

# **WATERFRONT COMMISSION OF NEW YORK HARBOR ANNUAL REPORT**

## **2015-2016**





To the Honorable Andrew Cuomo, Governor  
and the Legislature of the State of New York



To the Honorable Chris Christie, Governor  
and the Legislature of the State of New Jersey

**“This case is a smorgasbord of mob schemes, highlighting the fact that traditional organized crime remains a corrosive presence wherever it can turn a big profit.”**

- Acting New Jersey Attorney General Robert Lougy, announcing indictments on April 27, 2106 in the Waterfront Commission’s joint investigation, “Operation Fistful”

**“The more the Mafia changes, the more it stays the same . . . While these defendants allegedly adopted sophisticated financial systems to hide their profits, those profits came from traditional street crimes such as loansharking and illegal gambling, over which the old threats of violence and extortion loomed. These mobsters may be changing their methods, but we also are evolving in our investigative techniques and will continue to put them in prison.”**

- Director Elie Honig of the Division of Criminal Justice, announcing indictments on April 27, 2106 in the Waterfront Commission’s joint investigation, “Operation Fistful”

## **MESSAGE FROM THE EXECUTIVE DIRECTOR**

I am pleased to present to you the 2015-2016 Annual Report of the Waterfront Commission of New York Harbor. This was another momentous year for the revitalized Waterfront Commission, as we continue to employ innovative techniques and strategic approaches in carrying our core mission 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.

This Report extensively documents the corruption and entrenched organized crime influence that endures in the Port. We are bolstered, however, by the significant strides made by the Commission this year. In April, a major investigation came to fruition with the arrest of ten members and associates of the Genovese crime family for loansharking, money laundering, illegal check cashing and illegal gambling in the Port district. The names are distressingly familiar and include a former longshoreman who was previously barred from working in the Port for loansharking, the son of a Genovese capo who is currently serving a sixteen-year federal sentence for extorting longshoremen, the owner of a trucking company operating in the Port and a yet another former Newark Police Officer. The illegal check cashing business alone in that case is alleged to have cleared \$9 million for its participants and the Genovese crime family.

We also saw the successful completion of twenty-five administrative hearings, and the conclusion of numerous long term investigations that resulted in organized crime indictments by the United States Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Queens County District Attorney's Office and the Office of the Special Narcotics Prosecutor for the City of New York. Additionally, our joint investigatory efforts resulted in criminal convictions in cases with the United States Attorney's Office for the District of New Jersey, the Union County Prosecutor's Office, the Essex County Prosecutor's Office and the Richmond County District Attorney's Office.

Matters on the hiring front remain contentious, as the International Longshoremen's Association, AFL-CIO (ILA), New York Shipping Association, Inc. (NYSA) and Metropolitan Marine Maintenance Contractors Association, Inc. (MMMCA), continued to challenge the Commission's diversity and inclusion initiatives. As we previously reported, given the ongoing corruption and lack of diversity among the membership of registered longshore workers in the various ILA locals, the Commission has required that the industry address certain deficiencies in their proposed deep-sea hiring plan, and to develop procedural mechanisms to ensure that it is fairly administered. The Commission has also asked the industry to submit a new hiring framework for maintenance and repair workers that includes employers in the recruitment and selection process. Currently, the ILA exclusively recruits, selects and refers all prospective maintenance and repair workers to Port employers. With rare exceptions, employers hire only those referred to them by the union, and have candidly admitted that they do not know how the union makes its selection.

Rather than submit a fair hiring plan, the ILA, NYSA and MMMCA filed a federal lawsuit contending that the Commission's requirements unlawfully interfered with their collective bargaining agreements. That lawsuit, which was dismissed last year, not only sought to do away with the Commission's recent diversity and inclusion initiatives, but also to completely eradicate a critical provision of the Waterfront Commission Compact, "Section 5-p," which empowers the Commission to safeguard fair and nondiscriminatory hiring. When their lawsuit was dismissed, we had hoped that the ILA, NYSA and MMMCA would work with, not against, the Commission to combat the prevalent discriminatory hiring practices in the Port. But instead, they appealed the district court's decision and continue to object to the Commission's fair hiring efforts. That case is still pending, with a decision expected in the near future.

This year, the ILA locals went even one step further to protest the Commission's diversity and inclusion initiatives, and engaged in an illegal work stoppage which shut down most of the Port for the better part of a day. While no official explanation was given for the strike, the ILA Public Relations Director indicated that it was directed at the Waterfront Commission for its purported "interference" in hiring. The Commission immediately commenced an investigation to determine who ordered the walkout and why and, if necessary, to take appropriate action against any registered longshore worker who was working to circumvent our fair hiring efforts. In response, various ILA officials filed yet another lawsuit against the Commission, challenging the Commission's well established investigatory authority in this area. Both the lawsuit and the Commission's investigation are pending.

In the meantime, we continued to monitor the industry's referral and hiring practices to ensure compliance, so that a diverse group of men and women who are unencumbered by organized crime influence are given the once-denied opportunity to work in the Port. The deep sea longshore workers' register remained open this year, and the Commission issued 182 registrations (145 longshore and 37 checkers). In conducting background checks for candidates referred by the industry, we are employing sophisticated intelligence techniques not only to detect prior criminality, but also to root out associations between applicants and organized crime figures. The overwhelming number of union referrals with organized crime ties is deeply concerning, and again underscores the importance of fair and transparent recruitment, referral and hiring. When those associations undermine the purpose of the Waterfront Commission Act, we have barred those individuals from entering the Port workforce. And, through our administrative hearings, we are removing current longshore workers from the workforce for improper associations. This year, we were gratified by yet another legal victory, in which the court upheld our revocation of a checker's registration for association.

In our ongoing efforts to combat corruption, we remain committed to identifying special compensation packages which rob the Port of its competitiveness. **This year, based on the industry's reported figures, the Commission again identified over 428 individuals who collectively received over \$104.6M last year for hours they did not work.** These low-show or no-work side deals are overwhelmingly given to white males connected to organized crime figures or union leadership. We have pledged to aid any company in its efforts to fight the work practices and extortive behavior that would be unacceptable to any legitimate business.

Without the Waterfront Commission's oversight, organized crime figures repeatedly identified in this Report would be free to directly control and operate at the critical points of interstate and international shipping. The Commission's presence has a strong deterrent effect, and substantially disincentives their placement directly in the Port, because attempts to do so expose those individuals, and their criminal source of employment, to law enforcement investigation. Removing this oversight, primarily through false claims of labor inefficiency, has long been a goal of organized crime.

This year, the Commission has effectively performed its designated responsibilities under the Waterfront Commission Compact between the States of New York and New Jersey, with particular concern for the improvement of the overall economy and well-being of the Port district. This Report illustrates that public necessity continues to exist for the registration of longshore workers, the licensing of those occupations and types of employment statutorily required under the Compact, and the public operation of employment information centers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Arsenault', with a large, sweeping flourish extending to the right.

Walter M. Arsenault  
Executive Director

# ANNUAL REPORT FISCAL YEAR 2015-2016



**WATERFRONT COMMISSION OF NEW YORK HARBOR**  
AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

## THE ENACTMENT OF THE BI-STATE WATERFRONT COMMISSION COMPACT

In 1949, Malcolm Johnson's twenty-four part series of articles for the New York Sun titled, "Crime on the Waterfront" won the Pulitzer Prize for Local Reporting. Those articles exposed the culture of corruption, extortion, racketeering and organized crime in the Port of New York-New Jersey and led directly to the creation of the Waterfront Commission of New York Harbor. The 1954 film, "On the Waterfront," based on these articles, depicted how a surplus of available labor provided the mobbed-up union leadership with the ability to control its membership. One of the movie's most memorable scenes portrays the morning "shape-up," in which hordes of dockworkers plead with the corrupt hiring boss for a job, and scramble to grab a token that would allow them to work. Only those members of the local who supported the corrupt union leaders and have agreed to "kick back" a portion of their wages are guaranteed a spot in one of the gangs.

Other conditions on the piers were just as bleak. With the blessing of organized crime, loansharks lurked on the docks, all too willing to "assist" the underpaid longshoreman in feeding his family or supporting his vices. The inability to repay these usurious loans resulted in a strengthening of the mob's grip on the piers and often in violent consequences for the longshoreman-borrower. Mob sanctioned bookmaking on the docks increased business for the loansharks. Cargo theft was rampant, and pier guards were unwilling or unable to contain it. Parasitic "public loaders" coerced truckers to hire them to load or unload trucks even though their services were not needed or desired. Stevedoring companies were forced to hire no-show workers and pay gratuities to union officials, or suffer wildcat strikes that could cripple their business.

This pervasive corruption on the waterfront in the Port was documented in the early 1950's in public hearings held by the New York State Crime Commission with the assistance of the New Jersey Law Enforcement Council. In testifying in favor of a bi-state Waterfront Commission Compact, New Jersey's Governor Alfred E. Driscoll described it as a "concerted drive against organized crime in the North Jersey-New York metropolitan area," and stated:

It was apparent that we were dealing with a single shipping industry operating in a single harbor bisected artificially by the accident of a historical boundary line between the two States. It was plain from the beginning that the only real solution would depend upon the creation of a single bistate agency to deal with this indivisible problem. . . . The present program which has been placed before the Congress for consent, under the compact clause of the Federal Constitution, is the product of the most cordial cooperation between the two States of New York and New Jersey. While roughly 70 percent of the longshoremen are employed along the waterfronts of the State of New York, the compact views the program as the equal responsibility of both States. It recognizes that organized crime does not respect State boundaries or economic statistics. . .

Governor Driscoll warned that the failure of Congress to act would:

. . . compel the two States to try to do individually what they can best do collectively and to establish two separate agencies, but that will never be a complete answer to this interstate problem. Ships dock in New Jersey, take on part of cargo, and then proceed to New York to take on additional cargo. Men who may work in New York on one day conceivably may work in New Jersey the next day. It is that area; that area is in fact a great metropolitan area and the regulations for the area ought to be the same irrespective of the fact that a State boundary line happens to bisect the harbor.

In August 1953, the States of New York and New Jersey, with the approval of the United States Congress and the President of the United States, enacted the bi-state Compact creating the Waterfront Commission of New York Harbor.

The overriding purpose of the Compact was to ensure that employers broke free from the iron-clad grip of the ILA, and took back their right to select for themselves those individuals that they wanted to hire on the waterfront. It shows that the shape-up method of hiring was repeatedly denounced as a “sham,” and the root of the evil and corrupt hiring practices that pervaded the waterfront. Under that system, employers did not actually select individuals they hired and paid - - they understood that when they needed labor, they had to go to the ILA for it. The shape-up was specifically shown to facilitate both criminal activity and racial discrimination in the Port. It was unequivocally condemned by those who advocated for the Compact’s approval, and who believed it was “highly desirable” to attain the elimination of racial discrimination.

## **THE PORT TODAY**

While the evils of the public loading racket have long since been eliminated, many of the other ills described above still exist, to some degree, on today’s waterfront. Over sixty years later, the ILA still exerts an inordinate degree of control over hiring in the Port. But now, instead of openly doing so through the antiquated shape-up system where an ILA-controlled dock boss selected men standing around him at the piers, the shape-up is memorialized in collectively bargained provisions that require employers to accept those that are sent to them by the ILA when they are in need of labor.

Individuals who lost their licenses or registrations through criminal convictions or misconduct still work on the waterfront in “non-covered” positions allowing them to continue receiving payment and exerting control. The Commission has been diligent in identifying and removing them. Organized crime still exacts a tax through overpriced or non-existent services in the cleaning, trash removal, snow removal or repair industries forced upon companies. The Commission has ongoing investigations in this area.

Loan sharks and bookmakers, with the approval of organized crime, continue to prey on the workforce. The Commission, along with its law enforcement partners, has made significant arrests in both areas and has a number of active investigations as well. Cargo theft, often more sophisticated than in the past, is still a real problem. Workers’ compensation fraud, narcotics importation, and the illegal use of drugs, especially prescription medications, have been added to the enforcement picture.

While individual prosecutions and administrative and regulatory actions are required and necessary, these alone are insufficient to change a historically and presently corrupt industry. The Waterfront Commission remains hopeful that the industry will be open to new, innovative approaches that will reduce the opportunities for criminal activity while strengthening the economic viability and competitiveness of the Port.

## MISSION STATEMENT

The statutory mandate 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.

## COMMISSIONERS

The Commission is headed by a New Jersey and a New York Commissioner, appointed by the Governors of their respective states. The Commissioners bring with them extensive experience in criminal investigations and prosecutions, and an expansive knowledge of organized crime and corruption.



### **New York Commissioner Ronald Goldstock**

Ronald Goldstock served for thirteen years as Director of the New York State Organized Crime Task Force (OCTF), where he designed and developed the Independent Private-Sector Inspector General (IPSIG) program. Under his leadership, OCTF became a model agency for the control of organized and white collar crime, playing critical roles in the Cosa Nostra Commission, Lucchese and Gambino Family prosecutions, Cali Cartel drug and money laundering cases, and producing highly acclaimed analytic reports on corruption and racketeering in the construction and carting industries. In addition to providing IPSIG, expert witness, and investigative services to corporate, union and individual clients, he is also on the faculties of the

Cornell, Columbia and New York University Law Schools. Mr. Goldstock, a graduate of Cornell University (A.B. 1966) and Harvard Law School (J.D. 1969), served as Inspector General of the U.S. Department of Labor, Director of the Cornell Institute on Organized Crime, and Chief of the Rackets Bureau in the New York County District Attorney's office. He also served as the advisor to several Secretaries of State for Northern Ireland on matters relating to para-military groups and international organized crime. Mr. Goldstock is a Past Chair and current Finance Officer of the ABA Criminal Justice Section. He was Past Co-chair of the CJS Special ABA Ethics 2000 Committee, Chair of the ABA Criminal Justice Standards Committee and Past Chair of the Investigative Function of the Prosecutor Task Force. He is a member of the Board of Directors of the New York Convention ("Javits") Center Operating Corporation and was a member of the Advisory Board of Project Rise of the International Brotherhood of Teamsters. Mr. Goldstock serves as a referee for the NYS Commission on Judicial Conduct, and has lectured, consulted, written, and testified as an expert witness on subjects related to organized and white-collar crime, corruption, RICO, the inspector general program, the prosecution function, labor racketeering, money laundering and compliance programs. He is the author of numerous articles related to organized crime and corruption, including, "On the Waterfront: RICO and Labor Racketeering."



### **New Jersey Commissioner Michael Murphy**

Appointed in June of 2014, Michael Murphy is the former Prosecutor of Morris County, where he began the Bias Crimes Unit and structured the county's first Human Relations Commission. In 1992, at the request of then U.S. Attorney Michael Chertoff, Mr. Murphy was deputized as a Special Assistant U.S. Attorney and successfully prosecuted Arthur and Irene Seale for the highly publicized kidnapping and murder of Exxon executive Sidney Reso. In 1994, working closely with the U.S. Department of State and the Jordanian government, he secured the conviction of Mohammed Abequa, a Morris County resident who murdered his wife, kidnapped his children, and fled to his native Jordan to escape justice. Mr. Murphy has served as President of the New Jersey

Prosecutors Association, and has chaired the Association's Legislative Committee. He is the past Chairman of the Garden State Preservation Trust, and was both the Chairman and a member of the Board of Trustees

of the Public Policy Center of New Jersey. A graduate of Georgetown University and Seton Hall University School of Law with nearly forty years of practice, Mr. Murphy has served as a municipal attorney, municipal prosecutor, county prosecutor and public defender. In private practice, he specialized in the areas of land use, corporate litigation, products liability and white collar defense. He also served in the United States Merchant Marine, and through his service as a mariner, he developed a firsthand appreciation for the critical role the waterfront plays in the economy of the State of New Jersey, the State of New York, and beyond. Mr. Murphy has been involved in politics since the first gubernatorial campaign of his stepfather, two-term New Jersey Governor and Supreme Court Chief Justice Richard J. Hughes, and was candidate for Governor of New Jersey in 1997. Currently a Visiting Associate at the Eagleton Institute of Politics, Mr. Murphy has been called upon to appear as a guest commentator on Hardball with Chris Matthews, Lou Dobbs Tonight, CNBC, MSNBC, My 9, Fox, TruTV, NJN, New 12 NJ and other cable and radio outlets.

## **OFFICERS**

### **Executive Director Walter M. Arsenault**

Walter M. Arsenault was appointed Executive Director on September 10, 2008. He is the grandson of a longshoreman and the son of a U.S. Customs Inspector and Supervisor who spent his career on the piers of New Jersey. Mr. Arsenault is a graduate of the Johns Hopkins University and Rutgers School of Law. He served as an Assistant Prosecutor in Bergen County, New Jersey from 1978 to 1984, where he was Chief of the Trial and Grand Jury Sections. Mr. Arsenault joined the New York County District Attorney's Office in 1984, where he served until 2003. He was the Chief of the Homicide Investigation Unit for most of his career there, and specialized in the investigation and prosecution of violent drug gangs. Mr. Arsenault also served as a Senior Trial Counsel in Trial Bureau 70 and investigated and prosecuted international narcotics smuggling and trafficking as a Senior Investigative Counsel in the Office of the Special Narcotics Prosecutor. In 2003, Mr. Arsenault was appointed First Deputy Commissioner of the New York City Department of Investigation. He oversaw that office's daily operations as well as leading high profile political corruption and organized crime investigations. He retired from city service in February 2008.

### **General Counsel Phoebe S. Sorial**

Phoebe S. Sorial was appointed General Counsel on May 10, 2010. Ms. Sorial is the chief legal advisor for the Commission. She is a graduate of Rutgers University and Rutgers School of Law, where she was the Managing Business Editor of the Computer and Technology Law Journal. In 2000, she served as a law clerk to the Honorable Rudy B. Coleman, retired Judge of the Appellate Division of the Superior Court of New Jersey, before joining a prominent New Jersey law firm. While in private practice, Ms. Sorial represented corporate clients, state agencies and public entities in complex litigation at local, national and international levels. She also counseled clients regarding internal matters, including securities compliance, employment practices and other corporate protocols. In 2008, Ms. Sorial joined a Florida government relations firm, where she advised of legal implications of firm strategies and focused on legislative advocacy, alliance building and crisis communications. Ms. Sorial is admitted to practice law in New York, New Jersey and Florida, as well as the U.S. District Court for the District of New Jersey, the Southern District of New York, the Middle and Southern Districts of Florida, and the U.S. Court of Appeals for the Second and Third Circuits.

### **Commission Secretary Meralis M. Lopez**

Meralis M. Lopez was appointed as Commission Secretary and Paralegal on May 13, 2013. Mrs. Lopez is a graduate of John Jay College of Criminal Justice and holds a B.A. in Forensic Psychology, and a Master's Degree of Science in Criminal Justice Management from the University of Maryland. In 2009, she joined the Office of the U.S. Attorney for the Southern District of New York, where she served as a Legal Assistant in the Records Division. While with the U.S. Attorney's Office, Ms. Lopez worked with sensitive Anti-Terrorism cases and was responsible for confidential case management. Prior to her work with the federal government, she was an Assistant to the Director of Operations for a New York City nonprofit organization, and worked as a Legal Secretary for an immigration law firm. Mrs. Lopez is a New York State Bar Association Certified Paralegal.

## **THE COMMISSION'S DIVISIONS**

Responsibility for the everyday operations of the Commission lies with the Executive Director, who supervises the Commission's seven divisions.

### **Executive**

The Executive Division is comprised of the Executive Director, General Counsel, Commission Secretary, Comptroller, Port Operations/THEIC Director and a Human Resources administrator. This Division's responsibilities include: assisting the Commissioners in the formulation and execution of policy; proposing legislation, regulations and resolutions; preparation of annual and special reports; providing legal advice to the Commissioners; conducting agency litigation and overseeing outside counsel when required; initiation of investigations; ordering hearings; media, public and government relations; conducting labor relations with agency unions; formulation of the annual budget; keeping of financial records and administration of group insurance plans; and maintaining the seal and official records of the Commission.

### **Port Operations and Telephonic Hiring Employment Information Centers**

The Division, which was formed just this year, is headed by Director Jeffrey R. Schoen. The Division supervises the Telephonic Hiring Employment Information Center in Edison, New Jersey which oversees the daily hiring of longshore workers, checkers and pier guards in the port to insure that all hiring is performed in accordance with the Rules and Regulations of the Waterfront Commission of New York Harbor and the seniority rules of both the NYSA-ILA Collective Bargaining Agreement and the NYSA-PPGU Collective Bargaining Agreement. The Division reviews and approves all requests for additions to the companies' regular hiring lists.

### **Law, Licensing and Employment Information Centers**

This Division is headed by Director Thomas Kapp, along with Larissa Payne, Deputy Director of Law - Investigations, and John G. Casey, Deputy Director of Licensing and E.I.C. The Division's two senior counsel and two assistant counsel conduct investigations into waterfront practices throughout the Port of New York-New Jersey. In addition to investigating applicants for licensing and registration to determine if they meet the legal standards set forth in the Waterfront Commission Act, these attorneys also investigate currently licensed personal and companies to ascertain if they have engaged in criminal activity in the Port and/or violations of the Act. They liaison and work in tandem with outside law enforcement and prosecutorial agencies to assist in developing criminal cases against targets. Administrative hearings are conducted by counsel to determine whether applications should be granted or denied and whether registrations and licenses should be suspended or revoked. In addition, they assist in responding to Article 78 and other appellate proceedings.

Our administrative responsibility of licensing longshore workers and removing dangerous persons from working in the Port is critical. In addition to its law enforcement activities, the Commission continues to exercise its administrative and regulatory powers to increase the Port's safety, security, diversity and competitiveness. The Commission has, on an ongoing basis, aggressively identified and suspended or removed registered individuals who constitute a danger to the peace and safety of the Port, or who lack the requisite good character and integrity required for their license. The Commission is now also identifying those who are associating with organized crime individuals, and is revoking their registrants/licenses. Through administrative hearings conducted by our attorneys, the Commission is the only agency with the ability to do so. Though this requires an exhaustive collaborative effort by our attorneys and licensing clerks, it has already yielded a demonstrably beneficial impact on the Port.

The vitality of the Port is directly affected by organized crime influence, and we have exposed and highlighted the prevalence of no-show and no-work jobs at the Port, which rob the Port of its economic competitiveness and vitality. Our attorneys continue to conduct investigations into these matters, and to conduct administrative hearings relating thereto.

Licensing and Employment Information Centers in Newark, New Jersey and New York, New York process applications filed by individuals and firms required to be licensed or registered. The Licensing Division also makes employment information available to these dockworkers and administers the “decasualization program” which, pursuant to statute, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.

### **Police**

This Division is headed by Chief Constantine Miniotis and staffed by three captains, five sergeants, twenty-nine detectives, and four civilian employees. All Commission police officers possess full police powers in both New York and New Jersey. The Police Division maintains field offices in Manhattan, Brooklyn, and Elizabeth. Waterfront Commission police investigate criminal activity in the Port and violations of the Waterfront Compact; 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 investigative files. The Police Division participates in a number of federal and state task forces. Currently detectives are assigned to organized crime squads at the Federal Bureau of Investigation in both the Newark and New York field offices. Additionally detectives serve in both New York and New Jersey as part of the Border Enforcement Security Task Force led by the Department of Homeland Security Investigations. The Commission is also represented at HIDTA, the High Intensity Drug Trafficking interdiction program and on the El Dorado team investigating narcotics and money laundering in New York, and at New Jersey State Police Cargo Theft Task Force in New Jersey.

Captain Margaret Baldinger commands the New York office, Captain Jeffrey Heinssen commands the Brooklyn Field Office, and Captain Kevin Campbell commands the Elizabeth Field Office.

### **Intelligence**

This Division is led by Daniel Ramirez and staffed by four intelligence analysts. The Division collects, analyzes and disseminates intelligence related to organized crime and racketeering activity in the Port at the strategic and tactical levels. Intelligence collection, extensive research, link analyses, and record examination have been central to several ongoing civil proceedings and criminal investigations. The Division also researched and categorized dozens of news articles and online media for the Commission after the ILA conducted an illegal work stoppage, forcing the Port of NY/NJ to cease operations for almost an entire day. This effort created a comprehensive timeline, enabling Commission personnel to follow the series of events in precise detail.

The Intelligence Division continues to grow its database of organized crime members and associates, identifying connections among those criminal figures and longshore workers. In the past year, the Division has created hundreds of dossiers of known or suspected members of the DeCavalcante and Bruno Scarfo crime families, adding to the existing dossiers maintained on members of the Five Families of New York: Bonanno, Colombo, Gambino, Genovese and Lucchese.

The Division maintains active memberships with the International Association of Crime Analysts (IACA); the International Association of Law Enforcement Intelligence Analysts (IALEA); the Middle Atlantic Great Lakes Law Enforcement Network (MAGLOCLLEN); and the National White Collar Crime Center (NW3C) to promote professional development and stay abreast of emerging trends within the intelligence community. Members within the Division attended the Intelligence Analyst Training Program

and the Banking & Money Laundering Training Program at the Federal Law Enforcement Training Center (FLETC) in Glynco, GA.; and the Federal Law Enforcement Analysis Course offered by the Drug Enforcement Agency. The Division also represents the Commission at weekly interagency intelligence meetings hosted by the U.S. Coast Guard Sector NY; and as a member of the Executive Steering Committee of the Area Maritime Security Committee (AMSC) for the Captain of the Port (COTP) of New York/New Jersey. The Division presented an assessment of local organized crime to the COTP in August 2015. In collaboration with the Coast Guard and other port partners, the Division reviews the Commission's Continuity of Operations Plan periodically.

The Division assembled numerous municipal and county documents to assist in the creation of technical diagrams and maps to illustrate the Commission's jurisdiction. It also conducted a nautical tour of the Port waterways to photograph the marine terminals and adjacent infrastructure from the perspective of the water.

### **Administration and Audit**

This Division, headed by Director Richard Carbonaro, along with Jared Filus, Deputy Director of Audit & Control, provides the agency with important clerical and administrative support functions. It is responsible for the delivery and collection of quarterly assessments, the analysis of payments made, and the imposition of penalties and interest for late fees payments. Administration, working in conjunction with the General Counsel, also assigns and monitors the work of the Commission's auditors, who review assessment payments made and perform compliance audits. The Division also maintains the Commission's timekeeping, personnel and attendance records, and handles the Commission's mail, furniture and office supplies.

This year, the Audit Division completed 10 payroll audits, 8 compliance audits, and 1 pre-licensing audit.

### **Information Technology**

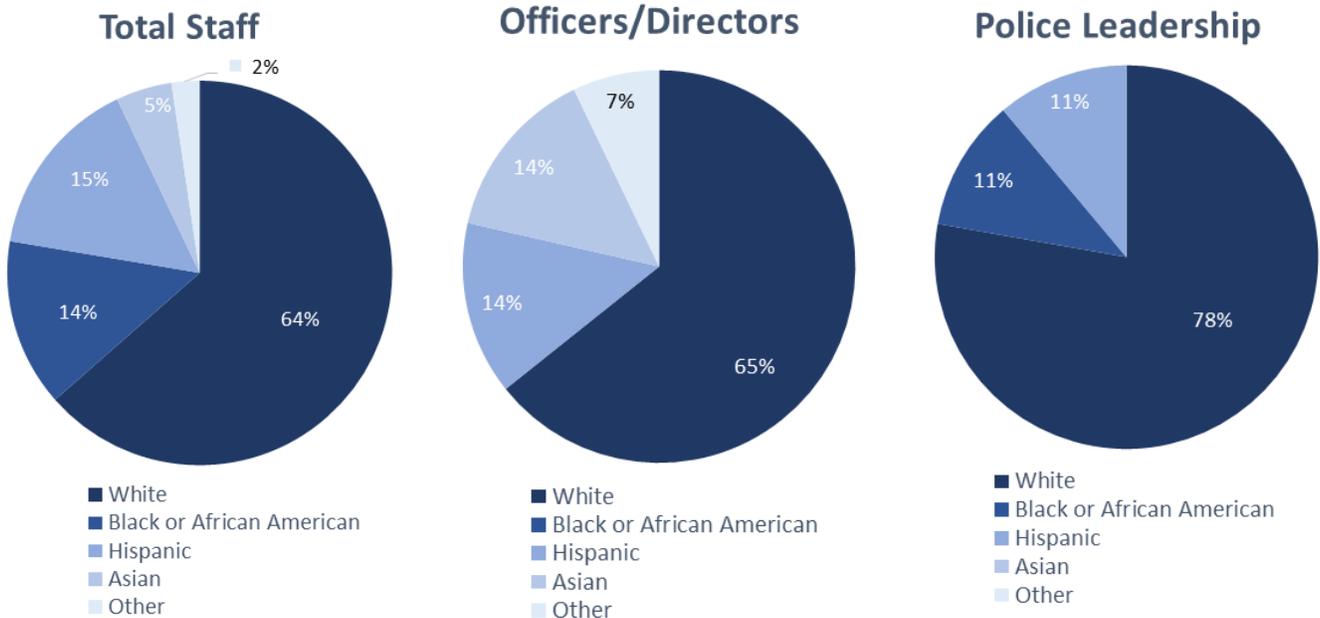
This Division, headed by David Murillo, is responsible for the development and implementation of the Commission's technological systems, maintenance of its infrastructure, and the security and functionality of its systems overall. The Division also provides the Commission's Police, Intelligence Divisions and Law Divisions with emerging technologies that support the agency's investigative initiatives.

This year, the IT Division is continuing to overhaul the Commission's outdated Waterfront Information System, the central database for all individuals licensed and registered to work in the Port. The Commission's physical network was also upgraded to prepare for new internet services and Voice over IP (VOIP) phone system. The Division also enhanced the agency's network backbone to provide better, instantaneous flow of information between servers, storage, and end users. The Division is in the process of implementing a digital document management system to safeguard the Commission's physical records which – through document imaging, indexing and archiving – will allow us to quickly retrieve documents responsive to requests made by other administrative and law enforcement agencies. This is particularly critical in responding to requests for documents, often going as far back as fifty years, by the U.S. Department of Justice.

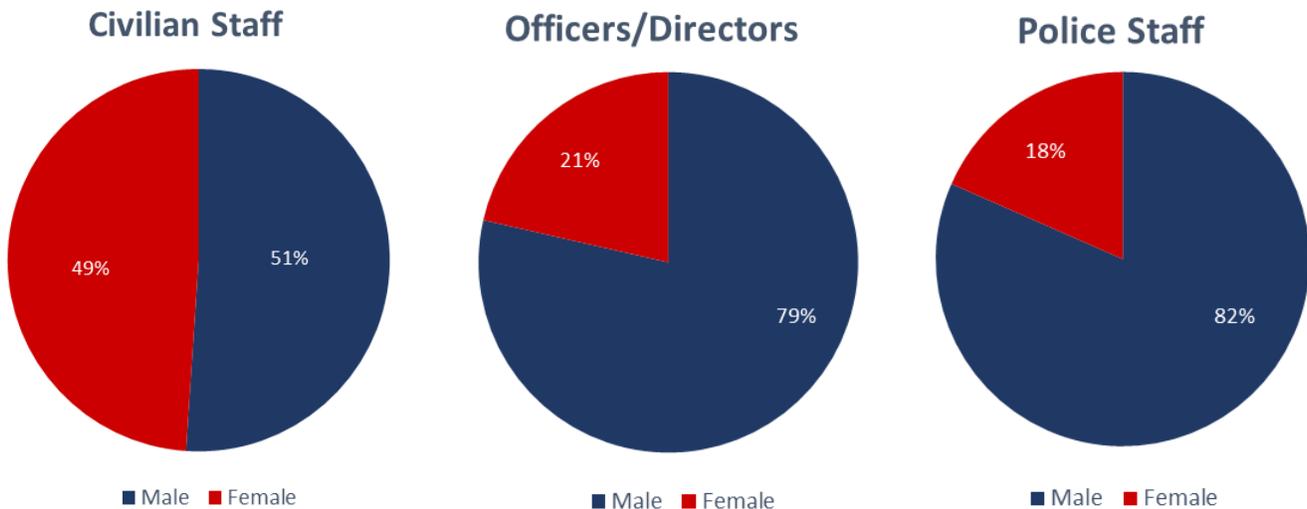
## DIVERSITY AND INCLUSION IN THE COMMISSION'S WORKFORCE

The Commission is deeply committed to a culture of diversity and inclusion in its workforce. As we previously reported, prior to the Commission's revitalization following the 2009 Report of the New York State Office of the Inspector General, all of its officers and directors were white, and its staff did not adequately reflect the rich diversity of the surrounding metropolitan region. Since then, we have taken extensive measures and made significant strides towards ensuring diversity and inclusion. This year, we are proud to report on our continued progress.

### Race/Ethnicity



### Gender



## **MEMBERSHIP IN ORGANIZATIONS**

The Commission and its staff maintain memberships with various law enforcement organizations which routinely network to provide training and share information and resources, to assist the Commission in fulfilling its statutory mission. These include:

New York Prosecutors Training Institute

Middle-Atlantic Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN)

International Association of Crime Analysts

International Association of Law Enforcement Analysts

U.S. Coast Guard – Field Intelligence Support Team (FIST)

National White Collar Crime Agency

Multi-jurisdictional Counter-drug Task Force

National Association of Attorneys General

International Association of Airport and Seaport Police

Police Executive Research Forum

New York State Association of Chiefs of Police

Association of Chiefs of Police, Essex County

Area Maritime Security Committee (AMSEC)

## **COMMISSION NOT FUNDED WITH TAX DOLLARS**

The Commission is not funded with tax dollars. By statute, and in lieu of any charges for the issuance of licenses or registrations, or for the use of Employment Information Centers, the Commission's budgeted expenses come from assessments on waterfront employers of persons utilized in the handling of waterborne cargo. Employers pay a maximum two-percent assessment on the wages of such employees.

This year, the Commission reduced its assessment rate to 1.9%, which is the lowest rate in almost twenty-five years.

## **CASH MANAGEMENT AND THRIFT**

The Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. Even though the Waterfront Commission Act provides for appropriations from both states to balance the budget, the Commission has been successful in maintaining financial independence regardless of the unsteady stream of assessments and ever-increasing operating expenses outside of the Commission's control.

FY 2015-2016 financial results exceeded the budget plan by \$2.1 million—creating a surplus of \$3.0 million compared to \$903,000 budget surplus. After transferring \$2.4 million to the reserves, the unfunded Other Postemployment Benefits (OPEB) liability was reduced to 41% of the total accrued liability. The Commission closed the fiscal year ended June 30, 2016 with a positive operating fund balance of \$4.6 million.

FY 2015-2016 cash receipts were \$15.8 million, \$1.8 million (+12%) above budget and \$690,000 (+5%) above last year. Even after the assessment rate was lowered to 1.9% from 2.0% effective July 1, 2015, the quarterly assessments still increased \$619,000 from last year attributed to a combined result of organic growth at the port, added vessel services and some of the remaining cargo that had been previously diverted from the West Coast and Southern ports in the wake of labor slowdowns.

The Commission continued to generate budget saving with its effective budget management. FY 2015-2016 expenditures were \$12.8 million, 3% under budget. Over \$300,000 savings was achieved primarily from pension (\$251,000) and health insurance (\$142,000). The average headcount of 85 (5% below budget) was near the lowest levels.

## PORT STATISTICS

During calendar year 2015, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 36,921 thousands of metric tons of waterborne cargo valued at \$ 187,127 million. The tonnage increased by 4.4 % and the dollar value increased by 4.2 % over 2014.

For 2015, 6,371,720 container units passed through the port, an increase of 10.4 % over 2014. For the same 2015 period, 644,160 vehicles were imported or exported, an increase of 0.5% over the prior year.

On June 30, 2016, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled 5,450 broken down into the following categories:

<b>2016</b>	<b>#</b>
"Deep Sea" Longshore Workers	<b>2387</b>
Special Craft	<b>326</b>
Checkers	<b>692</b>
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.	<b>2045</b>
Port Watchmen	<b>288</b>
Hiring Agents	<b>93</b>
Pier Superintendents	<b>359</b>
Telecommunications System Controllers	<b>8</b>
Longshore workers were decasualized by the Commission for failure to meet minimum work requirements in FY 2015-2016	<b>39</b>
Companies licensed as stevedores, (including 8 with permanent licenses), who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.	<b>45</b>

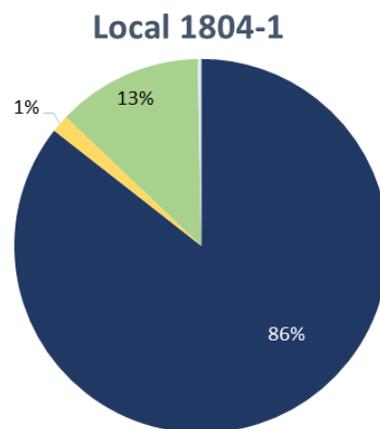
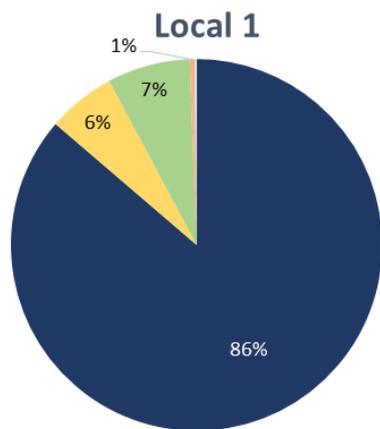
## DIVERSITY AND INCLUSION IN THE PORT WORKFORCE

Since its revitalization seven years ago, the Waterfront Commission has taken great measures to combat the prevalent discriminatory hiring practices in the Port and to foster diversity and inclusion in the longshore workforce. Despite this, as illustrated below, the industry has made little progress in diversifying the membership of registered longshore workers and maintenance workers/mechanics in the various International Longshoremen’s Association locals.

The diversity of the ILA locals is a critical component in assessing the industry’s hiring practices. In support of their purported diversity and inclusion initiatives, the ILA and NYSA cite to the overall diversity of incoming longshore workers. But, as illustrated below, an overwhelming majority of incoming Black/African American workers are then placed into one predominantly Black/African American local in New Jersey – ILA Local 1233. In contrast, the highly-sought checker positions are predominantly given to white males, who become members of ILA checker Local 1.

### DEEP SEA LONGSHORE WORKERS - DIVERSITY

ILA Local	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
Local 1	597	86.3%	41	5.9%	50	7.2%	3	0.4%	1	0.1%	692
1233	66	8.3%	673	84.9%	44	5.5%	3	0.4%	7	0.9%	793
1235	628	71.1%	34	3.9%	208	23.6%	3	0.3%	10	1.1%	883
1814	88	76.5%	14	12.2%	11	9.6%	0	0.0%	2	1.7%	115
1588	229	65.4%	66	18.9%	47	13.4%	3	0.9%	5	1.4%	350
920	134	83.8%	14	8.8%	10	6.3%	2	1.3%	0	0.0%	160
824	69	80.2%	7	8.1%	7	8.1%	2	2.3%	1	1.2%	86
1804-1	279	85.6%	5	1.5%	41	12.6%	0	0.0%	1	0.3%	326
<b>Total</b>	<b>2090</b>	<b>61.4%</b>	<b>854</b>	<b>25.1%</b>	<b>418</b>	<b>12.3%</b>	<b>16</b>	<b>0.5%</b>	<b>27</b>	<b>0.8%</b>	<b>3405</b>



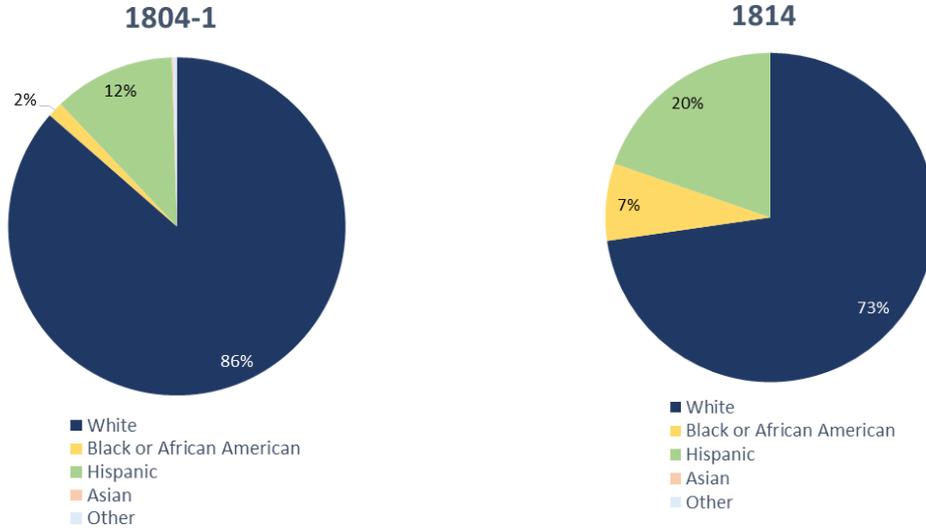
■ White  
■ Black or African American  
■ Hispanic  
■ Asian  
■ Other

■ White  
■ Black or African American  
■ Hispanic  
■ Asian  
■ Other

## MAINTENANCE WORKERS/MECHANICS - DIVERSITY

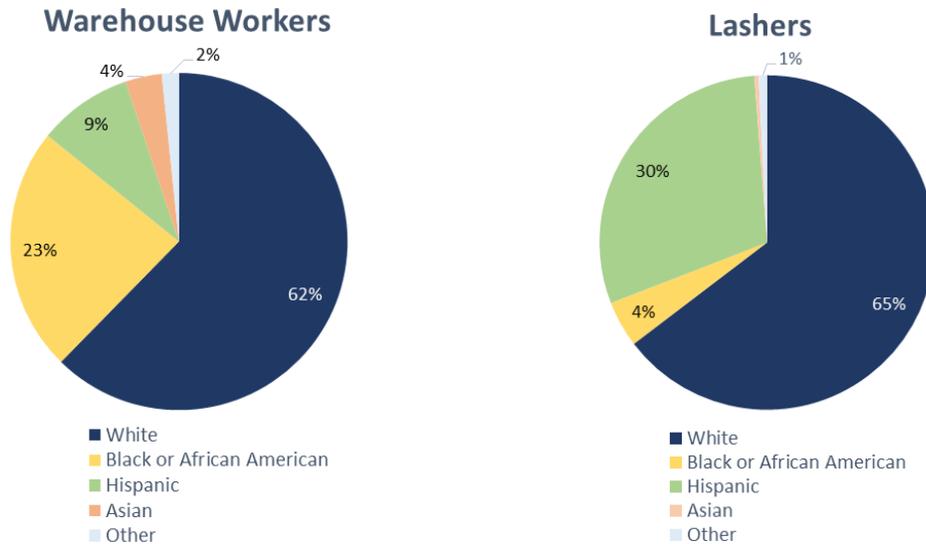
ILA Local	White		Black		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
1804-1	706	86.4%	12	1.5%	95	11.6%	1	0.1%	3	0.4%	817
1814	48	72.7%	5	7.6%	13	19.7%	0	0.0%	0	0.0%	66
<b>Total</b>	<b>754</b>	<b>85.4%</b>	<b>17</b>	<b>1.9%</b>	<b>108</b>	<b>12.2%</b>	<b>1</b>	<b>0.1%</b>	<b>3</b>	<b>0.3%</b>	<b>883</b>

**GENDER: 1 FEMALE OUT OF 883 MAINTENANCE WORKERS/MECHANICS**



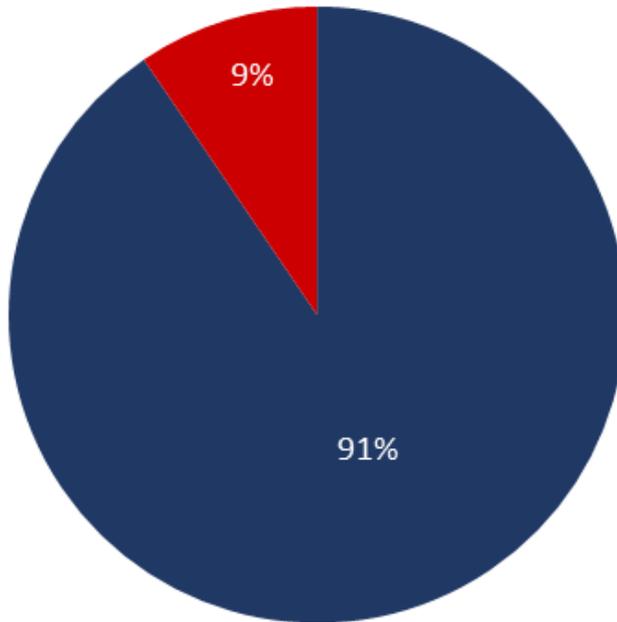
## WAREHOUSE WORKERS/LASHERS – DIVERSITY

Category	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
Warehouse workers	571	62.3%	215	23.5%	83	9.1%	32	3.5%	15	1.6%	916
Lashers	159	64.6%	11	4.5%	73	29.7%	1	0.4%	2	0.8%	246
<b>Total</b>	<b>730</b>	<b>62.8%</b>	<b>226</b>	<b>19.4%</b>	<b>156</b>	<b>13.4%</b>	<b>33</b>	<b>2.8%</b>	<b>17</b>	<b>1.5%</b>	<b>1162</b>



## DEEP SEA LONGSHORE WORKERS – GENDER

Union Local	Male		Female		Not Identified		Total
	#	%	#	%	#	%	
Local 1	591	85.4%	101	14.6%	0	0.0%	692
1233	674	85.0%	119	15.0%	0	0.0%	793
1235	828	93.8%	55	6.2%	0	0.0%	883
1814	114	99.1%	1	0.9%	0	0.0%	115
1588	318	90.9%	32	9.1%	0	0.0%	350
920	151	94.4%	9	5.6%	0	0.0%	160
824	80	93.0%	6	7.0%	0	0.0%	86
1804-1	326	100.0%	0	0.0%	0	0.0%	326
<b>Total</b>	<b>3082</b>	<b>90.5%</b>	<b>323</b>	<b>9.5%</b>	<b>0</b>	<b>0.0%</b>	<b>3405</b>



■ Male ■ Female

## **“MOVING THE GOALPOSTS”**

### **THE WATERFRONT COMMISSION’S DIVERSITY AND INCLUSION INITIATIVES**

The Commission is deeply committed to diversifying the workforce in the Port and to balancing the supply of labor with available work. As detailed in this Report, for decades Port employers collectively bargained away their ability to fairly recruit, hire and train their own employees. The industry’s discriminatory referral and hiring practices have not only led to a lack of diversity and inclusion in waterfront employment, but also to the perpetuation of criminality and corruption. This year, the Commission is continuing to utilize every available statutory and regulatory initiative to work to overcome the prevalent discriminatory hiring practices, so that a diverse group of men and women who are unencumbered by organized crime influence are given the once-denied opportunity to work in the Port.

Section 5–p of the Waterfront Commission Compact requires Port employers to certify that the selection of each incoming longshore worker was made in a fair and non-discriminatory manner, in accordance with the requirements of the laws of the United States and the states of New York and New Jersey dealing with equal employment opportunities. This statutory provision allows the Commission to take any preemptive or corrective action to combat discriminatory hiring. It is the Commission’s principal means of overcoming the prevalent discrimination that continues in the Port.

#### **Prequalification Program**

Exercising its statutory authority under Section 5-p of the Compact, the Commission has continued to actively implement its prequalification program. As previously reported, we partnered with the Workforce 1 Career Centers run by the New York City Department of Small Business Services, as well as the New Jersey Department of Labor and Workforce Development, and assembled a racially diverse, prequalified group of men and women to work in the Port. This year, after consulting with industry representatives, the Commission determined on its own initiative that there was a special and emergency need for baggage handlers and car drivers in the Port. On August 3, 2015 and October 20, 2015, the Commission issued emergency resolutions which opened up the labor pool to prequalified applicants referred by the City of Newark, Newark Works – Once Stop Career Center, and other industry referrals to meet that need. Notably, those previously unemployed and underemployed individuals living in areas near the Port would not have historically had access to employment opportunities on the waterfront.

#### **The Commission’s Requirements for Fair and Nondiscriminatory Hiring of Deep Sea and “A” Registrant Longshore Workers**

As previously reported, last year the Commission required that the NYSA and ILA submit a hiring plan for incoming deep-sea longshore workers. We are closely monitoring their referral and hiring practices to ensure compliance, so that a diverse group of men and women are given the once-denied opportunity to work in the Port. We are also continuing to advocate on behalf of veterans whose background checks have been cleared and who are simply waiting for the NYSA and ILA to put them to work.

To address the continued discriminatory hiring of maintenance and repair workers who perform services incidental to the movement of waterborne freight, the Commission also amended its Rules and Regulations to include an anti-discrimination certification requirement for waterfront employers. This was done to ensure that employers will be active, accountable participants in the process.

This year, the NYSA, ILA and MMMCA continued to challenge the Commission’s concerted efforts to combat the industry’s prevalent discriminatory hiring practices and to require fair and transparent hiring. They have appealed the dismissal of their lawsuit against the Commission, and continue to allege that the Commission is overstepping its statutory authority by requiring that hiring in the Port be done in a fair and non-discriminatory manner, and that it is improperly interfering with their collective bargaining rights by doing so. All briefing has been submitted in that matter, and a decision is expected shortly.

## **ILA Work Stoppage for Waterfront Commission's Alleged "Interference in Hiring"**

On January 29, 2016, ILA locals in the Port engaged in work stoppages at APM Terminals, Global Container Terminals Bayonne, Global Container Terminals New York, Maher Terminals LLC and Port Newark Container Terminal. The walkout was extensively covered by virtually every major media outlet in the New York and New Jersey area, as well as numerous national and international media outlets. Initial news reports quoted representatives from the NYSA, The Port Authority of New York and New Jersey, and the Waterfront Commission as stating that they did not know what prompted the work stoppage. While there was no official explanation for the strike, it was widely reported that James McNamara, ILA Public Relations Director, indicated the strike was "directed at the Waterfront Commission and its interference in hiring and harassment of ILA members."

On the day of the work stoppage, the NYSA filed a grievance pursuant to the grievance procedure set forth in the NYSA-ILA CBA, and an emergency arbitration was scheduled. Shortly afterwards, an arbitrator issued his award ruling, finding that the ILA locals engaged in work stoppages in violation of the no-strike provision of the NYSA-ILA Collective Bargaining Agreement. That same day, the Commission commenced an investigation into that matter. As reported later in this Report, various ILA officials have a filed yet another lawsuit challenging the Commission's statutory authority to conduct that investigation.

The Commission's investigation into the work stoppage is directly related to its statutory objectives. While the Compact safeguards collective bargaining rights, those protections are not absolute and cannot supersede the Commission's supervisory role regarding practices that might lead to corruption. Both the lawsuit and the Commission's investigation are pending.

## DEEP SEA LONGSHORE WORKERS – EARNINGS

During FY 2015-2016, deep-sea longshore workers (including checkers and special craft) were paid \$515,859,069.55, including regular overtime wages, vacation and holiday benefits. The chart below reflects the earnings ranges of those longshore workers, who perform work involving the discharge or loading of general cargo vessels, and who comprise the “deep-sea register.” These earnings, which are reported by the New York Shipping Association, Inc., do not include additional container royalty payments.

<b>EARNINGS RANGE</b>	<b># OF WORKERS</b>
Over \$450,000	7
\$400,000 to \$450,000	8
\$350,000 to \$400,000	35
\$300,000 to \$350,000	98
\$250,000 to \$300,000	215
\$200,000 to \$250,000	422
\$150,000 to \$200,000	788
\$100,000 to \$150,000	862
\$75,000 to \$100,000	347
\$50,000 to \$75,000	393
\$25,000 to \$50,000	221
Below \$25,000	241

## **MAINTENANCE WORKERS/MECHANICS – EARNINGS**

The chart below reflects the reported earnings ranges for maintenance workers, mechanics and lashers who perform services incidental to the movement of waterborne freight, pursuant to the 1969 amendments to the Waterfront Commission Compact. These longshore workers do not perform work involving the discharge or loading of general cargo vessels, and are not included in the deep-sea register. They mostly comprise the “A-register” or “1969 amendment register,” and are referred to as “A-registrants.”

<b>EARNINGS RANGE</b>	<b># OF WORKERS</b>
Over \$450,000	<b>0</b>
\$400,000 to \$450,000	<b>4</b>
\$350,000 to \$400,000	<b>9</b>
\$300,000 to \$350,000	<b>29</b>
\$250,000 to \$300,000	<b>50</b>
\$200,000 to \$250,000	<b>85</b>
\$150,000 to \$200,000	<b>229</b>
\$100,000 to \$150,000	<b>351</b>
Below \$100,000	<b>342</b>

## **WAREHOUSE WORKERS – EARNINGS**

The chart below reflects the reported wages for warehouse workers who perform services incidental to the movement of waterborne freight, pursuant to the 1969 amendments to the Waterfront Commission Compact. These longshore workers do not perform work involving the discharge or loading of general cargo vessels, and are not included in the deep sea longshore worker’s register. They are included in the “A-Register” and are referred to as “A-registrants.”

<b>EARNINGS RANGE</b>	<b># OF WORKERS</b>
Over \$450,000	<b>0</b>
\$400,000 to \$450,000	<b>0</b>
\$350,000 to \$400,000	<b>0</b>
\$300,000 to \$350,000	<b>0</b>
\$250,000 to \$300,000	<b>0</b>
\$200,000 to \$250,000	<b>0</b>
\$150,000 to \$200,000	<b>1</b>
\$100,000 to \$150,000	<b>41</b>
Below \$100,000	<b>934</b>

## **SPECIAL COMPENSATION PACKAGES**

Today, every terminal within the Port still has special compensation packages given to certain ILA longshore workers, the majority of whom are white males connected to organized crime figures or union leadership. Based on the industry's reported figures, the Commission has again identified over 428 individuals who collectively received over \$104 million dollars last year in outsized salaries, or for hours they never worked.

As previously reported, the Commission's March 2012 Special Report detailed its findings on the public hearings that were held concerning employment practices within the Port. The hearings revealed that the hiring, training and promotion practices of the industry led to low-show jobs, favoritism and nepotism, the abusive and illogical interpretation of collective bargaining agreements, and the impact of those practices both on the competitiveness of the Port and on the morale and career prospects of decent, hard-working Port employees. Connected individuals are awarded high paying, low-show or no-work special compensation packages, in some cases earning salaries in excess of \$500,000. Such positions were overwhelmingly given to white males connected to organized crime figures or union leadership.

Following the issuance of the Commission's Special Report, the then-President of the NYSA declared that, "[t]hese practices, many of which have been in place for more than fifty years, have made the port unnecessarily expensive and less competitive. Now is the time to address issues of excess staffing and hours of pay that are not commensurate with the work performed." He acknowledged that these special packages were unacceptable:

**In the immediate case relating to the Port of New York and New Jersey, there are several legacy work practices in place which do not occur in other ports, creating inefficiencies and costs higher than the acceptable norm. Many of these work practices are decades old, so effecting an immediate change or reversal is extremely difficult. But if there is an acknowledgment that these practices do indeed need to be eliminated or changed, then we have already begun the process of change. These are but a few of the challenges we will face in the early part of the New Year.**

[Source: New York Shipping Association 2012 Annual Report, President's Message at page 2]

When the Commission's Special Report was first issued, none of the special compensation packages were memorialized in the industry's applicable collective bargaining agreements. Rather than eliminate or cap these special packages, the NYSA and ILA instead negotiated a 2013 Memorandum of Settlement of Local Conditions in the Port of New York-New Jersey, which guarantees special compensation packages to certain people. Those individuals are paid for hours not worked or hours worked by others, as long as they are at the Port for forty (40) hours each week. The Commission has pledged to aid any company in its efforts to fight the work practices and extortive behavior that would be unacceptable to any legitimate business.

**FY 2015-2016 COMMISSION ACTION ON ADMINISTRATIVE PROCEEDINGS:  
PETITIONS, APPLICATIONS AND REVOCATIONS/SUSPENSIONS**

**Petitions**

<b>Petition Type</b>	<b>Denied</b>	<b>Granted</b>
For Reconsideration	0	0
For Leave to Reapply	0	0
For Rehearing	0	0
To Withdraw	0	6
To Remove Ineligibility	0	4
For Restoration	9	5
To Vacate Temporary Suspension	0	3
For Retention of Reinstatement	18	0
For Stay	0	0
To Surrender Registration	0	2
To Amend Determination	0	0
<b>Total</b>	<b>17</b>	<b>20</b>

**Applications for Licensure/Registration**

<b>Application Type</b>	<b>Denied</b>	<b>Granted</b>
Longshoreperson	5	3
Checker	0	3
Hiring Agent	0	0
Security Officer	0	0
Pier Superintendent	0	6
Stevedore	0	5
A – Register LS	5	0
Dispatcher (T.S.C.)	0	0
<b>Total</b>	<b>10</b>	<b>17</b>

**Suspension/Revocation Proceedings**

<b>Type of License or Registration</b>	<b>Revoked</b>	<b>Revoked w/ Leave to Reapply</b>	<b>Continue Temp. Prob. Registration</b>	<b>Suspended*</b>
Longshoreperson (LS)	4	2	3	7
Checker	0	0	1	1
Hiring Agent	0	0	0	0
Security Officer	0	0	0	0
Pier Superintendent	0	0	0	0
Stevedore	0	0	0	0
A – Register LS	4	0	2	4
Dispatcher (T.S.C.)	0	0	0	0
<b>Total</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>12</b>

\* Includes summary proceedings and informal hearings



## THE YEAR IN REVIEW

This year, Commission investigations with our law enforcement partners resulted in arrests of 180 individuals on state and federal charges as well as the seizure of over 63.6 kilos of heroin, 7,454 kilos of cocaine, 1303 pounds of marijuana, and 280 grams of Crystal Meth as well as the seizure of 30 firearms and almost \$3.48 million in proceeds from drug transactions, loan sharking and illegal gambling and the recovery of 2 stolen vehicles.

The Commission worked with the following law enforcement agencies on investigations and prosecutions:

- U.S. Attorneys' Offices for the Southern and Eastern Districts of New York, and the District of New Jersey
- U.S. Department of Justice – Organized Crime and Gangs
- U.S Customs and Border Patrol
- U.S Immigration and Customs Enforcement/Homeland Security Investigations
- U.S Immigration and Customs Enforcement/El Dorado Task Force
- U.S Department of Labor – Office of the Inspector General
- U.S Drug Enforcement Administration
- Federal Bureau of Investigation
- Internal Revenue Service – Criminal Investigation Division
- New Jersey Attorney General's Office – Division of Criminal Justice
- New York County District Attorney's Office
- Queens County District Attorney's Office
- Richmond County District Attorney's Office
- Kings County District Attorney's Office
- Bergen County Prosecutor's Office
- Essex County Prosecutor's Office
- Passaic County Prosecutor's Office
- Union County Prosecutor's Office
- New Jersey State Police Auto Theft Task Force
- New Jersey State Policy Cargo Theft Task Force
- New York City Police Department
- New Jersey State Commission of Investigation
- New York City Business Integrity Commission



## SIGNIFICANT CASES

**July 7, 2015 - Warehouseman Suspended after Arrest for Aggravated Sexual Assault on a Child.** Warehouseman Luis Otero was suspended by the Commission after his arrest on charges including Aggravated Sexual Assault and Sexual Assault of a Victim less than 13 years old. Otero's registration was suspended pending the outcome of an administrative hearing in the matter.

**July 8, 2015 – New Jersey Brothers Convicted of Shipping \$1 Million Worth of Stolen Cars.**

Andrew Clarke of Irvington, NJ and Llewellyn Clarke of North Plainfield, NJ were convicted in Federal Court in Newark for their roles in a large-scale conspiracy to ship stolen luxury cars to Hong Kong and elsewhere. The two men were convicted on all four counts of a superseding indictment charging them each with one count of conspiracy to transport stolen motor vehicles and three counts of transportation of stolen motor vehicles in interstate and foreign commerce. They were convicted following a three-week trial before U.S. District Court Judge Robert B. Kugler. The stolen car exportation ring was investigated by a multi-agency task force including the Waterfront Commission. The investigation revealed that the Clarks were purchasing stolen luxury cars from thieves operating in northern New Jersey and New York. The Clarke brothers then recruited other conspirators to "re-tag" those cars, or have fraudulent vehicle identification numbers placed on the cars to mask the fact that they were stolen, and then had false title documents produced for those cars in New Jersey and Georgia. After the fake documents were created, the Clarks shipped several of those stolen cars, valued at nearly \$1 million, from New Jersey to Hong Kong, while other cars were shipped to Georgia, Maryland and elsewhere. Once overseas or out-of-state, the stolen cars were then re-sold, some to unsuspecting buyers who later learned that their vehicles were in fact stolen. Both men face up to 35 years in prison as a result of their convictions.



Leonard Moravek

Joseph Queli

**July 21, 2015: Superior Court of New Jersey, Appellate Division Affirms the Commission's Revocation of Checker's Registration for Association with Genovese Soldier.** The New Jersey Appellate Division affirmed the decision of the Waterfront Commission to revoke the registration of checker Leonard Moravek. Moravek was charged with associating with Joseph Queli, a convicted racketeer who was identified by law enforcement authorities as a soldier in the Genovese crime family. Moravek had accepted a loan from Queli, and had owed Queli money over a period of two and a half years until the loan was repaid. After an administrative hearing, Administrative Law Judge Patrick McGinley found that the Commission established the charges against Moravek by a fair preponderance of the credible evidence, and recommended that Moravek's registration as a checker be revoked. Having duly considered the record of the proceedings and the ALJ's Report and Recommendations, the Commission revoked Moravek's registration. On appeal, Moravek challenged the Commission's interpretation of the association provisions of the Waterfront Commission Act as being a strict liability statute. He argued that the Commission failed to use the proper definitions of "association" and "inimical" in making its determination that he had associated with Queli under circumstances that were inimical to the policies of the Act. He further contended that the revocation of his registration was disproportionate to the alleged offense.

The Appellate Division summarily rejected these arguments and found that the Commission's findings of fact and conclusions of law were legally sound and supported by sufficient credible evidence of record. Citing the precedential *In re Pontoriero* opinion, the court upheld the Commission's interpretation of "association" as encompassing the ordinary meaning of the term: "to keep company, as a friend, companion or ally." The court also endorsed the Commission's interpretation of "inimical," as being "adverse to the public confidence and trust in the credibility, integrity and stability of the waterfront and in the strict regulatory process of the Act." The court observed that Moravek's position as a checker was highly sensitive to corruption, and agreed with the ALJ's conclusion that borrowing money from a member of organized crime was "a reckless act that could have led to dire consequences," especially for a checker on the waterfront. As such, the court found that there was clear evidence that a reasonably objective observer could believe that Queli could have influenced Moravek in his role as a checker, making Moravek's association with Queli inimical to the Act.

**August 19, 2015 - DeCavalcante Associate Admits Distribution of Cocaine, Running a Prostitution Operation and Possessing a Weapon as a Convicted Felon.**

Anthony "Whitey" Stango of Brick, NJ, an associate of the DeCavalcante crime family, admitted his role in distributing more than 500 grams of cocaine, running a prostitution operation and possessing a shotgun as a convicted felon. Stango pleaded guilty before U.S. District Court Judge William H. Walls to the sale of between 500 grams to 1.5 kilos of cocaine; use of the telephone in interstate commerce to conduct a prostitution operation; and possession of a firearm by a convicted felon. Stango was arrested March 12, 2015, as part of a sweep of 10 members of the DeCavalcante crime family, which operated in New Jersey and elsewhere. The crime family engaged in numerous offenses, including fraud, distribution of controlled substances, prostitution, gambling, the sale of stolen and contraband goods, murder, assault, extortion, and other crimes of violence. Stango admitted conducting a drug operation that, on eight separate occasions from December 2014 to March 2015, sold between 500 grams to 1.5 kilos of cocaine to an undercover law enforcement officer. During that same time period, Stango worked to set up a prostitution operation in New Jersey. Recorded conversations reflected discussions he had with his father, DeCavalcante Capo Charles "Charlie the Hat" Stango, who at the time was living in Nevada. Stango advised his father that he had already spoken with one or more prostitutes about the details of the operation, their fees and the conditions under which the women would be providing services. Stango also admitted possessing an H&R Pardner 12 gauge pump action shotgun, while being a convicted felon.



**September 1, 2015 – Crane Operator Revoked for Associating with Organized Crime Figures, Convicted Racketeers and Career Offenders.** The Commission unanimously ordered the immediate revocation of the longshoreman registration of crane operator Dominick Dinapoli of Staten Island. After a hearing, an Administrative Law Judge found that Dinapoli had associated with the following career offenders:

- Mario Gallo, a hitman of the Bonanno and Lucchese Crime Families who was convicted of murder in aid of racketeering and conspiracy to distribute cocaine, among other charges. Dinapoli visited Gallo in prison and transferred money into Gallo's prison commissary account. Following Gallo's release from prison, Dinapoli introduced him to other longshoreman, including crane operators and a checker who hold sensitive positions on the waterfront.

- Samuel Santiago, a Latin King and convicted racketeer. On 15 occasions, Dinapoli transferred money into Santiago’s prison commissary account.
- Katosh Pantoliano, a career offender convicted in connection to robberies of narcotics traffickers and gambling parlors. Dinapoli was in contact with Pantoliano both during and between the latter’s stints in prison.
- Convicted drug traffickers Frank Pellegrino, William Brown, Ricky Marrow Jr., and Donta Douglas Nelson. Dinapoli associated with these career offenders during their incarcerations. He was in phone contact with one of these inmates and transferred \$2,600 into the commissary accounts of the other inmates.

The ALJ found that Dinapoli’s associations created “an unacceptable risk of corruption” and were “adverse to the public confidence and trust in the credibility, integrity and stability of the Waterfront and in the strict regulated process of the Waterfront Commission Act.” The ALJ further found that Dinapoli “undermined the Commission’s continuing efforts to ensure public peace or safety by reducing corruption on the Waterfront.” In addition to the ALJ findings, the Commissioners found that Dinapoli had committed fraud, deceit, or misrepresentation by falsely



Dominick Dinapoli      Mario Gallo      Katosh Pantoliano

testifying under oath regarding his associations with prison inmates and Gallo’s interactions with longshoremen during a trip to the Dominican Republic. The Commission adopted the Administrative Law Judge’s recommendation to revoke Dinapoli’s registration as a longshoreman

**September 1, 2015 - Longshoreman Suspended Following Pier Fatality.**

Longshoreman Victor Belo of North Arlington, NJ was suspended and a Notice of Hearing issued after his arrest on charges of second-degree Death by Auto, Driving While Intoxicated and Reckless Driving. Belo operated a Top Loader while under the influence of alcohol, resulting in the death of longshore worker Judy Jones. The Commission temporarily suspended Belo’s longshoreman registration pending the outcome of an administrative hearing. The case is being prosecuted by the Union County Prosecutor’s Office.



**September 22, 2015 - Longshoreman Suspended for Illegal Possession of Handgun and Possession of a Large Capacity Magazine.**

Longshoreman Johnnie Taylor of North Hampton, PA, was suspended by the Commission and a notice of hearing was issued after his arrest in East Orange, New Jersey for Possession of a Weapon, a second degree offense, and Possession of a Large Capacity Ammunition Magazine, a fourth degree offense. Taylor was stopped after his vehicle was observed swerving across the road and running through a stop sign. Police observed a Smith & Wesson .9 mm. handgun with a 15 round clip on the front seat of the vehicle. The Commission temporarily suspended Taylor’s longshoreman registration pending the outcome of an administrative hearing. Taylor is the former vice president of ILA Local 1588.

**October 16, 2015 – Elizabeth Longshoreman Admits to Orchestrating Mortgage Fraud Scheme Targeting Co-Workers.**

A longshoreman working at the Port Newark-Elizabeth Marine Terminal admitted to bilking a dozen co-workers out of nearly \$87,000 via a fraudulent mortgage loan modification program. Pedro Lopez, of Elizabeth NJ, pleaded guilty second-degree theft by deception. The case was referred by the Waterfront Commission to the Union



County Prosecutor's Office Special Prosecutions Unit earlier this year. A joint investigation involving both law enforcement agencies revealed that starting in June 2010, Lopez began approaching co-workers to solicit their involvement in a mortgage loan modification program he claimed would significantly lower their individual mortgage payments or eliminate their mortgages altogether. Each victim was required to pay up to \$15,000 to become part of the program, and several later were asked for additional funds for the processing of paperwork. Lopez allegedly collected a combined total of \$86,800 from the six victims, and despite reassuring them during the course of nearly five years that the program took time to yield results, none of the promised mortgage savings ever materialized.

**October 28, 2015 – 21 Charged in Takedown of International Carjacking/ Theft that Stole Luxury Cars from Suburbs in New Jersey and New York to Sell Overseas Law Enforcement in “Operation 17 Corridor” Recovered 90 Cars Worth over \$4 million.**

Twenty one men were charged in the takedown of a major international carjacking and stolen car trafficking ring that stole luxury cars from suburbs along the Route 17 corridor in New Jersey and neighboring New York, as well as other suburban communities in northern and central New Jersey, shipping the cars to West Africa where they command premium prices. A multi-agency team, including the Waterfront Commission Police, fanned out to execute arrest warrants. Charges included first-degree racketeering, carjacking and money laundering.

Approximately 90 stolen cars worth more than \$4 million were recovered in “Operation 17 Corridor,” a 16-month investigation led by the New Jersey Attorney General's Office - Division of Criminal Justice and the New Jersey State Police, assisted by The Port Authority of New York & New Jersey Police, ICE Homeland Security Investigations, the Waterfront Commission and numerous other agencies.

The ring operated based on demand for specific vehicles. The types of vehicles frequently sought included various models of Land Rover, Mercedes Benz, BMW, Maserati, Porsche, Jaguar and Bentley. Some vehicles were taken through carjackings, while others were stolen from locations where the thieves were able to steal them with one or more of their electronic keys or key fobs, which are critical to the resale value of the cars. Three men were charged as leaders of the auto theft trafficking ring. Within the ring, individuals filled various roles, including carjacker, car thief, wheel man, fence, shipper and buyer. Shippers would load the cars into shipping containers, which were taken to ports for transport by ship to West Africa.

In addition to carjackings, ring members used a variety of methods to steal cars with their keys. Cars were stolen from gas stations, convenience stores, carwashes and airports, where the drivers got out and left vehicles running. Other cars were stolen from car dealerships. Thieves also would search wealthy neighborhoods and find high-end cars unlocked with the key fob in the glove box. In other cases, individuals in the ring would use fraudulent credit cards with stolen or fictitious identities to rent desired cars from car rental agencies and simply never return them. Of the cars recovered, 19 were rental cars. Some of the cars would be “retagged” with new vehicle identification numbers and taken to another state, where new titles and temporary tags were obtained. In this way the stolen cars were essentially “laundered.” A total of 17 of the stolen cars that were recovered had been retagged.

After vehicles were stolen, the theft crew typically would store or “cool off” the cars at various locations, including short-term airport parking garages, residential parking complexes, residential back yards, commercial warehouses and shipping containers, to make sure they were not equipped with tracking devices that would lead law enforcement to them. Other times, members of the ring removed tracking devices from the cars. After a vehicle was sufficiently “cooled,” it was moved to a “fence.” There were multiple levels of fences through which the stolen cars typically moved before reaching their ultimate destinations. The fences arrested within this organization would generally buy stolen cars directly from a theft crew or a lower-level fence within the organization. The fences then moved the car up to a higher-level fence or, in the case of a high-ranking fence, sold the car directly to a buyer. The stolen cars were fenced both domestically and internationally. Domestically, the stolen vehicles have been found in Arizona, Maryland, North Carolina, New York, Georgia, Texas, and New Jersey. Internationally, the vehicles were most frequently exported to West Africa, including the countries of Ghana, Nigeria, Guinea, and Gambia. Luxury vehicles can sell in West Africa for prices in excess of new market value in the United States.

The fences used “wheel men” to move the stolen cars to different locations while purchase prices were being negotiated with other fences and potential buyers. The “shippers” who have been charged allegedly facilitated the organization’s illicit operation by arranging for stolen cars to be placed on shipping containers and transported to different seaports within New Jersey and New York. They completed a bill of lading for the container that typically misrepresented the actual contents of the container. The loading locations used include Evans Terminal in Hillside, NJ, and various locations in the Bronx, NY.

Of the 90 vehicles recovered, 23 were recovered at ports used by the ring, including Port Newark, Port Elizabeth, Global Terminal in Bayonne, and the Howland Hook Seaport in Staten Island, NY. Investigators believe that additional vehicles were being moved by this criminal enterprise, beyond those recovered in the investigation. The ring operated in Rockland County, NY, and multiple counties in New Jersey, including Morris, Bergen, Essex, Union, Hudson, and Monmouth. All 21 of the defendants who were charged are charged with first-degree racketeering, first-degree money laundering, and second- or third-degree receiving stolen property and fencing. The investigation revealed that a number of individuals exercised leadership roles in the criminal enterprise, and certain defendants associated more closely with particular leaders or individuals

within the larger enterprise. Three men, Tyja Evans of Watchung, NJ, Ibn Jones of Newark, NJ, and Eddie Craig of Beverly, NJ were charged as leaders of the enterprise. In addition to the other charges, they were charged with the second-degree crime of leader of an auto theft trafficking network.



Tyja Evans

Ibn Jones

Eddie Craig

**November 2, 2015 – Brooklyn Longshoreman Removed from Waterfront for Theft and Fraud.**

The Commission unanimously ordered the revocation of the longshoreman’s registration of Richard Orland, who worked at Red Hook Container Terminal in Brooklyn. After a hearing, an Administrative Law Judge found that Orland, while registered as a longshoreman, stole property from Home Depot. He then failed to report the resulting arrest to the Commission. In addition to the theft, the ALJ found that Orland committed fraud, deceit, or misrepresentation in order to secure inclusion on the longshore workers’ register. Orland had been referred by the International Longshoremen’s Association for employment pursuant to Determination 36. On paperwork that he filed with the Commission, Orland indicated that he had never been disciplined by any previous employers and that he left a job as a computer technician in order to secure full-time employment. In truth, Orland had been employed full-time, and was terminated for cause. The Commission agreed with the ALJ findings that Orland’s theft rendered his presence at the piers or other waterfront terminals a danger to the public peace or safety. The Commission also found that his fraud, deceit, or misrepresentation and failure to report his arrest warranted his removal from the waterfront.



**December 2, 2015 – Two Decavalcante Associates Plead Guilty to Cocaine Distribution.**

Two associates of the DeCavalcante organized crime family admitted their roles in distributing more than 500 grams of cocaine. John “Johnny Balls” Capozzi of Union, NJ and Mario Galli of Toms River, NJ each pleaded guilty before U.S. District Judge William H. Walls to distribution of more than 500 grams of cocaine. Capozzi and Galli were arrested and charged in March 2015, along with eight members of the DeCavalcante crime family. They both admitted that between December 2014 and March 2015, in conjunction with other family associates, they sold more than one-half a kilo of cocaine to an undercover FBI agent for at least \$78,000.



John Capozzi

Mario Galli



**December 15, 2015 – Decavalcante Associate Pleads Guilty to Cocaine Distribution.**

DeCavalcante crime family associate James Heeney of Elizabeth NJ, admitted his role in distributing more than 500 grams of cocaine. Heeney pleaded guilty before U.S. District Judge William H. Walls to conspiring to distribute more than 500 grams of cocaine. Heeney was arrested and charged in March 2015, along with eight members of the DeCavalcante crime family. He admitted that between August 2012 and March 2013, in conjunction with other family associates, he sold more than one-half a kilo of cocaine to an undercover agent for at least \$30,000.

**December 19, 2015 – New York Drug Bust Nets 136 Pounds of Cocaine Worth an Estimated \$3 Million.**

Two men were arrested and nearly \$3 million worth of cocaine was seized in New York City in what was described as the biggest bust involving the drug in recent years. The investigation involved the U.S. Drug Enforcement Administration's New York Division, the Waterfront Commission and the U.S. Coast Guard Investigative Service. Mark Soto and Xavier Herbert-Gumbs face felony drug possession charges after they were found with 136 pounds of cocaine in their vehicles in the Bronx. The men had transported the drugs from Massachusetts as part of a major narcotics trafficking network. The men were charged with four counts each of criminal possession of a controlled substance in the first and third degrees.

**March 15, 2016 – Commission Revokes License of Mechanic for Heroin Possession and Attempt to Elude Police.**

The Commission unanimously ordered the denial of the application and revocation of the temporary registration of mechanic Justin O. Clancy. Clancy, an employee of Cargotec Crane & Electric Services Inc. worked at Maher Terminals, LLC on its straddle carrier refurbishment project. After a hearing, an Administrative Law Judge found that Clancy, while registered as a longshoreman, endeavored to elude police in Elmwood Park, NJ and when apprehended was found to be in possession of 12 glassine envelopes of heroin. He then failed to report the resulting arrest to the Commission. The Commission agreed with the ALJ’s findings, and found that Clancy’s efforts to elude police and his possession of heroin rendered his presence at the piers or other waterfront terminals in the Port a danger to the public peace or safety. The Commission also found that his failure to report his arrest also warranted his removal from the waterfront.



**March 29, 2016 – Checker Suspended after Two Arrests for Heroin Possession.**

Checker Ryan Conley of Basking Ridge, NJ was suspended by the Commission and a notice of hearing was issued after he was arrested twice in Passaic County, NJ for Possession of Heroin. Conley was arrested on January 12, 2016 for possession of 5 glassines of heroin during surveillance of narcotics trafficking. On February 4, 2016, Conley was arrested after a car stop and found in possession of 104 bags of heroin. Both arrests were for third degree offenses.

**April 5, 2016 – Eight Indicted, Including Professional Poker Player, for Operating Multi-Million Dollar Illegal Sports Betting Ring.**

Eight individuals – including professional poker player Jay “Ghost” Sharon – were indicted on charges of operating a highly sophisticated illegal sports gambling enterprise located in Queens County and elsewhere that utilized gambling websites and toll-free numbers. The enterprise is alleged to have annually booked more than \$3.5 million in bets and operated in New York and Las Vegas. The defendants were variously charged in an 85-count indictment with enterprise corruption, which is a violation of New York State’s Organized Crime Control Act, as well as money laundering, promoting gambling and conspiracy.

The investigation leading to the arrests began in December 2014 when the NYPD’s Organized Crime Investigation Division and the Waterfront Commission, in conjunction with the Organized Crime and Rackets Bureau of the Queens County District Attorney’s Office, developed information about a betting ring operating in Queens County and elsewhere. The investigation included physical surveillance, intelligence information and court-authorized electronic eavesdropping that intercepted thousands of hours of allegedly incriminating conversations. Jay Sharon was identified as the alleged boss of the gambling operation, and is accused of acting as the bookmaker who controlled and oversaw the entire operation and profited from each criminal pursuit by the other defendants. Jonathan “Boss” Cianciotto and Joshua Handler are alleged to have been Sharon’s master-agents who managed the agents and collected the winnings from the agents. Emilio “Smoke” Testa, Christopher “Cream” Hansen and Frank “Magoo” Nista are alleged to have been agents of the enterprise and Vincent Zaccario and Gary “Weezy” Schreiber are alleged to have been sub-agents.

The defendants allegedly conspired to make money illegally through the operation of unlawful gambling that accepted bets on sporting events through wire rooms located either offshore or in places where gambling on sports is legal. Bettors would place wagers by logging onto an Internet website or calling a toll-free number. Sharon, the bookmaker of the enterprise,

allegedly decided on wager limits, approved new accounts and all money collected eventually funneled up to him. Sharon allegedly met with his master-agents, Cianciotto and Handler, on a regular basis, to either receive money for the bettors' losses or to pay out money ("settle up") for the bettors' winnings. Testa, Nista and Hansen's alleged role in the enterprise was as agents whose job was to build a clientele of bettors who would regularly bet with the enterprise and who shared in the profits of their players' losses each week or settled up with the bettors. It is alleged that the agents basically operated by placing bets with the wire room and facilitating the online betting by their clients on the illegal gambling website by using pre-arranged codes and passwords. Zaccario and Schreiber allegedly worked as sub-agents who, having clientele of their own, reported and paid money to an agent. Finally, it is alleged that Sharon, Cianciotto, Hansen and Testa knowingly laundered money by transporting large sums of money in Queens and elsewhere in New York to pay and collect on gambling wagers.

In addition to the arrests, court-authorized search warrants were executed at ten locations in Queens and Nassau Counties. Gambling records and gambling paraphernalia and more than \$ 93,000 in cash was seized by the NYPD and the Waterfront Commission.



Jay Sharon Jonathan Cianciotto Joshua Handler Emilio Testa Christopher Hansen Frank Nista Vincent Zaccario Gary Schreiber



**April 26, 2016 – Dock Worker Suspended after Arrest for Witness Tampering and Other Crimes.**

Courtney Wallace, a longshore worker from Irvington, NJ, was arrested by detectives from the Union County Prosecutor's Office and the Waterfront Commission, and was charged with witness tampering, providing false information to law enforcement and false swearing. Witness tampering is a third degree offense for which the maximum sentence is a five years imprisonment. The charges against Wallace stem from false criminal allegations she made last year against another longshoreman that resulted in the arrest of that longshoreman. In a search incident to arrest, a bottle of urine was recovered from Wallace, who stated that the urine came from her son and that she carried the clean urine around with her in case she was ever drug tested in connection with her job at the Port. The Commission temporarily suspended Wallace's registration pending the outcome of an administrative hearing on the charges.

**April 27, 2016 – Racketeering Indictment Unsealed Charging Ten Alleged Members and Associates of Genovese Crime Family with Reaping Millions of Dollars Through Loansharking, Illegal Check Cashing, Gambling and Money Laundering in the Port District.**



Following their arrests last year, ten members and associates of the New York-based Genovese organized crime family were indicted on charges including first-degree racketeering for allegedly reaping millions of dollars in New Jersey through illegal loansharking, unlicensed check cashing, gambling and money laundering, including laundering of drug proceeds. Another defendant was charged in connection with the laundering of drug money, and the wives of three of the defendants were charged with tax fraud, bringing the total to 14 defendants. As previously reported last year, the charges stem from “Operation Fistful,” a joint investigation by the New Jersey Attorney General’s Office - Division of Criminal Justice and the Waterfront Commission, conducted with assistance from the New York and Queens County District Attorneys’ Offices and other law enforcement agencies.

Much of the illicit revenue allegedly was collected and laundered through licensed and unlicensed check-cashing businesses in Newark run by alleged Genovese associate Domenick Pucillo of Florham Park, NJ. Pucillo and the other associates are alleged to be part of a New Jersey crew operating under the supervision and control of two alleged “made” members of the Genovese crime family – Genovese capo Charles “Chuckie” Tuzzo of Bayside, NY, and Genovese soldier Vito Alberti of Morristown, NJ – who answer to the Genovese hierarchy in New York. The defendants were charged, in varying combinations, with running the following criminal schemes, which generated “tribute” payments up the Genovese chain of command:

1. A massive **loansharking** operation that yielded about \$4.7 million in illegal interest;
2. An illicit multi-million dollar offshore **sports gambling enterprise**;
3. An **unlicensed check-cashing** business that made \$9 million in fees in four years, while enabling customers to launder funds and evade taxes by skirting federal reporting requirements;
4. Laundering of \$666,000 in **drug money** via check-cashing businesses owned by Pucillo in Newark and Florida;
5. illegal control and use of a **trucking firm** with a contract to transport cars from Port Newark;
6. **Tax fraud and evasion.**

## **Loansharking**

Pucillo allegedly used his check-cashing businesses for a massive loansharking operation. He ran several businesses, but the main one was Tri-State Check Cashing, Inc., with headquarters at 17 Avenue A in Newark. He allegedly used cash and credit lines extended to his business to loan money “on the street” at usurious rates. He made loans at one to three “points.” A point equals 1% interest, due weekly, so one point equates to 52% annual interest, two points to 104% annual interest, and three points to 156% annual interest. New Jersey law defines criminal usury as loaning money to an individual at an annual interest rate exceeding 30%, and makes it a second-degree crime if the rate exceeds 50% per year.

It is alleged that Genovese associate Robert “Bobby Spags” Spagnola of Morganville, NJ, partnered with Pucillo in the loansharking business and received a commission of one point on each loan he secured for Pucillo. In addition, Pucillo allegedly shared the loansharking proceeds up the Genovese chain of command to Alberti and Tuzzo. Alberti, at times, allegedly engaged directly in loansharking with Pucillo, with Alberti receiving two points on those loans and Pucillo, one point. From October 2007 through June 2013, the defendants collected approximately \$4.7 million in interest. Victims were required to pay interest on a weekly basis. The scheme was designed so that, when the victims made loan payments by check, it appeared that they were cashing checks in the ordinary course of Pucillo’s check-cashing business. When they took out loans, victims were required to sign partially completed checks, which Pucillo and his co-defendants could complete and cash through the check-cashing business to collect weekly interest or payments of principal. Victims also could pay in cash. Defendant Flor Miranda of Newark, worked as office manager for Pucillo’s check-cashing operation. She allegedly collected loansharking payments and helped Pucillo keep extensive records of the loansharking and money laundering operations run out of his check-cashing businesses.

## **Sports Gambling**

Vincent P. Coppola of Union, N.J., son of imprisoned Genovese capo Michael Coppola, allegedly was part of a network of Genovese associates who ran a multi-million dollar illegal sports gambling enterprise in New Jersey that utilized an off-shore “wire room” in Costa Rica to process bets. Coppola allegedly was an “agent” who managed sub-agents or package holders, each of whom had a “package” of bettors under him. He allegedly supervised sub-agents John W. Trainor, of Brick NJ, and Jerry J. Albanese of Scotch Plains, NJ. Agents decide which bettors can open accounts and gamble using the enterprise’s website and toll-free phone number. They also dictate how much a bettor can gamble per game and per week, and monitor the action and balances of the packages they oversee. Eventually, Coppola allegedly gave Trainor and Albanese more complete control of the bettors in their packages. Coppola allegedly had four packages under him, including those of Trainor and Albanese. In a single year, in 2011, Coppola’s packages allegedly handled more than \$1.7 million in bets, and Coppola, Trainor, Albanese and the Genovese crime family – through Alberti and Tuzzo – allegedly made more than \$400,000 in profits.

## **Unlicensed Check-Cashing Business**

In addition to Tri-State Check Cashing and his other licensed check-cashing businesses, Pucillo allegedly financed an unlicensed, illegal check-cashing operation with partners and Genovese associates Abel J. Rodrigues of Bridgewater, NJ, and Manuel Rodriguez of Chatham,

NJ. This scheme operated out of Portucale Restaurant & Bar at 129 Elm Street in Newark, also known as Viriato Corp. – which is owned by Abel Rodrigues – under the guise that Rodrigues was legally allowed to cash checks as Pucillo’s agent. In reality, this arrangement is illegal, and the defendants allegedly used it to enable clients to launder money and evade taxes. It is alleged that over a four-year period they illegally cashed over \$400 million in checks through Portucale Restaurant and collected over \$9 million in fees.

Many customers cashed checks at Portucale Restaurant to launder money, hide income or obtain cash for “under-the-table” payrolls because Abel Rodrigues allegedly did not ask for any identification and would not file proper “currency transaction reports,” or CTRs, for any check or combination of checks exceeding \$10,000, as required by federal law. Tri-State Check Cashing provided the cash disbursed at Portucale Restaurant, but instead of processing and reporting the individual checks that were cashed, Tri-State would receive checks from Viriato Corp. for sums in the hundreds of thousands of dollars, which bundled together the amounts of the checks cashed at Portucale Restaurant. Tri-State would then file CTRs only for the checks from Viriato Corp. As previously reported last year, Jennifer Mann of Bayonne, NJ was employed by Pucillo as the compliance officer for Tri-State. She allegedly issued hundreds of false CTRs at Pucillo’s direction to conceal tax evasion and money laundering at Portucale Restaurant. She pleaded guilty on June 12, 2015 to third-degree forgery.

In return for cashing checks for over \$10,000 without scrutiny, customers paid fees of up to 3% percent per check, which exceeds the limit of 2.21% permitted under New Jersey law. Abel Rodrigues allegedly received 1% on each check, and the remainder went to Pucillo. It is alleged that Pucillo in turn provided one-quarter of his fees to Manuel Rodriguez, who shared a portion of his fees up the chain to Alberti, Tuzzo and the Genovese crime family.

### **Drug Money**

In January 2012, Pucillo acquired a check-cashing business in Hialeah, Florida, called I&T Financial Services. It is alleged that he subsequently entered into an agreement to launder and transfer drug money from New York and New Jersey to Florida. Miguel Jose Varela Lopez, 39, of Miami, Fla., allegedly would deliver cash to Flor Miranda at Tri-State Check Cashing in Newark on behalf of the drug traffickers. The money then was wired under the fictitious company name “Gold Shiny” to Florida, where it was laundered through I&T Financial’s business accounts and was received by the client, whose identity remained concealed. Pucillo, Miranda and Varela Lopez allegedly laundered and transferred \$666,000 in this manner, collecting \$22,580 in fees on the transactions.

### **Trucking Company**

It is alleged that the Genovese crime family, through members and associates including Tuzzo, Alberti, Pucillo and Trainor, illicitly took control of a company called GTS Auto Carriers, siphoned money from it, and used it to commit other crimes including check forgery and tax evasion. Trainor owned and operated GTS, which transported cars from Port Newark to dealerships throughout New Jersey under a lucrative contract with Nissan. After Trainor obtained the contract, Alberti required GTS to lease trucks to transport the cars from Alberti for over \$300,000 per year. Alberti created a company called AMJ Transport solely to lease trucks to GTS. Alberti also allegedly required GTS to carry Coppola and another Genovese crime family associate on the GTS payroll even though neither actually worked for GTS. In addition, Trainor allegedly had checks issued from a GTS business account to fictitious persons to conceal the fact that he

was siphoning money from GTS for his personal use and to pay Alberti and other Genovese crime family members and associates. In five months, Trainor allegedly cashed GTS checks totaling over \$100,000 at Pucillo's check-cashing business, including several on which Trainor forged the signature of the person authorized to sign checks for the GTS account.

### **Tax Fraud and Evasion**

It is alleged that, in conducting their criminal schemes, Alberti, Trainor, Spagnola, Coppola, Rodriguez and Rodrigues – through Pucillo's check-cashing businesses and other means – concealed their income and either failed to file tax returns or filed fraudulent tax returns which did not account for their criminal earnings. Alberti's wife, Suzanne Scatturo, 57, of Morristown, N.J., Spagnola's wife, Debra Spagnola, 60, of Morganville, N.J., and Trainor's wife, Lisa Trainor, 44, of Brick, N.J., were each charged with tax fraud and failure to pay tax. The first eight defendants were arrested in October 2014 and initially held on \$400,000 bail each. This year, these 14 defendants were indicted, as set forth below:

- Charles "Chuckie" Tuzzo. Racketeering (1st degree), Money Laundering (3 counts, 1st degree), Conspiracy (1st degree), Criminal Usury (2nd degree), Business of Usurious Loans (2nd degree), Operating an Unlicensed Check-Cashing Facility (3rd degree) and Promoting Gambling (3rd degree).
- Vito Alberti. Racketeering (1st degree), Money Laundering (3 counts, 1st degree), Conspiracy (1st degree), Criminal Usury (2nd degree), Business of Usurious Loans (2nd degree), Operating an Unlicensed Check-Cashing Facility (3rd degree), Promoting Gambling (3rd degree), Filing a Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Domenick Pucillo. Racketeering (1st degree), Money Laundering (3 counts, 1st degree), Conspiracy (2, counts, 1st degree), Criminal Usury (2nd degree), Business of Usurious Loans (2nd degree), Possession of Usurious Loan Records (3rd degree), Operating an Unlicensed Check-Cashing Facility (3rd degree), Filing Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Robert "Bobby Spags" Spagnola. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Criminal Usury (2nd degree), Business of Usurious Loans (2nd degree), Filing a Fraudulent Tax Return (3rd degree), Failure to Pay Gross Income Tax (3rd degree) and Failure to File Tax Return (3rd degree).
- Manuel Rodriguez. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Operating an Unlicensed Check-Cashing Facility (3rd degree), Filing a Fraudulent Tax Return (3rd degree), Failure to File Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Vincent P. Coppola. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Promoting Gambling (3rd degree), Possession of Gambling Records (3rd degree), Failure to File Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).

- John W. Trainor. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Promoting Gambling (3rd degree), Possession of Gambling Records (3rd degree), Forgery (3rd degree), Failure to File a Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Abel J. Rodrigues. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Operating an Unlicensed Check-Cashing Facility (3rd degree), Filing a Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Jerry J. Albanese. Racketeering (1st degree), Money Laundering (1st degree), Conspiracy (1st degree), Promoting Gambling (3rd degree) and Possession of Gambling Records (3rd degree).
- Flor Miranda. Racketeering (1st degree), Money Laundering (3 counts, 1st degree), Conspiracy (2 counts, 1st degree), Criminal Usury (2nd degree), Business of Usurious Loans (2nd degree), Possession of Usurious Loan Records (3rd degree).
- Miguel Jose Varela Lopez. Money Laundering (1st degree) and Conspiracy (1st degree).
- Suzanne Scatturo. Filing a Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Debra Spagnola. Filing a Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).
- Lisa Trainor. Filing a Fraudulent Tax Return (3rd degree) and Failure to Pay Gross Income Tax (3rd degree).

**June 1, 2016: Port Worker Surrenders Registration.** The Commission accepted the surrender of registration with prejudice of longshore worker Katherine Powell of Easton, PA. Powell's surrender of registration was part of a plea agreement with the Essex County Prosecutor's Office, following her indictment for the crimes of Aggravated Arson, Insurance Fraud and Attempted Theft by Deception. Powell is now barred from working as a longshore worker in the Port of New York-New Jersey.

**June 1, 2016 – Commission Revokes Registration of PNCT General Foreman After Conviction for Extortion Conspiracy.**

The Commission unanimously ordered the revocation of the registration of longshoreman Michael Nicolosi of Staten Island, New York. Nicolosi was employed by Ports America, Inc. at the Port Newark Auto Terminal. Nicolosi's registration had been suspended in 2011 following his arrest and indictment for his participation in the Genovese Family's thirty year extortion of ILA Members Container Royalty or "Christmas" bonus check. In 2014, Nicolosi pled guilty to Conspiracy to Commit Extortion, admitting his participation in Extortion of his fellow longshoremen. Following the service of his federal prison term, the Commission proceeded with an administrative hearing to revoke his registration based upon his felony conviction. After a hearing, the Administrative Law Judge recommended the revocation of his registration, concluding that all the charges contained on the Notice of Hearing had been substantiated.



## **SIGNIFICANT LITIGATION**

### **New Jersey Superior Court, Appellate Division Affirms Waterfront Commission's Termination of Former Employee**

The New Jersey Superior Court, Appellate Division, affirmed the Waterfront Commission's termination of a former Commission employee, Ariel Gonzalez. Gonzalez, who served as a detective since 1999, was terminated in July 2013 after a three-day disciplinary hearing before an administrative law judge, for making false statements in a sworn affidavit in support of another former employee's lawsuit against the Commission. That lawsuit (which was later dismissed) alleged employment discrimination under Title VII of the Civil Rights Act of 1964 and the Americans with Disabilities Act. Gonzalez appealed the Commission's termination, and alleged violations under the ADA, Title VII and the First Amendment. Gonzalez argued that the affidavit he submitted was protected by statutory anti-retaliation clauses and that he could not be subject to discipline for his statements, even if untrue. Gonzalez contended that the Commission's termination was in retaliation against him for supporting a lawsuit against the agency, and sought back pay, attorneys' fees and other damages.

The Appellate Division affirmed the Waterfront Commission's decision to terminate Gonzalez, and found that his sworn statements were not protected. The court noted that while statutory anti-retaliation provisions are quite broad, they fall well short of providing an absolute privilege that immunizes a knowingly false affidavit and knowingly false statements under oath. The court noted that law enforcement officials are required to file reports accurately, and that the Commission therefore has a greater interest than most employers in disciplining officers who do not take that obligation seriously. In affirming the Commission's decision, the court found that the Commission had articulated legitimate, non-retaliatory reasons and presented credible evidence behind Gonzalez's termination. *In the Matter of the Internal Disciplinary Hearing of Detective Ariel Gonzalez, No. A-6140-12 (App Div. April 4, 2016).*

### **ILA Officials File Lawsuit Against the Waterfront Commission Challenging Subpoenas in Connection with Port Walkout Investigation**

On June 14, 2016, six ILA officials filed a complaint against the Waterfront Commission to quash Commission subpoenas relating to its investigation of a one-day work stoppage by longshore and maintenance workers in the Port on January 29, 2016. That work stoppage was specifically found by an industry arbitrator to be in violation of the no-strike provision contained in the applicable collective bargaining agreements. The Commission commenced its investigation to ascertain the true nature of the stoppage, and in order to determine whether persons registered or licensed by the Commission violated the Compact, or any other laws. The complaint alleges that the subpoenas violate the express terms of the Compact, and that the Commission is interfering with rights that are protected by the National Labor Relations Act. Specifically, Plaintiffs allege that the subpoenas infringe on their members' right to engage in concerted activities and to strike, and will have a "chilling effect" going forward. They seek a judgment declaring the Commission's subpoenas void and unenforceable, and permanently enjoining the Commission from issuing any further subpoenas relating to the work stoppage. The complaint was filed in the Superior Court of New Jersey, Essex County. On July 15, 2016, the Commission removed this matter to the United States District Court for the District of New Jersey. The Commission is vigorously defending that matter. *Harold Daggett, et al. v. Waterfront Commission of New York Harbor, 2:16-cv-04314(ES)(SCM)*

**NYSA, ILA and MMMCA's Lawsuit  
Waterfront Commission's Statutory Authority  
to Require Fair and Non-Discriminatory Hiring in the Port**

As previously reported, the NYSA, ILA and MMMCA have appealed the August 2014 decision of the United States District Court for the District of New dismissing the amended complaint filed against the Waterfront Commission. The amended complaint alleged that the Commission was overstepping its statutory authority by requiring that hiring in the Port be done in a fair and non-discriminatory manner, and that it was improperly interfering with the industry's collective bargaining rights by doing so. Plaintiffs also alleged that Section 5-p of the Waterfront Commission Act, which requires employers to certify that the selection of individuals to be hired was made in a fair and non-discriminatory manner, is unconstitutional. The Court rejected these allegations, and found that the eradication of discrimination is, indeed, one of the purposes of the Waterfront Commission Act. The Court noted that while the Act safeguards collective bargaining rights, the protections are not absolute and cannot supersede the Commission's supervisory role regarding practices that might lead to corruption. In this case, the Court found that the collectively bargained union referral process at issue could circumvent the purpose of the Act by shifting the burden of non-discriminatory hiring practices from the employers to the union, which are not subject to the Commission's regulation. All briefing has been submitted, and a Third Circuit decision is expected shortly. *N.Y. Shipping Ass'n v. Waterfront Comm'n of N.Y. Harbor*

**Administratively Withdrawn Applicant's Lawsuit Against  
Waterfront Commission Alleging Delays and Discrimination**

As reported last year, plaintiff Pasquale Falcetti, Jr. filed a complaint against the Waterfront Commission alleging that it unreasonably delayed the processing and investigation of his application for registration as a maintenance man. He has demanded that the Commission immediately register him as a maintenance man, and has requested lost wages because he was not able to work as a maintenance man in the Port during the time that his application was pending.

Plaintiff's father, Pasquale Falcetti, Sr., has been identified by numerous law enforcement agencies as a capo in the Genovese organized crime family. In 2003, Falcetti, Sr. was charged in a civil RICO complaint for extortion conspiracy and racketeering activities on the waterfront. He was ultimately convicted of defrauding the pension and welfare benefit fund for Port employees. He was also found guilty of conspiracy to extort money from owners, officers, employees and agents of the businesses operating in the Port and from other ILA labor union positions. He was permanently enjoined from any commercial activity in the Port. In 2014, Falcetti, Sr. was again convicted for extortion conspiracy and sentenced to 30 months imprisonment.

Falcetti, Jr.'s application required a significant amount of consideration and investigation by the Commission in light of his admissions that he (1) associated with a known or reputed member or associate of an organized crime group; (2) was named or referred to in an indictment or other accusatory instrument or was named in or the subject of a search warrant or court electronic surveillance; and (3) was arrested for leaving the scene of an accident. As it is required to, the Waterfront Commission undertook a thorough investigation of Falcetti's Jr.'s application. While that investigation was pending, plaintiff's prospective employer, Apexel, withdrew its sponsorship of his application for registration. In accordance with the Waterfront Commission's Rules and Regulations, Falcetti, Jr. was informed that his application had been administratively withdrawn for lack of employer sponsorship. The Commission is vigorously defending this matter. *Falcetti v. Waterfront Commission of New York Harbor et al., ESX-L-3916-14 (Law Div.)*

## LEGISLATIVE MATTERS

### The Ongoing Efforts of the NYSA and ILA to Repeal Section 5-p of the Waterfront Commission Compact

Operations in the Port have dramatically changed since the creation of the Commission in 1953. Through the evolution of break-bulk freight to containerization, mechanical and technological advances have rendered many longshore jobs obsolete. Fifty years ago, when New York was the world's busiest port, there were more than thirty-five thousand longshoremen who worked in the Port. Today, there are approximately thirty-five hundred.

The controlled register statute, or Section 5-p of the Waterfront Commission Act, empowers the Commission to open and close the deep-sea longshore workers' register as dictated by labor needs and to ensure that hiring is done in a fair and non-discriminatory manner. It is uncontroverted that an overabundance in labor leads to corruption, and therefore, the Commission needs to regulate the size of the available labor pool. History has clearly shown that when there is a surplus of labor, organized crime is able to assert control over who will work and under what conditions, resulting in "job-selling" schemes and related forms of racketeer exploitation. The deep sea register serves as a buffer between the employers and the organized workforce to ensure that the workers are protected against unfair hiring and employment practices.

Section 5-p of the Waterfront Commission Compact requires that employers who sponsor those individuals for inclusion in the register must certify that selection was made in a fair and non-discriminatory basis. The legislation currently in place is the Commission's crucial means of ensuring that the composition of the ILA's locals is representative of their cities' demographics. However, instead of welcoming a diverse workforce and a balanced labor pool, the ILA and NYSA – as they have done year after year – again vigorously advocated for the repeal of Section 5-p. As reported just a few years ago by the NYSA, their efforts were dealt a serious blow largely as the result of the various arrests and indictments charging various individuals, including union members and officials, with racketeering, extortion and related offenses in the Port:

The ongoing attempt to amend "section 5-p." of the Waterfront Commission Act in the New York Legislature to permit marine terminal operations and other port employers to hire additional labor if necessary to satisfy the cargo handling velocity expectations of their customers, stalled again in the New York State Legislature. The impact of a number of stories in the local and regional press proved to be detrimental to the effort, which described workplace conditions in the industry as drug infested, and the scathing findings of a special report released by the Waterfront Commission of New York Harbor in March of 2012. The Waterfront Commission report, which was the result of an investigation and hearings convened by the Commission between October and December of 2010, depicted conditions in the Port's maritime industry that evolved over decades as the result of "custom and practice" as an environment that fostered unfair employment practices. The report portrayed the collective bargaining agreement between the New York Shipping Association and the International Longshoremen's Association (ILA) as an agreement which "breeds waste and favoritism and detracts from the competitiveness of the Port of New York & New Jersey," through excess manning and relief practices, and also provides prime positions described as low-show and no-show jobs to members of our workforce who have a questionable or an actual history of association with organized crime figures (which is of course not permitted under the law).

After meetings which included the opportunities to speak with The Honorable Dean G. Skelos, President Pro Tempore and Majority Leader, New York State Senate, and The Honorable Sheldon Silver, Speaker, New York State Assembly and key members of their senior staffs, it became evident

that there are a number of housekeeping issues that need to be addressed by the industry before serious consideration could be given to the amending section 5-p. The proper forum for the industry to rethink certain aspects of how business is conducted in the PONYNJ (which have tarnished its credibility in the eyes of our political leaders) will be within the framework of current collective bargaining discussions on a new labor contract. In the end, the message from the political leadership to industry representatives of both labor and management was clear. We must design and build a new framework for how we will conduct the business of international maritime commerce in the future. This new framework must [e]nsure fairness for all of our workers; reduce the cost of doing business in the PONYNJ by eliminating wasteful practices; and dispel the perception that industry apathy aids and abets the attempts of an organized crime element to operate in the Port. If we prove to be unsuccessful with these tasks, greater scrutiny of our perceived and actual shortcomings will result, and the ability to define our future will of necessity be controlled by them.

[Source: New York Shipping Association 2012 Annual Report, page 30]

This year, efforts to persuade the New York State Legislature to repeal Section 5-p again proved to be unsuccessful.

## **MATTERS OF SPECIAL INTEREST**

### **WATERFRONT COMMISSION RELEASES JURISDICTIONAL MAPS PURSUANT TO REGULATORY AMENDMENTS CLARIFYING THE “1,000 YARD” JURISDICTION FOR CONDITIONAL STEVEDORES PERFORMING WORK INCIDENTAL TO THE MOVEMENT OF WATERBORNE FREIGHT**

As we reported last year, Governor Christie’s May 5, 2015 Conditional Veto of NJ Senate Bill 2277 called for modernization and, specifically, for the promulgation of new regulations substantially similar to the jurisdictional definitions proposed in that legislation that increase clarity and predictability for warehouses doing business in the Port of New York-New Jersey.

On May 27, 2015, following Governor Christie’s Conditional Veto, the Commission promulgated regulatory amendments designed to address the concerns of warehouse operators and representatives of the commercial real estate industry regarding the scope of the Commission’s jurisdiction and the applicability of the Waterfront Commission Act to their members. The amendments clarify the exercise of the Commission’s jurisdiction, and implemented fair and equitable provisions consistent with the Commission’s statutory mandate insofar as warehouses are concerned. The amendments simplify and streamline the licensing process and alleviate the perceived onerous requirements that were previously in place.

The regulatory amendments provide, among other things, for (1) a system of self-certification of compliance by certain warehouses engaged to perform labor or services involving, or incidental to, the movement of freight into or out of containers (which have been or which will be carried by a carrier of freight by water) at locations outside of marine terminals, and (2) the election of an annual payment in the amount of \$2,500 in lieu of the statutory assessments set forth under the Act. The amendments also provide for the issuance of a conditional stevedore license to warehouses that are engaged to perform labor or services involving, or incidental to, the movement of freight into or out of containers (which have been or which will be carried by a carrier of freight by water) at locations outside of a marine terminal, upon submission of an annual self-certification of compliance. In lieu of the statutory assessments, those warehouses may elect to make an annual payment in the amount of \$2,500. Such warehouses would be exempt from the current application requirements, audits, and licensing requirements for longshore workers and other security personnel.

The amendments also clarify that freight must be handled within 1,000 yards of a pier that is in regular use for the movement of non-bulk (i.e., break-bulk or containerized) freight between vessel and shore in order to be considered “waterborne freight,” and that the Commission will only consider such piers in its 1,000-yard measurement for purposes of designating other waterfront terminals. In addition, other waterfront terminals shall not exceed 1,000 yards from the currently established boundaries of such piers.

An integral part of these regulatory amendments is the identification and designation of the applicable statutory boundary lines, and the publication of jurisdictional maps. On March 28, 2016, the Commission released jurisdictional maps which delineated the currently established boundaries of the piers within the Port of New York District. Jurisdictional maps may be found on the Waterfront Commission’s website at:

<http://www.wcnyh.gov/Jurisdictional%20Maps/Port%20Newark%20-%20Elizabeth.pdf>

<http://www.wcnyh.gov/Jurisdictional%20Maps/Port%20Jersey.pdf>

<http://www.wcnyh.gov/Jurisdictional%20Maps/Holland%20Hook.pdf>

<http://www.wcnyh.gov/Jurisdictional%20Maps/Red%20Hook.pdf>

## INTERNSHIP/FELLOWSHIP PROGRAMS

The Law and Intelligence Divisions run year-round internship and fellowship programs for college and law school students, and fellowship programs for post-graduates. In 2015-2016, the Law Division hosted law students and recent graduates who attended Brooklyn, Cardozo, CUNY, Hofstra, New York, NYU, Rutgers (Newark campus), Seton Hall, and St. John's law schools. In addition, the Commission hosted interns who attended Brown University, Binghamton University, John Jay School of Criminal Justice, Syracuse University and Harvard University. Supervised by mentoring attorneys and analysts, the interns and post-graduate fellows drafted reports, conducted research, observed or participated in depositions, attended educational lectures, and supported administrative hearings of port workers.



**Early Fall 2015 Law/Intelligence Interns and Post-Graduate Fellows:**  
Back (L to R): Mackenzie Warner, Amanda Rahav, Ymaires Medina  
Front (L to R): Valerie Weiss, Jamie Eliassaint, Heather Aguilar



**Late Fall 2015 Post-Graduate Law Fellows:**  
Back (L to R): James Leight, Jacob Marks  
Front (L to R): John Whelan, Jonathan Sobel

---

*“Interning at the Waterfront Commission was a thrilling and meaningful experience.”*  
- Valerie Weiss (Seton Hall Law '16)

---



**Spring 2016 Law Interns and Post-Graduate Fellows:**  
Back (L to R): Suzy Kim, Kristen Zapalac  
Front (L to R): James Leight, Toshia Smi

---

*“It has been a great pleasure to work here over the past few months and I cannot speak highly enough of my experience here.”*  
- James Leight (Rutgers Law '15)

---



**Summer 2016 Law/Intelligence Interns and Post-Graduate Fellows:**

Back (L to R): Max Bartell, Amy Sitar, Shira Gelfand, Jacob Polinsky

Front (L to R): Jacob Marks, Alberta Waingort-Rudy, Jason Sanders, Arielle Vishny

Right photo: Max Bartell with Senior Counsel and Internship Coordinator Paul E. Babchik

---

*“This internship was an incredible opportunity, and a memorable way to spend the summer before law school. I would, without a doubt, recommend this internship, and this internship site, in particular, to my friends and future law school classmates. The mentorship opportunities that I was able to take advantage of over the course of the summer have, no doubt, made an indelible mark on my passion for the legal field, and will serve as a fantastic jumping off point, as I look forward to law school.”*

*– Max Bartell (Binghamton '16, St. John's Law '19)*

---



**Summer 2016 Binghamton Intern Picnic/Reunion:**

(L to R): Max Bartell, Shira Gelfand, Sr. Counsel and Internship Coordinator Paul E. Babchik, Jessica Laredo, Ted Huggins

---

*“This internship definitely exceeded my high expectations . . . I feel as though I gained valuable experience that I would not have gotten anywhere else.”*

*– Shira Gelfand (Binghamton '14, Cardozo Law '18)*

---

# ANNUAL FINANCIAL REPORT

## WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Waterfront Commission of New York Harbor  
Statement of Receipts and Disbursements and  
Changes in Fund Balance - Modified Cash Basis  
Actual and Budget  
For the Fiscal Year Ended June 30, 2016**

	Actual	Budget	Favorable / (Unfavorable) Variance
<b>RECEIPTS</b>			
Assessments (regular)	15,703,376	\$ 14,064,750	\$ 1,638,626
Assessments (additional)	13,537	-	13,537
Interest charges	68	-	68
Subtotal	15,716,981	14,064,750	1,652,231
Dividend and interest income	10,216	-	10,216
Overtime reimbursements	48,101	-	48,101
FEMA grant	(24,319)	-	(24,319)
Insurance recovery	45,828	-	45,828
Other	21,201	-	21,201
Total receipts	15,818,008	14,064,750	1,753,258
<b>DISBURSEMENTS</b>			
<i>Personal Services</i>			
Regular payroll	7,128,570	7,220,065	91,495
Overtime payroll	103,256	57,306	(45,950)
Group health, life, dental and optical insurance	1,238,049	1,380,182	142,133
Workers' compensation insurance	113,098	111,000	(2,098)
Employer taxes	557,456	534,500	(22,956)
Pension costs	932,429	1,183,546	251,117
Subtotal - salaries and benefits	10,072,858	10,486,599	413,741
Outside auditors, consultants and counsels	95,033	132,000	36,967
Administrative judges, transcript and other	122,136	62,000	(60,136)
Subtotal - professional services	217,169	194,000	(23,169)
Total personal services	10,290,027	10,680,599	390,572
<i>Other Than Personal Services</i>			
Office rentals	1,022,977	985,705	(37,272)
Utilities	79,497	103,460	23,963
General insurance	629,043	569,101	(59,942)
Travel and automobile	273,133	245,934	(27,199)
General office	69,981	81,860	11,879
Communications	161,926	179,083	17,157
Special supplies	110,744	146,410	35,666
Information system	101,524	63,652	(37,872)
Repairs and maintenance	38,539	45,400	6,861
Printing	12,107	6,800	(5,307)
Furniture and equipment	23,506	25,000	1,494
Continuing education	5,659	28,400	22,741
Total other than personal services	2,528,636	2,480,805	(47,831)
Total disbursements	12,818,663	13,161,404	342,741
<b>Excess of Receipts over Expenditures</b>	<b>2,999,345</b>	<b>903,346</b>	<b>2,095,999</b>
Transfer to Reserves	(2,400,000)	-	2,400,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>599,345</b>	<b>903,346</b>	<b>(304,001)</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>3,978,386</b>	<b>3,978,386</b>	<b>-</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ 4,577,731</b>	<b>\$ 4,881,732</b>	<b>\$ (304,001)</b>

See accompanying Notes to Statement of Cash Receipts and Disbursements and Changes in Fund Balance - Modified Cash Basis

Waterfront Commission of New York Harbor  
Notes to Statement of Cash Receipts and Disbursements and  
Changes in Fund Balance – Modified Cash Basis  
June 30, 2016

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Waterfront Commission of New York Harbor (Commission) was created as a bi-state instrumentality in 1953 by joint legislative action of the States of New York and New Jersey in accordance with the Waterfront Commission Act (Act). The Commission is vested with broad investigative, licensing, and regulatory jurisdiction over the piers and terminals in the Port of New York District. The Commission is exempt from income taxes in accordance with being an instrumentality of the States of New York and New Jersey.

The mission of the Commission 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.

(b) Basis of Accounting

The Commission prepared the statement on the cash basis, modified, as noted herein, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis, transactions are recognized as either cash receipts or disbursements, and noncash transactions, if any, are not recognized. Revenues are recorded when received and expenditures are recorded when paid, except for receivables from, or payables to, employees and due to/from other funds.

This basis of accounting differs from GAAP in that in accordance with GAAP, revenues are recorded when “measurable” and “available,” and expenditures are recognized when incurred.

(c) Assessment Revenue

The Act permits the Commission to assess employers of persons registered or licensed under the Act computed upon the gross payroll of each employer for the following professions: longshore workers, pier superintendents, hiring agents, and port watchmen.

Waterfront Commission of New York Harbor  
Notes to Statement of Cash Receipts and Disbursements and  
Changes in Fund Balance – Modified Cash Basis  
June 30, 2016

(2) New Jersey Pension Plan

The Commission employees who are eligible for pension coverage are enrolled in one of two State Pension Plans. The State Pension systems were established by the act of the State Legislature. Benefits, contributions, means of funding, and the manner of administration are determined by the State Legislature. The two State administered pension funds are: the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). The Division of Pensions and Benefits within the Treasury Department of the State of New Jersey is the administrator of the funds and charges participating employers annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each participating employer in the state and, therefore, the actuarial data for the Commission is not available.

The Division of Pensions and Benefits issues publicly available financial reports for each of the plans that include financial statements and required supplemental information. The reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS and PFRS provide for employee contributions based on percentages 7.06% and 10% through June 30, 2016, and increasing gradually through July 1, 2018, to 7.5% and 10%, respectively, of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and the PFRS. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

The Commission's contribution for pension expense for PERS and PFRS combined, for the years ended June 30, 2016, 2015, and 2014, amounted to \$95,931, \$82,665, and \$64,061, respectively.

Waterfront Commission of New York Harbor  
Notes to Statement of Cash Receipts and Disbursements and  
Changes in Fund Balance – Modified Cash Basis  
June 30, 2016

(3) New York Retirement Plans

Plan Description

The Commission participates in the New York State Employees' Retirement System (ERS) and the New York State Policemen's and Firemen's Retirement System (PFRS). These are cost sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The Systems are non-contributory except for (1) employees who joined the New York State and Local Employees' Retirement System before July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join on or after January 1, 2010, and police and fire personnel who join after January 8, 2010, will contribute at a rate from 3% to 6%, depending on the date they join and their annual wage, of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Commission is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2016	\$ 832,728
2015	1,101,909
2014	955,166

The Commission's contributions made to the Systems were equal to 100% of the contributions required for each year.

Waterfront Commission of New York Harbor  
Notes to Statement of Cash Receipts and Disbursements and  
Changes in Fund Balance – Modified Cash Basis  
June 30, 2016

(4) Lease Commitments

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$1,022,977 for the year ended June 30, 2016.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2017	\$ 947,120
2018	1,104,449
2019	1,133,386
2020	1,160,867
2021	1,143,605
2022 and thereafter	<u>5,325,054</u>
	<u>\$10,814,481</u>

# MEMBERS, OFFICERS AND DIRECTORS



## MEMBERS

**Ronald Goldstock**  
Commissioner for New York

**Michael Murphy**  
Commissioner for New Jersey

## OFFICERS

**Walter M. Arsenault**  
Executive Director

**Phoebe S. Sorial**  
General Counsel

**Meralis Lopez**  
Commission Secretary/Paralegal

## DIVISION DIRECTORS

**Constantine Miniotis**  
Chief of Police

**Adam Cheung**  
Comptroller

**Jeffrey R. Schoen**  
Director of Law, Licensing  
and Employment  
Information Centers

**Richard Carbonaro**  
Director of Administration  
and Audit

**Daniel Ramirez**  
Director of Intelligence,  
Security and Operational  
Continuity

**Larissa Payne**  
Deputy Director of Law -  
Investigations

**Jared Filus**  
Deputy Director of Audit  
and Control

**Mark Winston**  
Deputy General Counsel

**John G. Casey**  
Deputy Director of  
Licensing

**David Murillo**  
Director of Information  
Technology

## OFFICES



### **PRINCIPAL OFFICE**

39 Broadway - 4<sup>th</sup> Floor  
New York, New York 10006  
Telephone: (212) 742- 9280

### **LICENSING & EMPLOYMENT INFORMATION CENTERS**

#### **New York:**

39 Broadway- 4<sup>th</sup> Floor  
New York, New York 10006  
Telephone: (212) 742-9280  
Fax: (212) 905-9249

#### **New Jersey:**

1201 Corbin Street  
Elizabeth, New Jersey 07201  
Telephone: (973) 344-1803  
Fax: (973) 532-6891

### **TELECOMMUNICATIONS HIRING EMPLOYMENT INFORMATION CENTER:**

333 Thornall Street, 3<sup>rd</sup> Floor, Suite 303  
Edison, New Jersey 08837  
Telephone: (732) 321-9293  
Fax: (732) 321-0301

### **POLICE FIELD OFFICES**

#### **Headquarters:**

39 Broadway – 4<sup>th</sup> Floor  
New York, New York 10006  
Telephone: (212) 742- 9280

#### **New York:**

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

#### **New Jersey:**

1201 Corbin Street  
Port Elizabeth, NJ 07201  
Telephone: (973) 817-7798  
Fax: (973) 532-6892

THIS ANNUAL REPORT CAN BE FOUND ONLINE AT [WWW.WCNYH.GOV](http://WWW.WCNYH.GOV)