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# ANNUAL REPORT 2000-2001



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## **THE WATERFRONT COMMISSION OF NEW YORK HARBOR**

**AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY**

**This Annual Report can be found on the Internet at [www.wcnynj.org](http://www.wcnynj.org)**



*To the Honorable James E. McGreevey, Governor,  
and the Legislature of the State of New Jersey*



*To the Honorable George E. Pataki, Governor,  
and the Legislature of the State of New York*

We are pleased to forward the Annual Report of the Waterfront Commission of New York Harbor for its fiscal year 2000-2001. Contained herein are representative activities of the Commission, together with pertinent observations concerning its administration and enforcement of the Waterfront Commission Compact between the states of New York and New Jersey. The Commission has continued to perform its designated responsibilities under the Compact, with particular concern for the improvement of the overall economy and well-being of the bi-state Port.

### MISSION OF THE WATERFRONT COMMISSION

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

### WHY THE COMMISSION WAS CREATED IN 1953

In the early 1950's, an aging freighter, its belly loaded with crates, cartons, barrels and drums, is docked alongside one of the many ancient finger piers jutting into the waters of the Port of New York-New Jersey. At the sound of a whistle blown by a hiring foreman, a semi-circle of apprehensive longshoremen gathers in the hope that they will be selected to unload the vessel.

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

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

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

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

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

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

## THE PORT TODAY

Today, the contrast is startling in the 1500-square-mile port district that includes piers and waterfront terminals under the Commission's jurisdiction located within a 25-mile radius of the Statue of Liberty. A state-of-the-art container ship, over three-football-fields long and laden with several thousand containers, is made fast to the string-piece of a container terminal. Cranes, as tall as twelve-story buildings, promptly unload containers onto waiting flat-bed trucks. Giant machines shuttle the containers to the marine terminal yard for pick-up by over-the-road trucks or for placement on rail cars destined to all parts of the country. Similarly, export containers are received at the terminal and are loaded onto a waiting ship. Computer operators process the receipt and delivery of this cargo.

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

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

Cargo theft in the Port continues to be closely monitored and has declined. When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments. Detectives continually review security measures in the Port. While the Commission takes great pride in the role it has played with other law enforcement agencies over the past 49 years in reducing crime and in eliminating certain past abuses, old challenges -- such as loansharking, extortion, illegal gambling and larceny -- and new challenges face all law enforcement units. Drug smuggling and cargo theft have become very sophisticated, requiring close coordination among all law enforcement agencies active in the Port of New York-New Jersey and adjacent areas. The latest challenge, terrorism, is of paramount concern.

## THE COMMISSION

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

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

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

Thomas De Maria, the Commission's new Executive Director, originally came to the Commission in March 1999 as Administrative Director and Counsel, and was appointed Executive Director in December 2000. He previously served as Assistant Attorney General In Charge of the Nassau Regional Office of the New York State Attorney General's Office, as well as Deputy County Attorney and Chief Lobbyist and Legislative Liaison for Nassau County, New York. Prior to that, Mr. De Maria was engaged in the private practice of law for 15 years. In his community, Mr. De Maria was elected as a Trustee in the Village of Floral Park and Chairman of the state-created Water Authority of Western Nassau County. He is a graduate of Bowdoin College and Brooklyn Law School.

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

- **Executive.** The Executive Division is comprised of the Executive Director, the Commission Secretary and the Director of Litigation and Legal Review, the Comptroller and their staff. This Division's responsibilities include: assisting the Commissioners in the making and execution of agency policy; proposing legislation, regulations and resolutions; preparation of annual and special reports; public relations; conducting labor relations with agency unions; formulation of the annual budget, keeping of financial records and administration of group insurance plans; providing legal advice to the Commissioners and conducting agency litigation; initiation of investigations; ordering hearings and maintaining the seal and official records of the Commission.
- **Law.** Under the supervision of its Director, Assistant Counsel in this Division conduct investigations of applicants for licensing and registration to determine if they meet legal standards set forth in the Compact. These attorneys also investigate persons and companies

already licensed to ascertain if they have engaged in any violations of law. Hearings are conducted by the Assistant Counsel to determine whether applications should be granted or denied and whether registrations or licenses should be revoked or suspended. In addition, counsel conduct investigations into waterfront practices throughout the Port of New York District.

- **Police.** This Division is staffed by a Chief, superior officers, detectives and detective-investigators, all of whom possess full police powers in both states. These officers investigate criminal activity in the Port and violations of the Compact; analyze organized crime data, perform background checks of individuals and companies that have applied for registrations and licenses; review pier and waterfront terminal cargo protection and security procedures; and maintain the Commission's licensing and investigative files. The Division is also an important participant in joint investigations with federal, state and local agencies.
- **Licensing and Employment Information Centers.** This Division, headed by a Director, processes applications filed by individuals and firms required to be registered or licensed; supervises the hiring of longshorepersons, checkers and pier guards in the Port; makes employment information available to these dock workers; and administers the "decasualization program" which, according to law, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.
- **Audit and Control.** Investigative accountants, under the supervision of a Director, routinely audit the books and records of licensed firms to guard against violations of federal or state laws; and to insure that the Commission's regulatory requirements are followed and that assessment reports are correct. The books and records of potential licensees and other individuals and firms under Commission investigation are also examined by these accountants.
- **Management Information Systems and Administration.** This Division, headed by a Director, provides the agency with important computer, clerical, stenographic, court reporting and other support services and maintains personnel and attendance records. The proper functioning of the Commission's wide and local area computer networks and data bases is entrusted to this Division.

#### COMMISSION NOT FUNDED WITH TAX DOLLARS

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

During fiscal 2000-2001, the 93-employee Commission operated with a \$6,504,715 budget, which was approved by the Governors of New Jersey and New York.

#### CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. To safeguard and better manage the Commission's cash and investments, both short and long-term, the Commission maintains most of its accounts in the State of New Jersey's Cash Management Fund and has made other secure investments in order to maximize interest paid for funds on deposit.

#### MEMBERSHIP IN ORGANIZATIONS

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

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

#### THE PORT'S STATISTICS

During calendar year 2000, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 64.8 million long tons (2,240 pounds) of waterborne cargo valued at \$81.8 billion. The tonnage increased by 11.5% and dollar value increased by 13.5% over 1999.

For 2000, 1,814,800 container units passed through the Port, an increase of 129,432 or 7.7 % over 1999. For the same 2000 period, 565,642 vehicles were imported or exported, an increase of 8.9% or 46,428 over the prior year. Ship arrivals totaled 5,154 during the year, an increase of 377 or 7.9 % over 1999.

The Port's five leading waterborne general cargo exports for the year 2000 (as calculated in millions of dollars) were machinery, motor vehicles and parts, plastic materials, electrical machinery and optical/medical instruments. The five primary imports (also in millions of dollars) were motor vehicles, machinery, mineral fuel, oil, woven apparel and electrical machinery.

During the waterfront industry's fiscal year (October 1, 1999 to September 30, 2000), registered "deep-sea"<sup>1</sup> longshorepersons and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$245,147,497 comprising regular and overtime wages, vacation and holiday benefits and guaranteed annual income payments. An average annual salary of \$82,736 was paid to the 2,963 "deep-sea" workers. For the industry's prior fiscal year, the 2,952 workers were paid \$219,548,692 or an average annual salary of \$74,373.

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On June 30, 2001, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled:

- 2,210 "deep-sea" longshorepersons including 599 emergency temporary personnel;
- 813 checkers, including 162 emergency temporaries;
- 2,081 workers registered under authority of the 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as warehousing and maintenance work;
- 377 pier guards;
- 187 hiring agents (persons who, on behalf of stevedores or steamship companies, select registrants for employment);
- 421 pier superintendents (management personnel of steamship companies or stevedores who directly or indirectly supervise registrants' work);
- 9 telecommunications system controllers (employees of a joint labor-management board that operates the computer and telephone system of hiring "deep-sea" labor).

The preceding 6,098 registered or licensed workers have all been screened and evaluated by the Commission.

There were also 73 companies licensed as stevedores which have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.

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

## THE YEAR

(July 1, 2000 to June 30, 2001)

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

### **The Second Staffing Request Under New Legislation which provides for the Port's Future Labor Needs**

As noted in the 1998-1999 Annual Report, as an aftermath of public hearings held in the Spring of 1998, the Commission, with the concurrence of management and labor, drafted amendatory legislation designed to streamline and improve the process for adding individuals to the "deep-sea" dock labor force. This legislation, which was enacted by the States of New York and New Jersey in 1999, allows the Commission to "open" the Register upon a showing of need in accordance with established standards. Employer sponsorship of prospective waterfront employees enables the staffing needs of the waterfront industry to be met in a more efficient and expeditious manner. The new law also permits independent stevedores or other employers of longshorepersons to file petitions to initiate the process, and upon meeting the same established standards, to sponsor longshore applicants for registration. The enactment also granted the Commission authority to "grandfather" into the Longshoremen's Register certain dock workers who were issued temporary registrations by the Commission under its emergency powers.

In January 2001, the Commission conducted a public hearing to consider the petition of the first independent stevedore to accept applications from 40 persons for inclusion in the Longshoremen's Register to unload break bulk steel products from ships. In granting this request, over objection of labor and management, the Commission noted, in part, in its Memorandum of Decision:

We have fully reviewed the entire record of the proceeding in light of the seven standards set forth...[in the law]. We conclude that the addition of 40 individuals to the Register, who are to be restricted to employment by ...[the independent stevedore] and to the movement of break bulk steel products, will not adversely impact the existing work force of longshoremen, but will affirmatively advance the public interest of the Port of New York District.

We...note that ...[the independent stevedore] proposed to bring new break bulk steel business into the Port. No such business will be taken from existing companies to the detriment of their longshore employees. In addition, the above noted

restrictions, which will be imposed upon new ... registrants, will also prevent them from competing with the existing work force.

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### **Hands Off!**

The Commission was established, in part, to address the plight facing the average dock worker. Thus, the legislatures of New York and New Jersey found in 1953 that:

the conditions under which waterfront labor is employed within the Port of New York district are depressing and degrading to such labor, resulting from the lack of any systematic method of hiring, the lack of adequate information as to the availability of employment, corrupt hiring practices and the fact that persons conducting such hiring are frequently criminals and persons notoriously lacking in moral character and integrity and neither responsive or responsible to the employers nor to the uncoerced will of the majority of the members of the labor organizations of the employees; that as a result waterfront laborers suffer from irregularity of employment, fear and insecurity, inadequate earnings, an unduly high accident rate, subjection to borrowing at usurious rates of interest, exploitation and extortion as the price of securing employment and a loss of respect for the law;...

Although, the above-described conditions have been eliminated or vastly alleviated by Commission, the agency, following its mandate, remains ever vigilant to new forms of exploitation foisted upon the dock labor force. Thus, female pier workers complained to the agency that their superiors subjected them to inappropriate verbal and physical abuse of a sexual nature. One individual was charged by the Commission with violation of the Compact by engaging in verbal abuse and inappropriate physical contact while holding a position of authority. After pleading "nolo contendere" to these charges, his longshore registration was revoked for 90 days.

Another foreman was charged with violating the Act by engaging in verbal, visual and physical abuse which created an atmosphere of intimidation towards female longshorepersons. After pleading guilty to these charges, his longshore registration was revoked for six months. He was also required to attend and participate in management and sensitivity counseling.

Aside from punishing the guilty parties, the imposition of these sanctions puts the Commission's registrants and licensees on notice that similar behavior will not be tolerated.

### **Say No to Drugs**

The Commission and the industry share an overriding concern with those who apply to work on the waterfront and with existing dockworkers who use or are involved with illegal drugs. Not only does trafficking in drugs fill the coffers of Organized Crime, but the use of drugs by waterfront workers presents a blueprint for potential disaster. Lives and property could certainly be seriously threatened by crane and container equipment operators if they were "high" on drugs or alcohol. The Commission requires those pier worker applicants who have a history of drug involvement to submit to drug and alcohol testing. In addition applicants for "deep-sea" longshore employment are required to be tested by the New York Shipping Association, Inc.

This year, the Commission denied the application of a person who sought longshore registration to operate equipment on the waterfront, where the Commission found that the individual failed to disclose on his application that he was arrested for possession of over five pounds of marijuana and that the person, indeed, possessed over five pounds of marijuana with intent to distribute.

### **Good Recovery**

Some 2,688 ladies' coats valued at \$159,145 were reported stolen from a container parked at a Port Newark storage facility. The loss was noticed when a truck driver found the container at the facility without a security seal.

The New Jersey State Police Cargo Theft and Robbery Unit and a Commission Detective assigned to an F.B.I. Task Force executed a search warrant at a Newark warehouse. During the search 1,272 ladies' coats, valued at \$75,310 and identified as part of the lot stolen from the Port Newark facility, were recovered. A tenant of the basement section of the Newark warehouse where the stolen coats were found was charged with receiving stolen property.

### **Get Your Records Straight**

Commission detectives received a report from a customs broker that a consignee-food importer discovered that a containerized shipment of 2,058 cases of imported Japanese foodstuffs was short 579 cases valued at \$23,600. An investigation conducted by the detectives revealed that the container underwent a Customs inspection at a waterfront facility. Records disclosed that all 2,058 cases had been removed from the container and were reloaded upon completion of the inspection.

The investigation further revealed that a second container shipment of Japanese foodstuffs, which was inspected at the same facility, was found by a second consignee laden with 140 cases of the missing cargo, valued at \$3,416, from the first container. Once again, the waterfront facility's paper work did not show any discrepancy connected with the unloading and reloading of this container.

As a result of the investigation, Commission detectives found a number of flaws in the terminal's accounting procedures and these problems were outlined by the Detectives to terminal management. Commission investigations such as this one have provided valuable assistance to shipping and insurance companies with respect to the development of improved shipping and accounting methods for containerized cargo.

#### **Federal Express-Federal Charges**

The Commission was advised by U. S. Customs that it arrested a registered maintenance man on federal charges of possession of cocaine with intent to distribute and conspiracy. Utilizing his family business in the Caribbean to ship drugs, the dock worker sent to himself, via Federal Express, a quantity of cocaine secreted inside of a compressor tank. Alerted by a drug sniffing dog at a Federal Express facility, Customs agents replaced the cocaine laden compressor with another. Posing as a Federal Express employee, a Customs agent delivered the "package" to the registrant and his father. Both were arrested. The Commission suspended the dock worker's registration pending an administrative hearing.

#### **Successful Joint Efforts**

Commission detectives continue to actively participate in various Task Forces which draw upon the talent and resources of federal, state and local law enforcement agencies. Some successful ventures included:

- A Commission detective, who is a member of an F.B.I. Task Force, along with other Task Force members and the Montclair, New Jersey Police raided a garage where they found four stolen Porsche automobiles which were taken from Pennsylvania, Connecticut, New York and New Jersey. One vehicle was completely dismantled. One individual was arrested and charged with receiving stolen property, operating a "chop shop", resisting arrest and aggravated assault, the latter charges arising out of his failed attempt to outrun the police. Another individual was also charged with selling Porsche automobile parts.
- Commission detectives along with investigators from New Jersey's Division of Criminal Justice and the New York City Police executed a Superior Court issued search warrant at a Port Newark warehouse. Four pallets of counterfeit "Adidas" tee shirts with a street value of \$78,330 were seized.
- A Commission detective is a member of the U.S. Customs Service/Newark-Financial Crimes Unit. Between June 2000 and July 2001, this Unit seized \$1,956,580; arrested six persons on charges of money laundering and failure to declare and recovered one 9 mm pistol.
- Commission detectives continue as active participants in the "El Dorado" Task Force spearheaded by U.S. Customs. Using potent asset forfeiture laws, this group targets illicit cash generated from, among other things, the importation and distribution of drugs in the Port area. This year, Commission detectives assisted in the seizure of over \$9.8 million, the

confiscation of thousands of kilos of narcotics and the arrest of 30 high-level money launderers and drug dealers.

#### **LICENSING PROCEEDINGS**

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

This year, employees of the Division of Licensing and Employment Information Centers reviewed and processed 991 applications and reapplications for licensing or registration. Included were 840 applications for the registration of longshorepersons, checkers and for the registration of persons performing ancillary warehouse and maintenance work; 91 for pier guard licenses; 52 and 6, respectively, for licensing as pier superintendents and hiring agents and 2 for a stevedore's license. Since the inception of the agency in 1953, approximately 158,635 applications and reapplications have been processed.

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

Hearings are presided over by Administrative Law Judges chosen from a rotating panel of New Jersey and New York attorneys. In accordance with due process, applicants and respondents may be represented by counsel, may adduce testimony and present evidence on their behalf, may cross-examine opposing witnesses and may request the Administrative Law Judge to issue subpoenas for the appearance and testimony of witnesses.

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

After the complete record is reviewed by the Commissioners, a final determination is made and embodied in an order. In accordance with each State's rules of procedure for

reviewing final agency determinations, the courts of New Jersey and New York are granted authority by the Compact to review Commission orders.

The Commission reached determinations in 29 application-revocation proceedings during fiscal 2001. Included in this tally were four denied applications for inclusion in the Register. One of these applications was for longshore registration and three were for maintenance/warehouse registration. Two applications for pier guard licenses were also denied.

Five longshore registrations were revoked, four unconditionally and one with leave to reapply after a set period of time. The license of one pier guard was revoked and two were revoked with leave to reapply. The registrations of three longshorepersons, one checker and two maintenance/warehouse workers were suspended for varying periods of time, as were the licenses of two pier guards. These suspensions arose from summary proceedings during which the respondents chose to forego formal hearings and admitted the charges. Three longshore registrations, one checker's registration, one pier guard's license and two maintenance/warehouse registrations were suspended pending hearings.

There were 20 petitions considered by the Commission, which denied 12 and granted 8. The Commission also rendered determinations in 14 other miscellaneous proceedings.

Since 1953, the Commission estimates that it has revoked, revoked with leave to reapply, or suspended for set periods of time the registrations and licenses of approximately 6,152 persons.

#### PERSONNEL

The Commissioners, the Executive Director, and all staff members wish former Executive Director Carmine A. Cardone a happy and healthy retirement. Mr. Cardone, a graduate of Fordham University School of Business and Fordham University Law School, faithfully and tirelessly served the Commission for thirty-nine years. He rose through the ranks as an Assistant Counsel, Director of Licensing and Employment Information Centers, Deputy Executive Director and Executive Director before retiring in October 2000.

#### CONCLUSION

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

Respectfully submitted,

JAMES H. WALLWORK  
Commissioner for New Jersey

MICHAEL C. AXELROD  
Commissioner for New York

*Report of Audit*

*on the*

*Statement of Cash Receipts  
and Disbursements*

*of the*

*Waterfront Commission of  
New York Harbor*

*for the*

*Year Ended  
June 30, 2001*



# SUPLEE, CLOONEY & COMPANY

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## INDEPENDENT AUDITOR'S 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, 2001. 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the Statement of Cash Receipts and Disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2001 on the basis of accounting described in Note 1.

November 13, 2001

WATERFRONT COMMISSION OF NEW YORK HARBOR  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2001

Balance of Funds at Beginning of Year:			
Cash in Checking Accounts and on Hand	\$	31,093	
Investment in Cash Management Account		<u>1,238,217</u>	
	\$	1,269,310	
Less Taxes and Other Withholdings From Employees		<u>11,143</u>	\$ 1,258,167
Receipts:			
Assessments on Employers of Persons Registered or Licensed by the Commission	\$	6,719,837	
Penalties, Fines and Miscellaneous Income		19,735	
Interest		<u>118,130</u>	
			6,857,702
	\$		<u>8,115,869</u>
Disbursements:			
Salaries	\$	3,964,442	
Retirement, Group Insurance and Social Security Taxes		1,425,852	
Rentals		446,190	
General Insurance		147,083	
Light, Heat and Power		76,983	
Repairs and Maintenance		15,407	
Furniture and Equipment		174,398	
Computer System Development		86,236	
Carfare, Auto and Travel		88,974	
Communications		70,583	
Special Services and Supplies		53,421	
General Office		33,899	
Printing		5,700	
Other		<u>11,347</u>	
			<u>6,600,515</u>
Excess of Receipts and Balance of Funds at Beginning of Year Over Disbursements - Balance of Funds at End of Year Consisting of:			
Cash in Checking Accounts and On Hand	\$	92,312	
Investment in Cash Management Account		<u>1,441,139</u>	
	\$	1,533,451	
Less Taxes and Other Withholdings From Employees		<u>18,097</u>	
			<u>\$ 1,515,354</u>

See accompanying Notes to Statement of Cash Receipts and Disbursements

WATERFRONT COMMISSION OF NEW YORK HARBOR

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JUNE 30, 2001

**NOTE #1**     DESCRIPTION OF BUSINESS AND ACCOUNTING POLICY

(a)     Description of Business

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

(b)     Accounting Policy

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

**NOTE #2**     RETIREMENT BENEFITS

The Commission has established an Investment Reserve Account to fund its liability for eligible retired employees' medical, dental and life insurance benefits.

As of June 30, 2001 this reserve consisted of the following:

	<u>FAIR MARKET VALUE</u>
New Jersey Cash Management Fund	\$ 814,336
Certificates of Deposit	<u>500,000</u>
	<u>\$1,314,336</u>

This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

WATERFRONT COMMISSION OF NEW YORK HARBOR

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JUNE 30, 2001

NOTE #3 FORFEITURE FUNDS

The Commission has also established an Investment Reserve Account for its share of forfeiture proceeds received from Federal and State Law Enforcement Agencies.

As of June 30, 2001, these reserves consisted of:

New Jersey Cash Management Fund	<u>\$384,634</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #4 UNEMPLOYMENT RESERVE

The Commission by law has established an Investment Reserve Account to fund its liability for unemployment benefits.

As of June 30, 2001, this reserve consisted of the following:

New Jersey Cash Management Fund	<u>\$145,425</u>
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This reserve is not reflected in the Statement of Cash Receipts and Disbursements.

NOTE #5 LEASE COMMITMENTS

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) for the next five years as of June 30, 2001 are as follows:

Year Ending June 30:	
2002	\$ 417,009
2003	427,434
2004	438,120
2005	466,385
2006	478,045
<u>Total Minimum Lease Payments</u>	<u>\$2,226,993</u>

COMMISSION DETERMINATIONS

Year Ended June 30, 2001

APPLICATIONS AND REVOCATIONS

	Denied	Granted	Revoked	L/R	Suspended	Reprimanded	P/H	Totals
Longshorepersons	1	0	4	1	3	0	3	12
Checkers	0	0	0	0	1	0	1	2
Hiring Agents	0	0	0	0	0	0	0	0
Pier Guards	2	0	1	2	2	0	1	8
Pier Superintendents	0	0	0	0	0	0	0	0
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	3	0	0	0	2	0	2	7
Telecommunications System Controllers	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>8*</b>	<b>0</b>	<b>7</b>	<b>29</b>

\* Includes 8 summary proceedings

PETITIONS

	Denied	Granted	Totals
Petitions for Reconsideration	4	0	4
Petitions for Leave to Reapply	1	2	3
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	0	0
Petitions to Remove Ineligibility	0	0	0
Petitions for Restoration of Registration/License	4	2	6
Petitions to Vacate Temporary Suspension	0	4	4
Petitions for Retention or Reinstatement	3	0	3
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	0	0
Petitions to Amend Determination	0	0	0
<b>Totals</b>	<b>12</b>	<b>8</b>	<b>20</b>

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations for Permanent Registration/License	4
Recommendations to Continue Temporary Permits/Registrations	3
Recommendations to Issue Notice of Hearing	7
Recommendations to Amend Notice of Hearing	0
Recommendations to Rescind Notice of Hearing	0
Recommendations to Issue Temporary Permit	0
<b>Totals</b>	<b>14</b>

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WATERFRONT COMMISSION DIVISION OF LICENSING/EMPLOYMENT INFORMATION CENTERS

Showing Comparison of Hirings for the years ending June 30th, 2000 and 2001

Piers and Areas	HIRINGS		Increase or Decrease	%	% Share in Port Employment	
	2000-2001	1999-2000			2000-2001	1999-2000
Manhattan	21,819	20,145	+1,674	+8.31%	3.36%	3.15%
Brooklyn & Staten Island	170,763	138,917	+31,846	+22.92%	26.32%	21.70%
Port Newark & Elizabeth	406,420	428,481	-22,061	-5.15%	62.66%	66.95%
Jersey City & Bayonne	49,618	52,504	-2,886	-5.50%	7.65%	8.20%
<b>TOTAL-NEW JERSEY</b>	<b>456,038</b>	<b>480,985</b>	<b>-24,947</b>	<b>-5.19%</b>	<b>70.31%</b>	<b>75.15%</b>
<b>TOTAL-NEW YORK</b>	<b>192,582</b>	<b>159,062</b>	<b>+33,520</b>	<b>+21.07%</b>	<b>29.69%</b>	<b>24.85%</b>
<b>PORT WIDE TOTALS</b>	<b>648,620</b>	<b>640,047</b>	<b>+8,573</b>	<b>+1.34%</b>	<b>100.00%</b>	<b>100.00%</b>

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COMPARISON OF AVERAGE EARNINGS OF LONGSHOREPERSONS & CHECKERS

	1954(*)	1998	1999	2000
Over \$100,000	(*)	600	673	862
\$75,000 to \$100,000	(*)	450	460	497
\$50,000 to \$75,000	(*)	792	739	611
\$25,000 to \$50,000	(*)	563	496	468
\$20,000 to \$25,000	(*)	92	114	80
\$15,000 to \$20,000	(*)	102	71	72
\$10,000 to \$15,000	(*)	72	45	62
\$5,000 to \$10,000		3,797	93	102
Under \$5,000		37,536	156	252
<b>TOTAL REPORTED</b>	<b>41,333</b>	<b>2,920</b>	<b>2,952</b>	<b>2,963</b>
<b>Total Earnings</b>	<b>\$102,061,108</b>	<b>\$189,724,820</b>	<b>\$197,759,874</b>	<b>\$224,731,177</b>
<b>Total Hours Worked</b>	<b>37,813,991</b>	<b>6,578,955</b>	<b>6,563,551</b>	<b>7,414,164</b>
<b>% Hours Overtime</b>	<b>24.3%</b>	<b>42.6%</b>	<b>42.6%</b>	<b>51.5%</b>
<b>AVERAGE ANNUAL WAGES **</b>	<b>\$2,469</b>	<b>\$64,974</b>	<b>\$66,992</b>	<b>\$75,845</b>

\* Records Incomplete for 1954.

\*\* Does Not Include Fringe Benefits.

NOTE: This table includes craftsmen such as carpenters, coopers, maintenance personnel and miscellaneous personnel required to be registered as longshoremen effective May 27, 1957, but does not include most persons required to be registered as waterfront warehousemen and in other capacities effective September 1, 1969. Similar tables in annual reports prior to 1957-1958 included earnings of longshoremen and checkers only, as reported by the New York Shipping Association. Guaranteed Annual Wage payments to qualifying persons are not included in the above figures.

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

## WATERFRONT COMMISSION OF NEW YORK HARBOR

James H. Wallwork,  
 Michael C. Axelrod,  
 Thomas De Maria,  
 David B. Greenfield,  
 Lawrence H. Lezak,  
 Philip C. Spinelli,  
 Jon S. Deutsch,  
 Frank J. Nastasi,  
 Marlene Pavlow,  
 Irving H. Wolf,

Commissioner for New Jersey\*  
 Commissioner for New York  
 Executive Director  
 Secretary and Director of Litigation and Legal Review  
 Director, Division of Law  
 Chief of Police  
 Director, Division of Licensing and Employment Information Centers  
 Director, Division of Audit and Control  
 Director, M.I.S. and Administration  
 Comptroller

\* Michael J. Madonna succeeded James H. Wallwork as New Jersey Commissioner

### PRINCIPAL OFFICE

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

### LICENSING & EMPLOYMENT INFORMATION CENTERS

#### Main

39 Broadway, 4<sup>th</sup> Fl., New York, New York 10006  
 Fax (212) 905-9249

#### Port Newark Office

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

#### Iselin, New Jersey Office (Telecommunications Hiring)

100 Wood Avenue South  
 Iselin, New Jersey 08830-2716  
 Telephone (732) 452-7357  
 Fax (732) 452-6310

### POLICE FIELD OFFICES

#### New York

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

#### New Jersey

117 Tyler Street, Port Newark, New Jersey 07114  
 Telephone (973) 817-7798  
 Fax (973) 817-8241

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### REGISTRATIONS AND LICENSES IN EFFECT DURING FISCAL YEARS

	As of June 30 <sup>th</sup>														
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Longshore-Persons	6,999 a	6,520 a	6,511 a	5,371 a	5,129 a	5,095 a&b	4,822 a&b	4,642 a&b	4,688 a&b	4,479 a&b	4,076 a&b	3,986 a&b	3,868 a&b	3,952 a&b	4,291 a&b
Checkers	1,686 b	1,578 b	1,510	1,175	1,200 b	1,107 b	1,053 b	975 b	979 b	946 b	817 b	810 b	766 b	748 b	813 b
Hiring Agents	229	233	185	179	173	182	174	170	184	187	186	190	186	188	187
Pier Superintendents	304	302	268	279	278	303	309	329	359	353	394	400	406	397	421
Pier Guards	404	387	343	356	391	392	394	406	429	412	403	412	419	381	377
Stevedore Companies	80	73	71	69	68	71	68	72	75	74	75	75	72	73	73
Telecommunications System Controllers					14 c	14 c	14 c	12 c	12 c	12 c	9 c	10 c	9 c	9 c	9 c
<b>Totals</b>	<b>9,702</b>	<b>9,093</b>	<b>8,888</b>	<b>7,429</b>	<b>7,253</b>	<b>7,164</b>	<b>6,834</b>	<b>6,606</b>	<b>6,726</b>	<b>6,463</b>	<b>5,960</b>	<b>5,883</b>	<b>5,726</b>	<b>5,748</b>	<b>6,171</b>

(a) Includes warehousemen, container repairmen, and other persons required to register under amendments to Waterfront Commission Act, effective September 1, 1969.  
 (b) Includes persons registered on a temporary basis to meet special and emergency needs.  
 (c) Includes persons required to be registered under amendment to Waterfront Commission Act, effective July 9, 1990.



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