprimanded	Dismissed charges	Suspended P/H	Totals
Longshoremen	2	0	3	1	4	0	0	0	10
Checkers	0	0	2	0	3	1	0	0	6
Hiring Agents	0	0	0	1	1	0	0	0	2
Port Watchmen	1	0	0	0	1	0	0	0	2
Pier Superintendents	1	0	0	1	0	0	0	0	2
Stevedores	3	1	0	0	0	0	0	0	4
Maintenance	21	0	3	2	4	0	0	0	30
Totals	28	1	8	5	13*	1	0	0	56

*Includes 10 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	1	2	3
Petitions for Leave to Reapply	1	0	1
Petitions for Rehearing	0	0	0
Petitions to Withdraw	1	1	2
Petitions to Remove Ineligibililty	0	0	0
Petitions for Restoration of Registration	6	2	8
Petitions to Vacate Temporary Suspension	0	1	1
Petitions Retention or Reinstatement	1	0	1
Petitions for Stay	0	8	8
Totals	10	14	24

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration	13
Recommendations to Continue Temporary Permits	3
Recommendations to Withdraw Notice of Hearing	2
Recommendations to Issue Notice of Hearing	3
Recommendations to Amend Notice of Hearing	1
Recommendations to Rescind Administrative Order	0
Recommendations to Amend Order of the Commission	1
Totals	23

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
66th decasualization	Octobber 8, 1987	98	6,338b
67th decasualization	April 7, 1988	76	6,208b
68th decasualization	October 6, 1988	82	6,086b
69th decasualization	April 6, 1989	108	5,926b

(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

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Longshoremen	13,704 a	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
Checkers	3,006	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 b
Hiring Agents	512	427	378	369	361	357	339	327	304	291	279	242	242	229	233	185
Pier Superintendents	395	370	337	342	340	357	344	353	341	325	304	298	317	304	302	268
Pier Guards	1,064	979	894	818	789	750	705	655	635	560	525	491	455	404	387	343
Stevedore Companies	113	118	112	115	113	116	113	109	110	104	101	87	83	80	73	71
TOTALS	18,794	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

(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 (*)	1986	1987	1988
Over $50,000	(*)	1,493	1,425	1,348
$25,000 to $50,000	(*)	2,880	2,401	2,073
$20,000 to $25,000	(*)	431	374	235
$15,000 to $20,000	(*)	368	370	277
$10,000 to $15,000	(*)	351	483	283
$ 5,000 to $10,000	3,797	478	638	401
Under $5,000	37,536	1,437	1,337	1,251
TOTAL REPORTED	41,333	7,438	7,028	5,868
Total Earnings	$102,061,108	$229,436,193	$214,851,778	$185,415,776
Total Hours Worked	37,813,991	11,374,292	10,478,728	9,023,512
% Hours Overtime	24.3%	29.1%	32.4%	29.7%
AVERAGE ANNUAL WAGES**	$ 2,469	$ 30,846	$ 30,570	$ 31,598

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

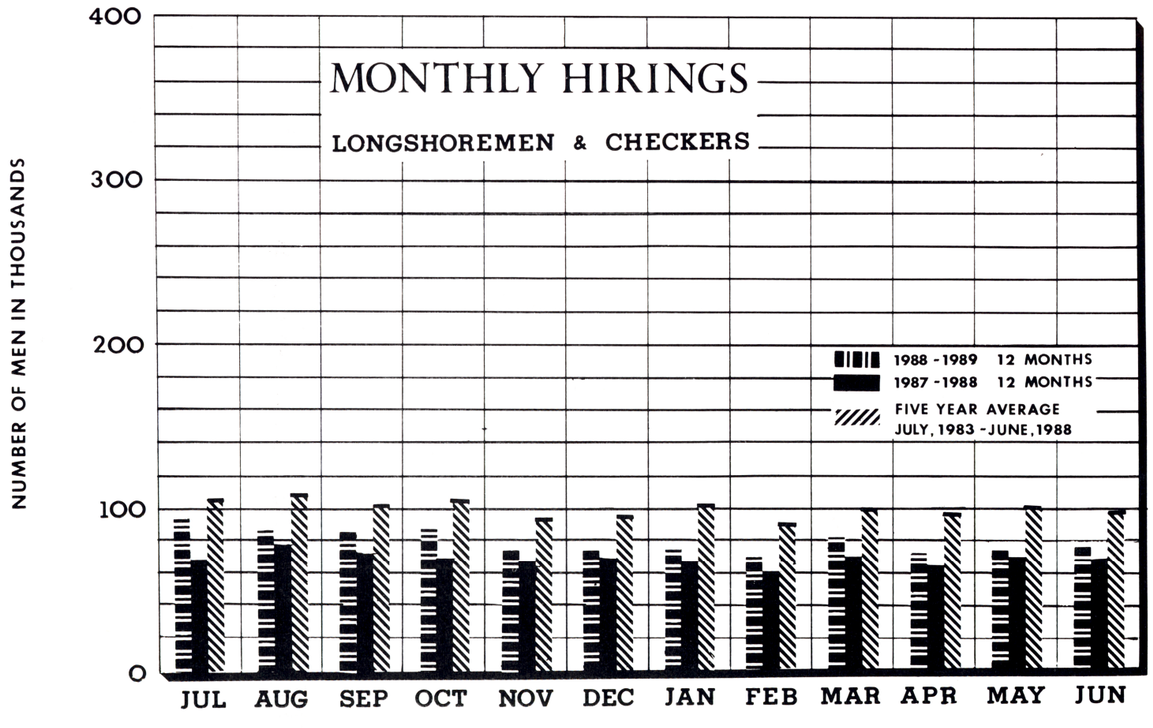
NOTE: This table includes craftsmen such as carpenters, coopers, maintenance men and miscellaneous personnel required to be registered as longshoremen effective May 27, 1957, but does not include most persons required to be registered as waterfront warehousemen and in other capacities effective September 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, 1988 and 1989

Center and Location	Piers and Areas	HIRINGS 1988-1989	HIRINGS 1987-1988	Increase or Decrease	% Change	% Share in Port Employment 1988-1989	% Share in Port Employment 1987-1988
Manhattan 261-281 Hudson St.	Manhattan	21,278	35,960	– 14,682	– 40.83	02.54%	03.76%
Brooklyn 5914 3rd Avenue	Brooklyn & Staten Island	163,993	157,960	+ 6,033	+ 03.82	19.60%	16.49%
Port Newark 117 Tyler Street	Port Newark & Port Elizabeth	542,093	644,383	– 102,290	– 15.88	64.77%	67.27%
	Jersey City, Bayonne & Weehawken	109,531	119,580	– 10,049	– 08.41	13.09%	12.48%
TOTAL—NEW JERSEY		651,624	763,963	– 112,339	– 14.71	77.86%	79.75%
TOTAL—NEW YORK		185,271	193,920	– 8,649	– 04.46	22.14%	20.25%
PORT WIDE TOTALS		836,895	957,883	– 120,988	– 12.63	100.00%	100.00%



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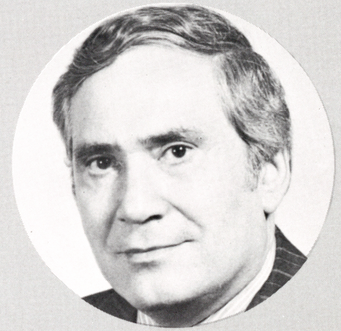
Nicholas Scoppetta
Commissioner for New York



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*

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

Elmer H. Williams, Jr., *Comptroller*

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