

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

**2016-2017**





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

## MESSAGE FROM THE EXECUTIVE DIRECTOR

**“Can it seriously be argued that racial discrimination in hiring (or anywhere, for that matter), is not a corrupt practice?”**

- U.S. Court of Appeals for the Third Circuit, dismissing the ILA, NYSA and MMMCA's challenge to the Waterfront Commission's diversity and inclusion requirements

Combatting criminality and the influence of organized crime and ensuring fair and non-discriminatory hiring have been the guiding principles by which the revitalized Waterfront Commission of New York Harbor has operated. We are deeply committed to a culture of diversity and inclusion, and have taken extensive measures and made significant strides to ensure that our leadership and staff reflects the rich diversity of the surrounding metropolitan region. We are immensely proud of our success, and have called upon the industry to work together with us to do the same in the Port of New York-New Jersey. As we previously reported, the absolute control of the union over hiring in the Port for the past 60 years has resulted not only in discriminatory hiring, but also corruption, criminality and inefficiency. For far too long, well-deserving residents of the Port's surrounding communities have been systematically denied the opportunity to work on the waterfront. Meanwhile, those who are connected to union leadership or organized crime figures are rewarded with high paying, low-show or no-work special compensation packages. The Commission is tirelessly working to end that.

This year, the International Longshoremen's Association, AFL-CIO (ILA), New York Shipping Association, Inc. (NYSA) Metropolitan Marine Maintenance Contractors Association, Inc. (MMMCA) continued to vehemently resist our attempts to do so. They again pursued meritless litigation challenging the Commission's ability to require fair hiring in the Port, arguing that the corrupt hiring practices which led to this agency's creation did not include the purposeful exclusion of racial minorities. In New York, they vigorously lobbied in favor of legislation to repeal a critical provision of the Waterfront Commission Compact, "Section 5-p," which empowers the Commission to safeguard fair and non-discriminatory hiring. And in New Jersey, they once again lobbied for legislation to abolish the agency all together.

**In a major milestone, the U.S. Court of Appeals for the Third Circuit issued its precedential decision on August 30, 2016, affirming the Commission's authority to implement fair hiring**

**initiatives in the Port hiring.** The Third Circuit rejected the ILA, NYSA and MMMCA’s argument that the Commission’s fair hiring requirements improperly interfered with their collective bargaining rights and their “freedom of choice in the selection of employees.” **In its scathing decision, the court questioned, “Can it seriously be argued that racial discrimination in hiring (or anywhere, for that matter), is not a corrupt practice?”** The court unequivocally found that the Commission’s diversity and inclusion efforts directly furthered the Compact’s core purpose of rooting out corrupt hiring practices, including racial discrimination. In doing so, the court agreed that any hiring framework which gives the ILA the exclusive right to recruit and select potential employees to be referred is no better than the shape-up system of old.

This decision finally concludes several years of needless litigation, and sends the clear and unmistakable message to the industry that their attempts to institutionalize discrimination through collective bargaining agreements will not be tolerated. Under the current hiring framework for maintenance and repair workers, the ILA exclusively recruits, selects and refers all prospective workers to Port employers. With rare exceptions, employers hire only those referred to them by the union. Employers have candidly admitted that they do not know how the union makes its selection. Given the continued corruption and lack of diversity among the membership of registered longshore workers in various ILA locals, the Commission has required the industry to submit a fair hiring plan that includes employers in the recruitment and selection process. We have also required that the industry address ongoing deficiencies in the proposed deep-sea hiring plan, and to develop procedural mechanisms to ensure that it is fairly administered. Now that their lawsuit has been dismissed, we remain hopeful that the industry will embrace our efforts to ensure 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.

We remain wary, however, as the ILA, NYSA and MMMCA continue to pursue legislation to repeal our statutory authority to ensure fair hiring. This year, Commission and industry representatives and members of the law enforcement community testified before members of the New York State Legislature regarding the future hiring practices of the Port. The Commission, along with our law enforcement partners, underscored the critical importance of Section-5p. We cited the continued lack of diversity – as illustrated in this Report – among registered longshore workers in the various ILA locals, and the ongoing influence of organized crime and corruption in the Port. When pressed by legislators, the NYSA openly acknowledged the lack of diversity in certain ILA locals but disavowed any associated responsibility. Again, it became apparent to the legislative members that the industry is still incapable of self-regulation, and that there is still much to be done before any serious thought can be given to the repeal of Section 5-p.

In other hiring matters, the Commission once again determined there was a special and emergency need for baggage handlers and car drivers in the Port, in order to alleviate expected shortages. On August 30, 2016 and May 15, 2017, emergency resolutions were issued 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 historically have had access to employment opportunities on the waterfront.

In addition to our fair hiring efforts, the Commission continued its attempts to weaken organized crime through criminal prosecutions and administrative actions. A major investigation drew to a close this year with the indictment and arrest of twenty-one Lucchese crime family members, including its street boss, underboss and consigliere. Among those arrested for racketeering, murder, attempted murder and other crimes were four capos and six soldiers. This prosecution was particularly significant, given the close alliance between the Lucchese crime family and the Genovese crime family, which controls the New Jersey and Manhattan waterfront and continues to exert considerable influence over several ILA locals in New Jersey. Another major investigation drew to a close with the indictment and arrest of twenty-one individuals for distribution of oxycodone and marijuana, illegal gambling and related charges. Among those arrested was a Gambino capo with significant influence on the Staten Island piers.

This year, our investigation of a longshoremen-centered oxycodone distribution ring produced a number of convictions, including that of the prescribing physician who was at the center of the ring. In another Commission-led investigation, we revoked a longshoreman's registration after he was convicted for running a fraudulent mortgage loan modification program at the Port that victimized other longshore workers. And in another case, a longshoreman was barred from the waterfront for his association with three members of the Bonanno crime family. Incredibly, the week before his administrative hearing, he was found during an NYPD raid in an illegal Bonanno gambling location, apparently undeterred by the charges pending against him. We also barred another individual from working as a highly-coveted checker for his associations with a Genovese capo, Genovese soldier, Gambino soldier, and a Gambino associate who was a former longshoreman who was convicted for smuggling cocaine through the Port.

In screening prospective workers, we are continuing to employ sophisticated intelligence techniques not only to detect prior criminality, but also to root out associations between applicants and organized crime figures. When those associations undermine the purpose of the Waterfront Commission Act, we have barred those individuals from entering the Port workforce. This year, in what is perhaps the quintessential illustration of the Commission's highly specialized expertise in this area, we barred an ILA referral from working in the Port after uncovering his close, enduring relationship with Genovese soldier Stephen DePiro. As previously reported, DePiro is a career offender and convicted racketeer who was responsible for advancing the illegal interests of the Genovese crime family at the expense of legitimate longshore workers on the New Jersey piers. DePiro, a former longshoreman, was arrested, convicted and sent to federal prison in 2015 as part of our joint investigation for racketeering and extortion. In that prosecution, longshore workers were forced to turn over their Christmastime bonuses to DePiro on behalf of the Genovese family. **The year that DePiro was convicted, the ILA referred his longtime girlfriend's son to work as a checker in the Port.** During the application process, he fraudulently concealed his relationship with DePiro, including the fact that he'd live in his home for ten years until DePiro's arrest. **The Commission advised the ILA of their candidate's impermissible association with a notorious organized crime figure and his attempted concealment, but they were undeterred and sponsored him for the highly-coveted checker position.** He was barred from working on the waterfront after an administrative hearing.

This Report highlights the continued corruption and entrenched organized crime influence that thrives in the Port. Without the 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.

I am pleased to present to you the 2016-2017 Annual Report of the Waterfront Commission of New York Harbor. This year, the revitalized Commission continued to employ innovative techniques and strategic approaches in carrying its core mission to investigate, deter, combat and remedy criminal activity and influence in the Port and to ensure fair hiring and employment practices. 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,



Walter M. Arsenault  
Executive Director

# ANNUAL REPORT

## FISCAL YEAR 2016-2017



**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 six divisions.

### **Executive**

The Executive Division is comprised of the Executive Director, General Counsel, Commission Secretary, Comptroller, Director of Port Operations & Telephonic Hiring Employment Information Center (THEIC), 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 last 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 John G. Casey, Deputy Director of Licensing and E.I.C. The Division's two senior counsel and three 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 Elizabeth, 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-eight 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 Newark. 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 including: the Federal Bureau of Investigation organized crime unit (New York and New Jersey); the Border Enforcement Security Task Force led by the Department of Homeland Security Investigations (New York and New Jersey); HIDTA (High Intensity Drug Trafficking Areas/New York); HSI El Dorado team investigating narcotics and money laundering (New York); New Jersey State Police Cargo Theft Task Force and New Jersey State Police Auto Theft Task Force (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. These efforts include the background checks of individuals requesting pre-qualification or who are applying to be licensed/registered as longshore workers and security officers in the Port. The Division’s findings served as the foundation for a major theme of continued union corruption, and used by the Executive Division during legislative testimony. The Division also analyzed hundreds of pages of documentation from the terminal operators and the NYSA to identify hundreds of longshore workers awarded special compensation packages.

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 added dozens of dossiers of associates of the Five Families of New York (Bonanno, Colombo, Gambino, Genovese and Lucchese) as well as the DeCavalcante and Bruno-Scarfo crime families.

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 attend the *Intelligence Analyst Training Program*, and many other advanced professional development courses at the Federal Law Enforcement Training Center (FLETC) in Glynco, GA, or other federal training centers that offer courses such as *Deepnet & Darknet: A Deep Dive for Criminal Investigators*; and *Surveillance Detection for Law Enforcement and Security Professionals*.

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 COTP relies on the Intelligence Division to provide an assessment of local organized crime as part of a larger Port threat assessment issued by Sector NY annually. In collaboration with the Coast Guard and other port partners, the Division reviews the Commission's Continuity of Operations Plan (COOP) periodically. This year, the Division also participated in the Cyber Security Exercise Planning in September 2016 hosted by the NJ Regional Operations Intelligence Center (ROIC), as well as the Ferry Incident Response planning meetings and Tabletop Exercise (TTX) in March and April of 2017 hosted by the New Jersey Office of Homeland Security.

### **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 11 payroll audits and 8 compliance audits.

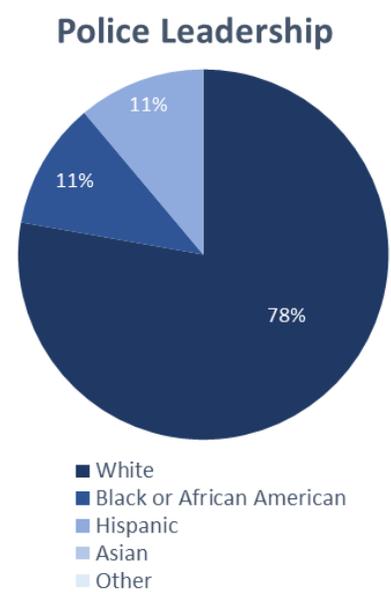
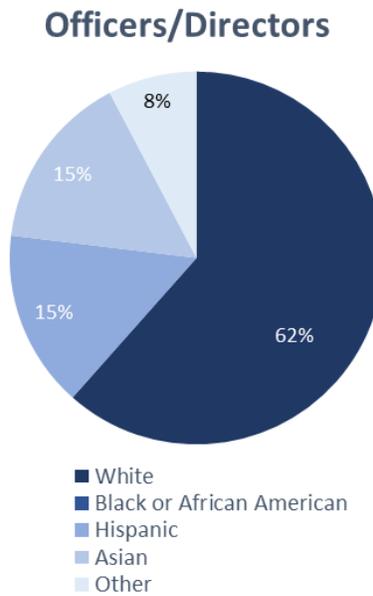
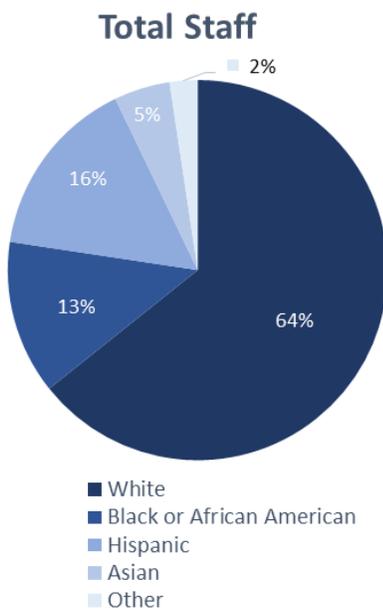
### **Information Technology**

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 initiated the installation of an upgraded on-site disaster recovery system, designed to provide the Commission with fail-over services for its technological systems and to ensure its continuity of operations.

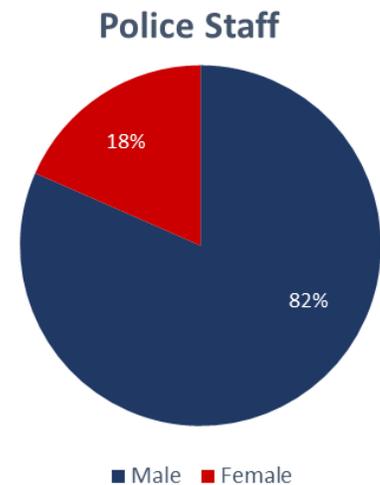
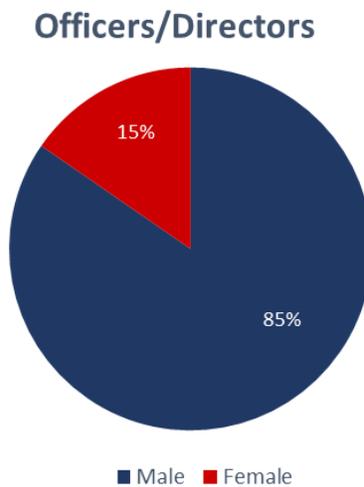
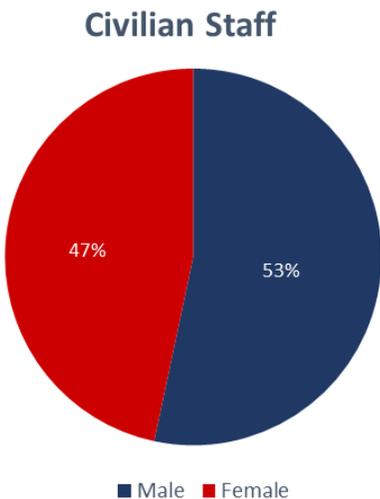
## DIVERSITY AND INCLUSION IN THE COMMISSION'S WORKFORCE

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 (MAGLOCLLEN)

International Association of Crime Analysts

International Association of Law Enforcement Analysts

U.S. Coast Guard, Sector NY

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.

As we reported last year, the Commission reduced its assessment rate to 1.9%, which is the lowest rate in almost twenty-five years. This year, the assessment rate remained at 1.9%.

## **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.

In FY 2016-2017, financial results exceeded the budget plan by \$1.7 million – recording a surplus of \$2.5 million compared to \$848,000 budget surplus. After transferring \$2.0 million to the reserves, \$543,000 surplus was carried forward to FY 2017-2018. After continual effort in funding the postretirement benefit reserve, the unfunded Other Postemployment Benefits (OPEB) liability was further reduced to about 30% of the total accrued liability. The Commission closed the fiscal year ended June 30, 2017 with \$5.1 million fund balance.

FY 2016-2017 cash receipts were \$15.0 million, \$753,000 (+5%) above budget but \$817,000 (-5%) below last year. The decrease in quarterly assessments from last year reflected the slowdown (-2%) of the port activity between April 2016 and March 2017.

The Commission continued to generate budget saving through its effective budget management. FY 2016-2017 expenditures were \$12.5 million, \$943,000 (-7%) below budget. The savings were primarily from regular payroll (\$376,000), pension (\$217,000), travel (\$108,000), and various line items (\$242,000). The average headcount was 86 FTE, about 5% below budget.

## PORT STATISTICS

During calendar year 2016, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 36,869 thousands of metric tons of waterborne cargo valued at \$ 170,827 million. The tonnage decreased by 0.1 % and the dollar value decreased by 8.7 % over 2015.

For 2016, 6,251,953 container units passed through the port, a decrease of 1.9 % over 2015. For the same 2016 period, 662,913 vehicles were imported or exported, an increase of 2.9% over the prior year.

The Port's leading waterborne general cargo exports for the year 2016 (as calculated in metric tons) were wood pulp, wood and articles of wood, and plastics. The leading general cargo imports (also in metric tons) were beverages, plastics, and prepared vegetables and fruit. The largest containerized cargo volumes for import were furniture, beverages, machinery and appliances, and plastics. The largest containerized cargo volumes for export were paper, scrap and waste, automobiles, plastics, and logs, lumber and wood.

On June 30, 2017, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled 5,655 broken down into the following categories:

<b>2017</b>	<b>#</b>
"Deep Sea" Longshore Workers	<b>2338</b>
Special Craft	<b>302</b>
Checkers	<b>689</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>2326</b>
Port Watchmen	<b>297</b>
Hiring Agents	<b>89</b>
Pier Superintendents	<b>369</b>
Telecommunications System Controllers	<b>8</b>
Longshore workers were decasualized by the Commission for failure to meet minimum work requirements in FY 2016-2017	<b>44</b>
Companies licensed as stevedores, (including 11 with permanent licenses), who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.	<b>47</b>

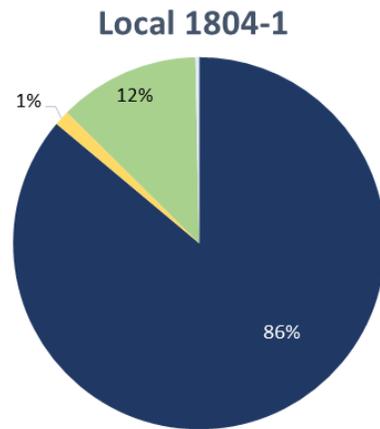
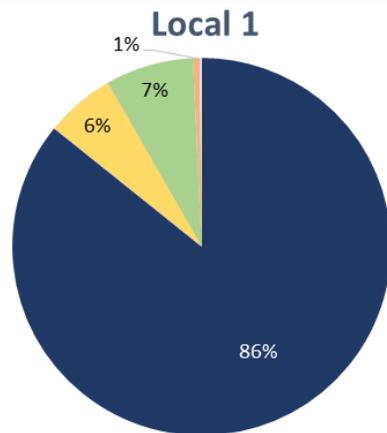
## DIVERSITY AND INCLUSION IN THE PORT WORKFORCE

Since its revitalization eight 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 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	591	85.8%	41	6.0%	52	7.5%	4	0.6%	1	0.1%	689
1233	66	8.4%	666	84.8%	44	5.6%	3	0.4%	6	0.8%	785
1235	608	70.3%	31	3.6%	213	24.6%	3	0.3%	10	1.2%	865
1814	81	75.7%	14	13.1%	10	9.3%	0	0.0%	2	1.9%	107
1588	222	65.1%	65	19.1%	46	13.5%	3	0.9%	5	1.5%	341
920	131	84.0%	13	8.3%	10	6.4%	2	1.3%	0	0.0%	156
824	68	81.0%	7	8.3%	6	7.1%	2	2.4%	1	1.2%	84
1804-1	260	86.1%	4	1.3%	37	12.3%	0	0.0%	1	0.3%	302
<b>Total</b>	<b>2027</b>	<b>60.9%</b>	<b>841</b>	<b>25.3%</b>	<b>418</b>	<b>12.6%</b>	<b>17</b>	<b>0.5%</b>	<b>26</b>	<b>0.8%</b>	<b>3329</b>



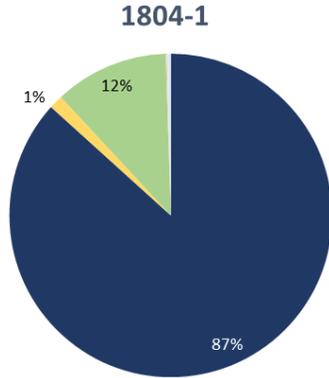
■ White  
■ Black or African American  
■ Hispanic  
■ Asian  
■ Other

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

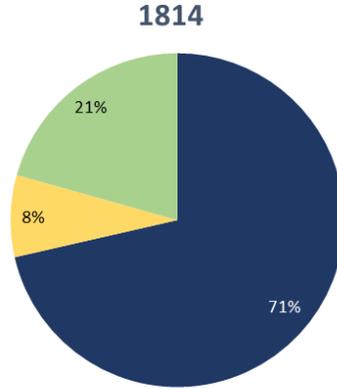
## MAINTENANCE WORKERS/MECHANICS – DIVERSITY

	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
ILA Local											
1804-1	690	86.7%	11	1.4%	91	11.4%	1	0.1%	3	0.4%	796
1814	45	71.4%	5	7.9%	13	20.6%	0	0.0%	0	0.0%	63
<b>Total</b>	<b>735</b>	<b>85.6%</b>	<b>16</b>	<b>1.9%</b>	<b>104</b>	<b>12.1%</b>	<b>1</b>	<b>0.1%</b>	<b>3</b>	<b>0.3%</b>	<b>859</b>

**GENDER: 1 FEMALE OUT OF 859 MAINTENANCE WORKERS/MECHANICS**



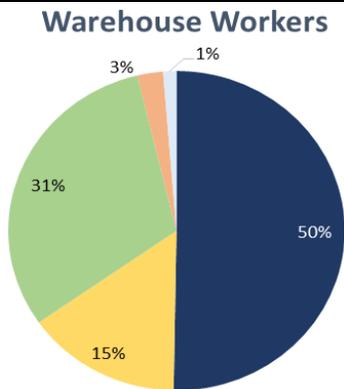
- White
- Black or African American
- Hispanic
- Asian
- Other



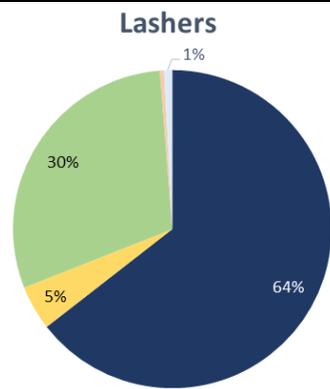
- White
- Black or African American
- Hispanic
- Asian
- Other

## WAREHOUSE WORKERS/LASHERS – DIVERSITY

Category	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
Warehouse workers	550	50.3%	164	15.0%	339	31.0%	27	2.5%	14	1.3%	1094
Lashers	156	64.5%	11	4.5%	72	29.8%	1	0.4%	2	0.8%	242
<b>Total</b>	<b>706</b>	<b>52.8%</b>	<b>175</b>	<b>13.1%</b>	<b>411</b>	<b>30.8%</b>	<b>28</b>	<b>2.1%</b>	<b>16</b>	<b>1.2%</b>	<b>1336</b>



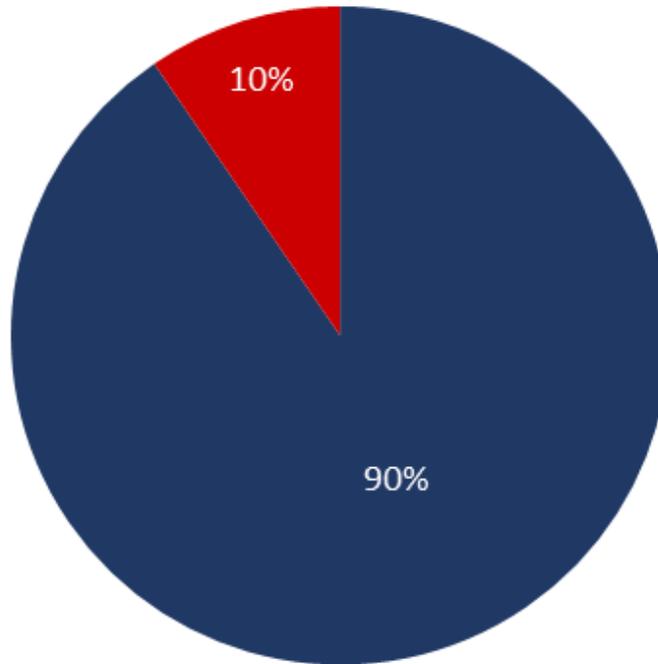
- White
- Black or African American
- Hispanic
- Asian
- Other



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

## DEEP SEA LONGSHORE WORKERS – GENDER

Union Local	Male		Female		Not Identified		Total
	#	%	#	%	#	%	
Local 1	587	85.2%	102	14.8%	0	0.0%	689
1233	668	85.1%	117	14.9%	0	0.0%	785
1235	812	93.9%	53	6.1%	0	0.0%	865
1814	106	99.1%	1	0.9%	0	0.0%	107
1588	310	90.9%	31	9.1%	0	0.0%	341
920	147	94.2%	9	5.8%	0	0.0%	156
824	79	94.0%	5	6.0%	0	0.0%	84
1804-1	302	100.0%	0	0.0%	0	0.0%	302
<b>Total</b>	<b>3011</b>	<b>90.4%</b>	<b>318</b>	<b>9.6%</b>	<b>0</b>	<b>0.0%</b>	<b>3329</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**

The Commission has continued to actively implement its pre-qualification 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 once again determined on its own initiative that there was a special and emergency need for baggage handlers and car drivers in the Port. On August 30, 2016 and May 15, 2017, 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” Longshore Workers**

As previously reported, the Commission has required that the NYSA and ILA implement a hiring plan for incoming deep-sea longshore workers. We are closely monitoring their referral and hiring practices to ensure compliance. 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 in the Port. And, as we previously reported, to address the continued discriminatory hiring of maintenance and repair workers who perform services incidental to the movement of waterborne freight, the Commission has now required waterfront employers to be active, accountable participants in that hiring process.

This year, the NYSA, ILA and MMMCA continued to pursue litigation challenging the Commission’s efforts to combat the industry’s prevalent discriminatory hiring practices and to require fair and transparent hiring. In their appeal of the district’s court’s dismissal of their lawsuit against the Commission, they again argued 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.

As detailed below, on August 30, 2016, the United States Court of Appeals for the Third Circuit rejected these arguments, finding them “meritless.” In its opinion affirming the dismissal of the NYSA/ILA/MMMCA’s complaint, the court questioned, “Can it seriously be argued that racial discrimination in hiring (or anywhere, for that matter), is not a corrupt practice?” The court found that “the Commission’s actions in requiring certification that prospective employees were selected in a nondiscriminatory manner certainly further the Compact’s purposes of rooting out corrupt hiring practices such as racial discrimination.” In doing so, the Third Circuit agreed with the Waterfront Commission that any hiring framework which gives the ILA the exclusive right to recruit and select potential employees to be referred is no better than the shape-up system of old. And therefore, that the Commission was not unlawfully interfering with any collective bargaining rights by implementing certification requirements. The court found, in short, that “where actions are not in further of the original purposes of the Compact, collective bargaining rights may be infringed upon.”

The day after the Court’s opinion came down, the NYSA issued a statement which maintained that “this case was not about fair hiring practices as has been portrayed by the Waterfront Commission,” and that “the Third Circuit’s opinion should not have a significant effect on hiring in the NY-NJ Port.” The NYSA contended that while the lawsuit was pending, the industry adopted and implemented a new hiring plan that brought in a diverse group of workers, many of whom were veterans. The NYSA also claimed that during the implementation of that hiring plan, the industry fully complied with the certification provisions of the Waterfront Commission Act.

Notably, the veteran hiring plan – which was implemented in response to the Commission’s request prior to opening the deep-sea longshore workers’ register – does not apply to maintenance and repair workers in the Port. There is no hiring plan for maintenance and repair workers. Instead, under the current framework of hiring for these workers, the NYSA and MMMCA have essentially surrendered to the ILA the exclusive right and unfettered control to recruit and select potential workers to be hired. The union has the absolute right to use any method it desires in doing so. As a result, the employers’ selection and sponsorship is only from a pool of individuals supplied to them by the union. These are not necessarily ILA members and indeed, rarely are.

As is well publicized, the Commission has criticized this hiring plan for promoting the very same deleterious conditions prohibited by the Act, including the lack of a systematic method of hiring and the selection of employees by those who are neither responsive nor responsible to the employers. It also led to serious discriminatory hiring practices, as illustrated above. That is precisely why the Commission amended its regulation pertaining to maintenance and repair workers. Contrary to the NYSA’s statement, even now, employers are unable to provide the requisite certifications for prospective workers because they are without knowledge regarding the union’s manner of recruitment, selection or referral. Consequently, they have only been able to certify that, from the pool of individuals sent to them by the ILA, their selection was fair and non-discriminatory.

### **The Impact of the NYSA/ILA/MMMCA’s Litigation on Hiring in the Port**

During the course of the litigation, the Commission received numerous inquiries regarding the status of pending applications, and the appropriate hiring method pertaining to maintenance and repair workers. We advised all interested parties that while the litigation was pending, in an effort to clear the logjam, the Commission would process pending applications if employers could determine from the union how prospective applicants were recruited, selected and referred to them for employment. We were advised that the union declined to provide that information.

On November 7, 2016, following the Third Circuit’s decision, the Commission required the NYSA-ILA Contract Board and the MMMCA-ILA Contract Board to submit a fair and transparent hiring plan that (1) gives employers the right to recruit and select for themselves those individuals that they want to hire on

the waterfront, thereby allowing them to fulfill the certification requirement set forth under the Commission's regulations; and (2) gives any qualified individual who wants to work on the waterfront the opportunity to do so.

Upon receipt of an initial draft on February 15, 2017, Commission staff met with industry representatives to address various questions and concerns regarding the proposed hiring plan. Following that first meeting in February, the industry submitted a second draft on April 13, 2017, which addressed some of those issues. On May 8, 2017, Commission staff subsequently met with NYSA and MMMCA representatives to discuss the proposed plan, at which time industry representative advised that they were still addressing various issues, and would revert back to the Commission with a final proposal. No final proposal has been submitted this fiscal year.

In the interim, the Commission has advised the industry that it will process anyone that was recruited and selected in a fair and nondiscriminatory manner. While we cannot simply revert back to the same hiring plan which continues to facilitate both criminal activity and racial discrimination in the Port, the Commission will accept certifications from employers with direct knowledge regarding the recruitment, referral, selection and sponsorship of proposed individuals, and who can therefore fully certify that the selection of those individuals was done in a fair and nondiscriminatory manner.

## **DEEP SEA LONGSHORE WORKERS – EARNINGS**

During FY 2016-2017, deep-sea longshore workers (including checkers and special craft) were paid \$512,823,185.94, 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	<b>6</b>
\$400,000 to \$450,000	<b>17</b>
\$350,000 to \$400,000	<b>25</b>
\$300,000 to \$350,000	<b>80</b>
\$250,000 to \$300,000	<b>196</b>
\$200,000 to \$250,000	<b>446</b>
\$150,000 to \$200,000	<b>793</b>
\$100,000 to \$150,000	<b>847</b>
\$75,000 to \$100,000	<b>404</b>
\$50,000 to \$75,000	<b>390</b>
\$25,000 to \$50,000	<b>260</b>
Below \$25,000	<b>73</b>

## **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>7</b>
\$350,000 to \$400,000	<b>6</b>
\$300,000 to \$350,000	<b>15</b>
\$250,000 to \$300,000	<b>42</b>
\$200,000 to \$250,000	<b>104</b>
\$150,000 to \$200,000	<b>209</b>
\$100,000 to \$150,000	<b>393</b>
Below \$100,000	<b>312</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>49</b>
Below \$100,000	<b>905</b>

## SPECIAL COMPENSATION PACKAGES

Today, every terminal in the Port 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 identified over 474 individuals who collectively received over \$117.5 million last year in outsized salaries, or for hours they never worked. The chart below illustrates the number of highest paid workers.

EARNINGS RANGE	# OF WORKERS
Over \$500,000	3
\$450,000 to 500,000	10
\$400,000 to \$450,000	21
\$350,000 to \$400,000	43
\$300,000 to \$350,000	60
\$250,000 to \$300,000	93
\$200,00 to \$250,000	80

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 packages were memorialized in the applicable collective bargaining agreements. Rather than eliminate or cap them, 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 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.

**FY 2016-2017 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	12
To Remove Ineligibility	0	1
For Restoration	2	4
To Vacate Temporary Suspension	0	0
For Retention of Reinstatement	14	1
For Stay	0	0
To Surrender Registration	0	4
To Amend Determination	0	2
<b>Total</b>	<b>16</b>	<b>24</b>

**Applications for Licensure/Registration**

<b>Application Type</b>	<b>Denied</b>	<b>Granted</b>
Longshoreperson	0	5
Checker	2	3
Hiring Agent	0	0
Security Officer	1	0
Pier Superintendent	1	0
Stevedore	0	3
A – Register LS	6	0
Dispatcher (T.S.C.)	0	0
<b>Total</b>	<b>10</b>	<b>11</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	0	5	9
Checker	3	0	2	0
Hiring Agent	0	0	0	0
Security Officer	1	0	0	0
Pier Superintendent	0	0	0	0
Stevedore	0	0	0	0
A – Register LS	3	0	1	4
Dispatcher (T.S.C.)	0	0	0	0
<b>Total</b>	<b>11</b>	<b>0</b>	<b>8</b>	<b>14</b>

\* Includes summary proceedings and informal hearings



### THE YEAR IN REVIEW (2017)

This year, Commission investigations with our law enforcement partners resulted in arrests of 152 individuals on state and federal charges as well as the seizure of over 94 kilos of heroin, 2,590 kilos of cocaine, 500 pounds of marijuana, 100,091 Oxycodone pills, 1 kilo of Fentanyl, as well as the seizure of over \$7 million in proceeds from drug transactions, loan sharking and illegal gambling and the recovery of 48 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
- Essex County Prosecutor's Office
- Union County Prosecutor's Office
- New Jersey State Police – Auto Theft Task Force
- New Jersey State Police – Cargo Theft Task Force
- New York City Police Department
- New York City Business Integrity Commission
- New Jersey State Commission of Investigation



## SIGNIFICANT CASES

### **July 12, 2016 – DeCavalcante Crime Family Associate Sentenced to Five Years in Prison for Cocaine Distribution.**

James Heeney of Elizabeth, NJ, an associate of the DeCavalcante organized crime family was sentenced to 60 months in prison for his role in distributing more than 500 grams of cocaine. Heeney previously pleaded guilty before U.S. District Judge William H. Walls to conspiring to distribute more than 500 grams of cocaine. As reported last year, Heeney was arrested and charged by complaint in March 2015, along with eight members of the DeCavalcante crime family. At his plea hearing, 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. In addition to the prison term, Judge Walls sentenced Heeney to four years of supervised release.



### **July 12, 2016 – Five Individuals Indicted for Operating Bayside Gambling Wire Room.**

Five individuals were indicted on charges of operating an illegal sports gambling wire room in Bayside, Queens that is alleged to have annually booked more than \$750,000 in bets. Defendants were variously charged in a 14-count indictment with enterprise corruption – a violation of New York State’s Organized Crime Control Act – as well as first-degree promoting gambling and fifth-degree conspiracy. The investigation leading to the arrests began in January 2014 when the NYPD’s Organized Crime Investigation Division, in conjunction with the Queens County District Attorney’s Office’s Organized Crime and Rackets Bureau and the Waterfront Commission, developed information about an internet and traditional illegal sports 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 gambling-related conversations. According to the indictment, defendants conspired to make money illegally through the operation of unlawful gambling that accepted bets on sporting events through a wire room located in Bayside, Queens. Bettors would place wagers by calling one of two phones set up at the location.

Theodore Simon, the alleged boss of the wire room, is accused of acting as the bookmaker who controlled and oversaw the entire operation and profited from each criminal pursuit by the other defendants. Frank Nista is alleged to have been Simon’s primary agent and manager of the wire room located at 211-11 45 Road in Bayside, the Queens, which is owned by James Greene, who was allegedly paid a monthly income for its rental and is the listed subscriber of the two landline phones installed at the location. Russell Bellatera and Jason Levin allegedly manned the two phones and handled the betting action for Nista at the location. Levin and Bellatera also



Theodore Simon Frank Nista Russell Bellatera

allegedly doubled as money collectors/runners for the gambling operation. In addition to the arrests, court-authorized search warrants were executed at locations allegedly owned or used by the defendants, resulting in the seizure of cash, gambling records and gambling paraphernalia.

**July 19, 2016 – More than 20 Defendants Charged In Multimillion-Dollar Marijuana, Oxycodone and Gambling Schemes.** More than 20 individuals were indicted for multiple schemes involving the distribution of marijuana and oxycodone pills, an illegal gambling operation, and tax fraud. Defendants were charged in multiple New York State Supreme Court indictments with crimes including Criminal Sale of a Controlled Substance in the Second and Third Degrees, Criminal Sale of Marijuana in the First Degree, Criminal Tax Fraud in the Third Degree, Promoting Gambling in the First Degree, and Conspiracy in the Fourth Degree, among other charges.

### **Marijuana Distribution Scheme**

As charged in one indictment, between February 2014 and November 2015, more than 20 defendants were charged with participating in a scheme to cultivate and purchase marijuana grown in California, transport the marijuana to New York, and distribute the marijuana to buyers and sellers for a profit of hundreds of thousands of dollars per month. During this time, John Kelly, and Richard Sinda allegedly acted as the ringleaders of the operation, and with the assistance of the other defendants, coordinated the collection and shipment of hundreds of pounds of marijuana from California to New York for distribution and resale. Destiny Saetern and Michael Giammarinaro were charged with assisting with the cultivation of medical-grade marijuana on farms in California and purchasing marijuana from other local growers for export to New York, where the marijuana was typically mailed by U.S. Postal Service in individual packages weighing between 5-to-15 lbs., or packed into boxes and loaded into vans and other vehicles for transport, each holding between 100-to-150 lbs. of marijuana.

Stephen Gallo was charged with acting as a primary distributor and seller. Gallo picked up packages of marijuana from UPS stores throughout Manhattan and transported the packages to storage locations until the contents could be redistributed and sold. Louis Paone, Edward Pullini, and Barry Sussman participated in the scheme by allowing the other defendants to store, unpack, and process the marijuana at locations they sanctioned for use, including PAONE's personal residence, Pullini's relative's business premises, and SUSSMAN's warehouse in Long Island.

Gallo then delivered and sold the marijuana to co-defendants who participated in the transportation, re-distribution, and sale of the marijuana, including: Ivan Gabbe, John Gillette, Christopher Kelly, Vincent Molinari, Carl Muraco, John Muraco, William Oliva, Gambino Capo Michael Paradiso, Frank Parisi, and Todd Poskitt. Gallo was also charged with selling marijuana directly to two undercover NYPD detectives posing as buyers. Following the indictment and subsequent incarceration of Sinda on a separate criminal matter in June 2015, Lawrence Dentico (grandson of Genovese Capo "Little Larry" Dentico) assumed greater responsibility for working with John Kelly and coordinating the shipping and distribution of marijuana from California, where Dentico resided and oversaw farming operations, to New York. Kelly's wife, Zhanna Dumorne, also assisted her husband by funneling the proceeds of the scheme from New York to California through the use of a fictitious corporation, Regional Food Brokers, Inc.

In total, the marijuana distribution scheme allegedly generated more than \$15 million in illegal revenue, based on average proceeds of more than \$350,000 per month over a 21-month period.

### Oxycodone Distribution Scheme

As charged in a separate indictment, between April 2014 and March 2015, Gallo, Gillette, and a co-defendant, Christopher Alvino, also profited from the sale of hundreds of illicitly acquired prescription pills. As part of the scheme, Alvino supplied Gallo with oxycodone pills, which were then provided to Gillette for redistribution, or sold to individual buyers—which, in at least two cases, included undercover detectives posing as customers. The oxycodone distribution scheme allegedly generated at least \$18,000 in profit, based solely on the transactions between the defendants and undercover detectives.

### Gambling Scheme

A separate indictment charged that between November 2014 and November 2015, Frank Galesi as well as Gallo, Parisi, and Carl Muraco, conspired to profit from illegal gambling. As part of the scheme, Galesi maintained a set of bettors, dealt directly with a gambling wire room, and served as a liaison for Carl Muraco, who acted as a master agent and maintained a master account to manage bettor accounts associated with a gambling website. Gallo and Parisi acted as Carl Muraco’s agents and were responsible for managing their own sets of bettors under Carl Muraco’s account with the wire room, recruiting new bettors, and collecting and distributing funds between winners and losers. The defendants shared losses and split the winnings, and for their role in the scheme, each individual received a so-called percentage or commission for his services. The illegal gambling scheme allegedly generated more than \$1 million in revenue, based on records corresponding to bets placed through the wire room website.

### Tax Fraud

Six separate indictments also charged individual defendants Dumorne, Gallo, Sinde, John Kelly, Galesi, and Carl Muraco. with tax fraud for failing to submit tax returns corresponding to illegal income generated by some of the alleged schemes.



Michael Paradiso  
Gambino Capo

Lawrence Dentico

Richard Sinde

Carl Muraco

Stephen Gallo

Frank Galesi



### **August 9, 2016 – Associate of DeCavalcante Crime Family Sentenced To 30 Months In Prison For Distributing Cocaine.**

DeCavalcante associate Mario Galli of Toms River, NJ, was sentenced today to 30 months in prison for his role in distributing more than 500 grams of cocaine. Galli previously pleaded guilty before U.S. District Judge William H. Walls to distribution of more than 500 grams of cocaine. Galli was arrested and charged by complaint in March 2015, along with nine members of the DeCavalcante crime family. He admitted that between

December 2014 and March 2015, in conjunction with other family associates, he sold more than one-half a kilo of cocaine to an undercover agent for at least \$78,000. In addition to the prison term, Galli was sentenced to three years of supervised release and was fined \$1,000.

**August 24, 2016 – Dock Worker Admits to Witness Tampering.** Courtney Wallace, a longshore worker from Irvington, NJ, pleaded guilty to Witness Tampering in New Jersey Superior Court, Union County. Earlier this year, she caused a witness to make false statements to law enforcement in order to falsely implicate another longshore worker on assault and weapon charges. Wallace’s registration as a longshore worker was suspended following her arrest in April of 2016 by detectives from the Union County Prosecutor’s Office and the Waterfront Commission. An administrative hearing before the Waterfront Commission is pending.

**September 13, 2016 – Former Checker Registration of PNCT Rail Foreman Revoked After Conviction in “Christmas Extortion” RICO.**

The Commission unanimously revoked the checker registration of Ramiro Quintans of Basking Ridge, NJ. Quintans was the Rail Foreman at PNCT and extorted money from fellow longshoremen from their Container Royalty checks on behalf of the Genovese Organized Crime Family. Quintans was arrested on January 20, 2011 and immediately suspended by the Commission. On October 9, 2015 Quintans was convicted of Extortion Conspiracy in the United States District Court for the District of New Jersey. The Administrative Law Judge found that such conviction would have permitted his disqualification from inclusion in the longshore register as a checker upon original application and recommended revocation of his registration. The Commission adopted the ALJ’s findings and recommendation.



**September 13, 2016: Commission Revokes Registration of Longshoreman Convicted for Orchestrating Mortgage Fraud Scheme Targeting Co-Workers at Maher Terminals.**

The Commission unanimously ordered the revocation of the registration of longshoreman Pedro Lopez of Elizabeth, NJ. Lopez’s registration as a longshoreman had been suspended by the Commission since June 2015, following his arrest for Theft by Deception. In October of 2015, in the Superior Court of New Jersey, Union County, Pedro Lopez pled guilty to the charge, admitting that, from 2010 to 2015, he bilked over \$75,000 from six fellow longshoremen via a fraudulent mortgage loan modification program. Lopez had promised his co-workers at Maher Terminals, in Elizabeth, New Jersey, that, if they each paid him and a co-conspirator \$15,000 or more, the modification program would lower their monthly mortgage payments or eliminate their mortgages completely. The program was a fraud and the longshoremen were never compensated. In December of 2015, Lopez was sentenced to six months of incarceration, and was ordered to pay restitution to his victims. Following his conviction, Pedro Lopez appeared at a hearing before an Administrative Law Judge to determine whether the Commission should revoke his registration as a longshoreman. During the hearing, Lopez claimed he was innocent and contradicted his guilty plea in the Superior Court. The ALJ found that Pedro Lopez’s “denial of knowledge and complicity” in the fraud was “incredible.” The ALJ found that Lopez “was not only guilty of a felony, but he committed that felony against fellow workers on the waterfront. . . . Every time his defrauded co-workers would see him, they would be reminded of how he victimized them, and if he is allowed to continue as a Longshoreman, how he got away with it.” The ALJ concluded that Lopez’s presence on piers or other waterfront terminals represented a danger to the public peace or safety. The Commission adopted the ALJ’s recommendation and revoked Lopez’s registration as a longshoreman. The case against Lopez was the result of a joint investigation of the Union County Prosecutor’s Office and the Waterfront Commission.

**September 13, 2016 – Special Craft Longshoreman Revoked for Refusing to Cooperate with the Commission’s Investigation of the January 29, 2016 Illegal Walkout.** Mario Gutierrez a “Special Craft” longshoreman from Jersey City, NJ, had his registration revoked following an administrative hearing for refusing to answer material questions at an Article IV interview. The interview, which occurred in February 2016, was part of investigation by the Waterfront Commission into the cause of a work stoppage on January 29, 2016 by longshore workers in the Port of New York-New Jersey. An arbitrator subsequently ruled that the work stoppage violated the collective bargaining agreement between the ILA and NYSA. The Administrative Law Judge who presided over Gutierrez’s administrative hearing noted that Gutierrez was repeatedly cautioned about the requirement to answer questions , refused to answer questions, interrupted Commission counsel with questions and comments of his own, and finally walked out of the hearing before its conclusion.

**September 13, 2016 – Checker Revoked for Possession of Heroin; Fraud, Deceit and Misrepresentation in a Sworn Commission Interview and Failing to Report an Arrest to Commission as Required.**

The Commission unanimously revoked the checker registration of Ronald Paglio, Jr. of Clifton, NJ. Paglio had been arrested on January 27, 2015 in Clifton, New Jersey, in possession of heroin. He failed to report that arrest to the Commission as required. In addition, Paglio committed, fraud, deceit or misrepresentation during his sworn Commission interview by denying possessing the heroin even after having already pled to the charge in Clifton Municipal Court. The Administrative Law Judge found that Paglio lacked the good character and integrity required of a checker. The Commission adopted the ALJ’s findings and recommendation.



**September 27, 2016 - DeCavalcante Crime Family Associate Sentenced to More than Two Years in Prison for Cocaine Distribution.**

DeCalvalcante associate John Capozzi of Union, NJ was sentenced today to months in prison for his role in distributing more than 500 grams of cocaine. Capozzi previously pleaded guilty before U.S. District Judge William H. Walls to distribution of more than 500 grams of cocaine. According to documents filed in this case and statements made in court, Capozzi was arrested and charged by complaint in March 2015, along with nine members of the DeCavalcante crime family. He admitted that between December 2014 and March 2015, in conjunction with other family associates, he sold more than one-half a kilo of cocaine to an undercover agent for at least \$78,000. In addition to the prison term, Capozzi was sentenced to two years of supervised release.

**October 11, 2016: Longshoreman’s Registration Revoked for Repeated Drug Use.**

The registration of Timothy Chaffiotte of Ridgewood, NJ was revoked due to his repeated use of cocaine and marijuana, even after being warned by the Commission not to use drugs. Chaffiotte, who had been a maintenance man at APM Terminal since 2007, was initially arrested in 2013 by River Edge, New Jersey police for Driving While Intoxicated following a traffic violation. In 2014, Chaffiotte was convicted of that offense in River Edge Municipal Court and as a result, had his driver’s license suspended for three months. During a sworn Commission interview in March 2016, Chaffiotte admitted to his drunk driving offense, as well as to using cocaine and marijuana only two months earlier. The



Commission sternly warned Chaffiotte that his repeated drug use would affect his registration as a longshoreman. In April 2016, Chaffiotte was re-interviewed by the Commission and admitted to additional cocaine and marijuana use since his previous interview only a month earlier. A notice of hearing was issued and following an administrative hearing, the Administrative Law Judge found that Chaffiotte “admittedly has a drug problem yet he has demonstrated minimal urgency to address it” and found that his presence at the piers or other waterfront terminals was a danger to the peace and safety. The Commissioners agreed with the ALJ’s findings and recommendation.



**October 11, 2016 - Suspended Longshoreman Pleads Guilty to Conspiracy to Commit Insurance Fraud and Surrenders Registration with Prejudice.**

The Commission accepted the Surrender with Prejudice of Rosario Savastano’s Longshoreman’s Registration. Savastano, of Brooklyn, NY had been a longshoreman since 2005. He agreed to surrender his longshoreman registration as part of a plea bargain when he pled guilty to Conspiracy to Commit Insurance Fraud on October 3, 2016 in Supreme Court in Richmond County. Savastano was one of nine individuals arrested on December 17, 2013 in Operation Shore Thing, a joint Waterfront Commission and NYPD investigation. He was charged with Conspiracy, Insurance Fraud, Grand Larceny, and with Falsifying Business Records. Savastano had been suspended from working on the Port since the date of his arrest.

**October 21, 2016 – Staten Island Doctor Who Headed Prescription Drug Scheme Pleads to Fraud, Conspiracy.**

The doctor at the center of an oxycodone distribution conspiracy involving longshoremen, a chiropractor and a pharmacist, pleaded guilty to fraud and other charges. Dr. Mihir Bhatt, was part of a scheme in which 1.8 million oxycodone pills were sold to longshoremen on Staten Island and in Brooklyn, and to others. Bhatt was among nine defendants arrested in December 2013 by the NYPD and the Waterfront Commission and charged in the plot. The physician also dispensed prescriptions from his home in Edison, NJ, yet told insurance companies he was prescribing from one of his medical offices. The longshoremen indicted in the scheme were assigned to either Brooklyn Cruise Terminal or the New York Container Terminal in Mariners Harbor.



A co-defendant, Steven John Alcaras, who worked at the Brooklyn Cruise Terminal, arranged prescription pickups, and would tell the doctor and chiropractor which longshoremen were suitable patients. He'd also coordinate which longshoremen needed bogus medical exams, or, often doctor's notes to prevent them from losing their jobs through “decasualization” because they had not put in enough days at work. The conspirators enlisted the help of Rita Patel, who was in charge of Shayona Pharmacy in Perth Amboy, NJ, to fill the doctor's scripts when pharmacies on the Island rejected them. Bhatt pleaded guilty to felony counts of insurance fraud, conspiracy and offering a false instrument for filing. He admitted to committing insurance fraud between January 2012 and August 2013, while acting in concert with DiNardo and Alcaras and others and had conspired with Patel and Shayona Pharmacy to sell controlled substances in violation of the law between March 2012 and November 2013. Bhatt also admitted to acting together with DiNardo, Alcaras and others on April 26, 2013, in providing false information to the Waterfront Commission on exams he conducted. In exchange for his pleas, which satisfy all charges brought against him in three indictments, Bhatt was sentenced to six months in jail and five years’ probation. He was ordered to forfeit \$2 million, and his medical license will be revoked.

**November 4, 2016 – Essex County Man Charged in “Operation Corridor” Sentenced to 12 Years in State Prison for his Role in Major Carjacking/ Theft Ring that Sold Stolen Cars Overseas.**

Rashawn Gartrell of Irvington, NJ was sentenced to 12 years in state prison, including five years of parole ineligibility, by Superior Court Judge Stephen J. Taylor in Morris County. Gartrell pleaded guilty in September to first-degree money laundering. In pleading guilty, Gartrell admitted that he was a member of the stolen car trafficking ring and that he transported or possessed high-end stolen vehicles worth more than \$500,000, including models of Mercedes Benz and BMW and shipped them to West Africa. Gartrell was indicted earlier this year in “Operation 17 Corridor,” a joint investigation led by the New Jersey Attorney General’s Office – Division of Criminal Justice and the New Jersey State Police, with assistance from the Port Authority of New York & New Jersey Police, ICE Homeland Security Investigations, the Waterfront Commission and numerous other agencies. Most of the defendants were arrested in October of 2015, when the partnering agencies broke up the theft ring. Ninety stolen cars worth more than \$4 million were recovered in the investigation. 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. The ring operated in Rockland County, NY, and numerous counties in New Jersey, including Morris, Bergen, Essex, Union, Hudson, Monmouth, Middlesex, Hunterdon and Somerset.



**November 16, 2016 – Two Men Arrested in Connection to Plastic Theft Ring.** Detectives arrested Yih Tan of Staten Island and Rong Wu of Brooklyn for allegedly operating a theft ring that sold stolen plastics overseas. A four-month long investigation revealed that various individuals and groups would steal plastic storage and transportation containers, commonly used by pharmaceutical retailers, bakeries, and food distributors. They would then take the stolen plastics to the recycling facility where Tan and Wu would purchase them. It is believed that some of these individuals would then use the profits from the transactions to purchase drugs for personal use. At the facility, Tan and Wu would shred the plastics into small pieces called grinds. The grinds were then sold and shipped to businesses in China that would use the material for other products. During an undercover operation, detectives were able to sell plastic products to the facility with no questions asked. On November 2, 2016, detectives searched the Bayonne facility and seized more than 45,000 pounds of plastic grinds valued at approximately \$67,000. Investigators also seized more than \$20,000 in currency and other items associated with the investigation. It took detectives several days working around the clock to sort through the evidence, which was enough to fill two tractor trailer box containers. Tan and Wu were charged with receiving stolen property and fencing. They were released pending a court appearance. The case was investigated by detectives from the New Jersey State Police Interstate Theft North Unit, Trafficking North Unit, Gangs and Organized Crime North Unit, Official Corruption North Unit, Cyber Crimes Unit, and the Waterfront Commission.

**November 29, 2016 – Three Barred from Waterfront for Fraud, Deceit and Misrepresentations on Their Applications.** The Commission denied the Port watchman application of Lloyd Patrick and accepted Withdrawals with Prejudice of Joseph Infuso’s Port Watchman application and the Maintenance Man application of Christopher Guido. Lloyd Patrick, of Irvington, NJ, was found by the Commission to lack the good character and integrity required of a Port Watchman and of committing fraud, deceit and misrepresentation as he falsely indicated on his application that he had never been arrested. In fact, Patrick had been arrested in 1992 in Newark, NJ and again in 2006 in East Orange, NJ. The Commission accepted the Withdrawal with Prejudice of the Port Watchman application of Joseph Infuso, of Monroe Township, NJ. Infuso had been charged in a Notice of Hearing with lacking the required good character and integrity required of a Port watchman and fraud, deceit and misrepresentation in his application for failing to disclose recent, illegal drug use. Infuso chose to withdraw his application with prejudice rather than proceed to hearing on the charges. The Commission also accepted the Withdrawal with Prejudice of the Maintenance Man application of Christopher Guido of South Amboy, NJ. Guido had been charged in a Notice of Hearing with fraud, deceit and misrepresentation after he gave numerous false and contradictory statements regarding previous occupations and business interests. These false statements were made in both his applications and interviews under oath. Rather than proceed to hearing on the charges, Guido withdrew his application with prejudice.



Christopher Guido



**December 7, 2016: Decavalcante Capo Admits Use Of Interstate Facility To Commit Murder.** Decavalcante Capo Charles “Charlie the Hat” Stango, of Henderson Nevada pleaded guilty before U.S. District Judge William H. Walls to knowingly using an interstate facility – the telephone – with the intent to murder a rival. He also pleaded guilty to violating the terms of his supervised release, which he was serving following his imprisonment on racketeering charges in New York. Stango was arrested on April 14, 2015, as part of a sweep

of Decavalcante crime family members that operated in New Jersey and elsewhere. The Decavalcante family engages in numerous criminal activities, including conspiracy to commit murder, distribution of controlled substances, prostitution, extortion, and other crimes of violence. Stango admitted that he used the telephone to plan the murder of a crime family rival (identified in court papers as “Victim 1”). Based on tape recorded evidence uncovered during the investigation, Stango believed that Victim 1 had falsely held himself out to be a “made man” within the family structure. Stango refused to recognize Victim 1’s alleged new status. Stango also believed that Victim 1 had intentionally insulted a high-ranking family member, which Stango felt deserved the ultimate punishment. He offered up to \$50,000 to two assassins to carry out the order. The two assassins were, in fact, undercover agents. Law enforcement officials closed down the investigation to ensure Victim 1’s safety, and he was never harmed. Six of Stango’s co-defendants, including his son, Anthony Stango, have pleaded guilty to various crimes – including distribution of significant amounts of cocaine and attempting to set up a prostitution business – to enrich the crew members and the crime family. On January 5, 2017, Stango was sentenced to 6 years in federal prison. In addition to the prison term, Stango was sentenced to serve five years of supervised release.

**January 10, 2017 – Two Barred from Working on the Waterfront for Fraud, Deceit and Misrepresentation on their Applications.** The Commission accepted the withdrawal with prejudice of a warehouseman applicant and denied a pier superintendent’s application – both for fraud, deceit and misrepresentation on their applications. In the first matter, the Commission unanimously voted to accept the withdrawal with prejudice of Bernard Wimbush of Linden, NJ for longshoreman’s registration as a warehouseman. In his application, Mr. Wimbush indicated that he had been arrested only once before for weapons possession. However, Wimbush had five additional undisclosed arrests, including for weapons possession, aggravated assault, and marijuana possession. Wimbush also failed to disclose his prior drug use in his application, despite later admitting to a daily use of marijuana during two separate time periods. The failure to disclose such material facts on his application showed clear fraud, deceit, and misrepresentation. Mr. Wimbush was instructed to take a drug test based upon his prior marijuana use, but refused and instead opted to withdraw his application with prejudice, which the Commission accepted.

In the second matter, the Commission denied the application of Krenar Zhuta for a pier superintendent’s license. Zhuta, of Wayne, NJ, was found by the Commission to lack the good character and integrity required of a pier superintendent and of committing fraud, deceit and misrepresentation when he failed to indicate on his application and in a sworn Commission interview that he had been arrested for the possession of marijuana in Ringwood, NJ in 2003. In addition, Zhuta falsely indicated on his application and in a sworn interview that he had never used illegal drugs later admitting that he had in fact used marijuana on a number of occasions. After a hearing, the Administrative Law Judge noted that the position of pier superintendent is one of great responsibility, which is why the Waterfront Commission Act requires that pier superintendents meet the higher standard of good character and integrity. In recommending the application be denied the ALJ found, that based on the evidence presented, the applicant did not meet this standard. The Commission adopted the findings of the ALJ and accepted his recommendation.



**January 10, 2017 – Former Longshoreman Barred from Returning to Waterfront Because of Illegal Bookmaking, Selling Drugs, Associating with an Organized Crime Figure/Convicted Racketeer, and Fraud.** The Commission unanimously ordered the denial of a petition by former longshoreman Salvatore Gregorio who had sought the restoration of his longshore registration. Gregorio was found to have been involved in illegal bookmaking; selling marijuana; associating with an organized crime figure,

career offender, and convicted racketeer; committing fraud, deceit, or misrepresentation in connection with his petition. He was found to have abandoned his petition for restoration after declining to answer Commission questions. Gregorio had been employed as a longshoreman at the Howland Hook Marine Terminal, in Staten Island, New York. After a joint investigation by the Waterfront Commission and the Kings County District Attorney’s Office, he was arrested on June 7, 2011 and subsequently indicted for Promoting Gambling in the First Degree and two counts of Conspiracy. Gregorio was taking bets from other longshoremen at the piers and receiving a percentage of the proceeds from the illegal operation. Pursuant to a plea agreement with the Kings County District Attorney’s Office, Gregorio pleaded guilty to Disorderly Conduct and agreed to surrender his longshoreman’s registration with prejudice. On May 10, 2016, Gregorio filed a petition, with sponsorship from employer GCT New York LP, asking that the Commission restore his registration as a longshoreman. Following an investigation, the Commission found evidence of the following:

- Gregorio had associated with Mario Gallo, who is on the ILA Barred List and is an associate of the Bonanno and Lucchese crime families, a convicted racketeer, and a career offender. The crime families had employed Gallo as a hitman. He was convicted of murder in aid of racketeering and conspiracy to distribute cocaine, among other charges. Following Gallo's release from prison, Gregorio attended Gallo's birthday dinner and shared a vacation with him.
- Gregorio committed fraud, deceit, or misrepresentation in connection with his sworn petition for restoration of his registration as a longshoreman. Despite associating with Mario Gallo, Gregorio indicated that he had never knowingly associated with a person known or reputed to be a member or associate of an organized crime group.
- Gregorio knowingly and unlawfully sold marijuana.
- Gregorio knowingly advanced or profited from unlawful gambling activity by knowingly engaging in bookmaking. He received bets, oversaw wagers, managed illegal online gambling accounts, and collected debts from longshoremen at the employee parking lot of New York Container Terminal (now GCT New York LP at the Howland Hook Marine Terminal). The Commission further noted the risks of organized crime influence as a result of an illegal gambling operation on the waterfront.
- Gregorio appears to have abandoned his Petition for Restoration in that he never contacted the Commission since declining to answer questions or provide requested documents at the Commission's offices.

The Commission further found that Gregorio's presence at the piers or other waterfront terminals would constitute a danger to the public peace or safety.



**February 13, 2017- Two Men Charged With Racketeering, Including a 2013 Mob Murder and an Attempted Murder Of a Bonanno Soldier.**

Lucchese Soldier Christopher Londonio and Terrance Caldwell were charged with offenses related to their role in the November 15, 2013, murder of Michael Meldish, as well as their participation in a long-running racketeering conspiracy composed of

Londonio and Caldwell leaders, members, and associates of the Lucchese Crime Family. Londonio and Caldwell were charged with racketeering conspiracy, conspiracy to commit murder, murder, and firearms offenses. Caldwell is also charged with assault and attempted murder in aid of racketeering, in connection with his role in the shooting of a Bonanno Family member on May 29, 2013. From in or about 2011 to 2017, Londonio and Caldwell, along with other members and associates of the Lucchese Crime Family, committed a wide range of crimes, including murder, attempted murder, assault, robbery, extortion, gambling, and narcotics trafficking. In particular, and as charged in the Indictment, on May 29, 2013, Caldwell attempted to murder a Bonanno Soldier in the vicinity of First Avenue and 111th Street, in Manhattan. Separately, and as also charged in the Indictment, on November 15, 2013, Londonio and Caldwell together murdered Purple Gang Leader Michael Meldish in the vicinity of Baisley Avenue and Ellsworth Avenue in the Bronx. Londonio of Hartsdale, NY and Caldwell of Manhattan, NY, are each charged with conspiracy to commit racketeering, conspiracy to commit murder in aid of racketeering, murder in aid of racketeering, possessing a firearm in furtherance of a crime of violence resulting in death, and possessing a firearm in furtherance of a crime of violence on dates other than November 15, 2013. Caldwell is also charged with assault and attempted murder in aid of racketeering.

**March 7, 2017 – Foreman at Port Newark Container Terminal Suspended after Arrest for Possession of Assault Weapon, a Large Capacity Ammunition Magazine, a Handgun without the Proper Permit, a Machete and Cocaine.**

The Commission issued a Notice of Hearing and suspended longshoreman Peter Law Jr., a foreman at Port Newark Container Terminal, as a result of his arrest on February 22, 2017, in Monroe Township, New Jersey, on multiple weapons charges, a drug possession charge, and simple assault. The Notice of Hearing alleged that Law’s presence at the piers or other waterfront terminals in the Port of New York district represents a danger to the public peace or safety for the following reasons:



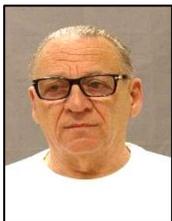
1. He possessed an assault firearm with a large capacity ammunition magazine, as a result of which, he was charged with Unlawful Possession of an Assault Firearm (a crime of the second degree), Possession of a Large Capacity Ammunition Magazine (a crime of the fourth degree), and Violation of the Regulatory Provision Relating to Firearms (a crime of the fourth degree);
2. He knowingly obtained a .40 caliber handgun without obtaining the proper permits, as a result of which, he was charged with Violation of the Regulatory Provision Relating to Firearms (a crime of the fourth degree);
3. He possessed a machete, as a result of which, he was charged with Possession of a Weapon (a crime of the fourth degree);
4. He knowingly or purposely possessed, actually or constructively, a controlled dangerous substance or its analog (cocaine), as a result of which, he was charged with Possession of a Controlled Dangerous Substance (a crime of the third degree); and
5. He purposely, knowingly, or recklessly caused bodily injury to a victim, as a result of which, he was charged with Simple Assault.



**March 7, 2017 – Foreman Barred from Waterfront for Thefts from Red Hook Container Terminal and Fraud.**

The Commission ordered the removal of “special craft” longshoreman Giandomenico Recupero from the waterfront by accepting his request for the surrender of his longshore registration with prejudice. That acceptance has the same effect as a revocation. Recupero had been facing administrative charges. Red Hook Container Terminal had employed Recupero as the foreman of container crane mechanics. The Commission’s notice of hearing charged that Recupero, while employed as foreman, had used his employer’s credit card without authorization to purchase \$4,527.48 of goods for his own personal use or benefit. In addition, Recupero, as foreman, directed other crane mechanics to work on his boat instead of the work that Red Hook Container Terminal paid them to perform. Recupero was also charged with committing fraud, deceit, or misrepresentation during a sworn interview by falsely denying that he ordered mechanics to perform work on his boat. Recupero was also charged with falsely denying that he ordered one of the mechanics to purchase items for Recupero’s personal use with his employer’s credit card. In light of the foregoing, the notice of hearing charged that Recupero’s presence on the piers or other waterfront terminals in the Port of New York district represented a danger to the public peace or safety. The case against Recupero was the product of an investigation by the Waterfront Commission Police Division.

**March 26, 2017 - \$4.1 Million in Cash and 3 Kilos of Heroin Seized in Multi-State Drug Trafficking Probe** Three members of a narcotics drug trafficking organization were indicted and just over \$4.1 million and six pounds of heroin were seized. The Office of the Special Narcotics Prosecutor charged Bronx-based ringleader Jorge Pizarro and co-defendants Nelson Dejesus and Miguel Angeles with Criminal Possession of a Controlled Substance in the First and Third Degrees. The defendants were arrested on March 18<sup>th</sup> in the Bronx, NY. Agents and officers conducted additional court authorized searches of a U-Haul and a Dodge Caravan that were seized from the location at the time of the defendants' arrests. At the outset of the investigation, law enforcement learned that Pizarro oversaw an interstate narcotics trafficking operation that transported large quantities of heroin from Texas for sale in New York City and Lawrence, Mass. Shipments of narcotics were concealed inside furniture that Pizarro stored inside a Secure Self Storage unit leased in his name. Law enforcement developed further intelligence that Pizarro also transported large quantities of cash to pay for the narcotics from New York City back to Texas inside the same wooden furniture. On March 18<sup>th</sup>, agents and officers observed Pizarro and Dejesus moving multiple pieces of furniture into and out of the unit. HSI's Special Response Team (SRT) members approached the storage unit and effected the arrest of three individuals. Agents and officers executed the search warrant on the storage unit and recovered three kilograms of heroin weighing more than six pounds from one nightstand and approximately \$750,000 cash from a second wooden nightstand. Both nightstands were outfitted with hidden compartments. The Dodge Caravan and the U-Haul truck were seized. Agents and officers executed additional search warrants that were obtained by the Special Narcotics Prosecutor's Office for the vehicles. Inside the U-Haul truck, agents and officers found three pieces of wooden furniture that contained approximately \$3.4 million dollars in cash wrapped in dozens of packages. The pieces of furniture were outfitted with secret compartments. The Dodge Caravan contained a large empty compartment in the floor. A bottle of fox urine, intended to be used to disguise the smell of narcotics, was recovered from the glove compartment.



**March 28, 2017 - DeCalvalcante Capo Sentenced to Ten Years in Prison for Use of Interstate Facility to Commit Murder.** Decavalcante Capo Charles "Charlie the Hat" Stango was sentenced to 120 months in prison for planning the murder of an organized crime rival. Stango previously pleaded guilty to knowingly using an interstate facility (the telephone) with the intent to murder a rival. He also pleaded guilty to violating the terms of his supervised release, which he was serving following imprisonment on racketeering charges in New York.

**March 28, 2017 – Applicant Barred from Waterfront for Convictions for Assault of a Law Enforcement Officer and Other Crimes, Filing a False Unemployment Benefits Claim, and Fraud on His Application.** The Commission denied the application of Curtis McKelvey as a warehouseman. Following an administrative hearing, the Commission established that McKelvey had been convicted of Assault of a Law Enforcement Officer (a felony), Assault (a misdemeanor), Trespass to Real Property (a misdemeanor), and Harassment by Telephone (a misdemeanor). The Commission further found that McKelvey had committed fraud by filing a claim for unemployment benefits even though he was employed. He also committed fraud, deceit, or misrepresentation on his sworn Commission application by failing to disclose a prior Trespass arrest. The Administrative Law Judge found that McKelvey's presence at the Port of New York district was a danger to the public peace or safety. The Commission adopted the ALJ's recommendations.

**March 28, 2017 - Longshoreman's Temporary Registration Revoked and Application Denied for Theft and Illegal Drug Use.**

The Commission unanimously revoked the temporary longshoreman registration of Michael Natoli, of Belle Harbor, NY, as well as denied his application for permanent inclusion in the longshore register. Natoli's temporary registration was initially suspended since in April 2015, after his arrest for stealing over \$1,000 worth of copper tubing from a refrigeration company in Brooklyn, NY. Natoli advised the sentencing judge that he stole the copper to support his drug habit.



After an administrative hearing, the Administrative Law Judge determined that the Commission proved all the charges contained in the Amended Notice of Hearing, including that Natoli stole copper tubing on October 30, 2014, attempted to steal additional copper tubing on December 4, 2014; used illegal drugs while registered by the Commission; and committed fraud, deceit or misrepresentation on two sworn documents submitted to the Commission, including his application, by denying his drug use. The ALJ recommended revocation of his temporary registration and denial of his application. Natoli appeared before the Commissioners and when asked how he was able to pass the industry drug test, given his drug habit, Natoli stated that he was warned sufficiently ahead by an ILA Local 1814 Officer so he could test clean. After considering the entire record, and hearing from Natoli himself, the Commission unanimously ordered that Natoli's temporary longshoreman registration be revoked and his application denied.

**April 3, 2017 - Longshoreman Suspended after Arrest for Assaulting Police Officer and Robbery.**



The Commission issued a Notice of Hearing and suspended Vito Lavignani, a longshoreman employed by Global Container Terminals, as a result of his arrest on March 30, 2017, in Manhattan, for assaulting a police officer and committing a robbery. According to the criminal complaint, Lavignani robbed a police officer of his cellular phone and then assaulted officers who attempted to arrest him. He was charged with the Class D felonies of Assault in the Second Degree and Robbery in the Third Degree.

**April 4, 2017 – Two DeCavalcante Crime Family Associates Sentenced to Prison Terms for Cocaine Distribution.**

Two associates of the DeCavalcante organized crime family were sentenced to prison terms for their roles in distributing more than 500 grams of cocaine. Rosario Pali of Linden, NJ was sentenced to 76 months in prison, and Nicholas DeGidio of Union, NJ, was sentenced to 17 months in prison. Both had previously pleaded guilty before U.S. District Judge William H. Walls to conspiracy to distribute more than 500 grams of cocaine. DeGidio and Pali were arrested and charged by complaint in March 2015, along with eight other members of the DeCavalcante crime family. Both admitted selling cocaine in conjunction with other family associates. In addition to the prison term, DeGidio was sentenced to two years of supervised release and Pali to three years of supervised release.



Rosario Pali

Nicholas DeGidio



**April 18, 2017: Maintenance Man's Registration Revoked For Cocaine and Marijuana Use And Multiple DWIs.**

Following an administrative hearing, the Commission revoked the registration of Patrick Walsh, of Woodside, NY. The evidence at the hearing showed that between September and December 2015, Walsh used cocaine on multiple occasions and that he used marijuana in May 2015. The Commission also established that in August 2013 Walsh was driving in an intoxicated condition when he broadsided another vehicle causing extensive damage to both vehicles and

that he left the scene of the accident without exhibiting his license or insurance card. Walsh was arrested by NYPD officers approximately seven blocks away from the accident when a witness identified him as the driver. Walsh smelled of alcohol. He subsequently refused a breathalyzer test. Walsh was later convicted in Queens County Criminal Court of Driving While Impaired, a violation, and received a one-year conditional discharge with a 90-day suspension of his driver license. The evidence showed that Walsh was again arrested in November 2014 in Sparta, NJ, for Driving While Intoxicated after a Sparta Police Department officer observed Walsh fail to stop for a stop sign. Upon stopping Walsh's vehicle, the officer noticed alcohol on Walsh's breath and Walsh failed the field sobriety tests. Walsh was again convicted of Driving While Intoxicated and his license was suspended for 90 days. The Administrative Law Judge found that Walsh's explanation for using cocaine as a means of self-medication following a different automobile accident was unconvincing and that his use of cocaine was "the product of choice rather than desperation." Given Walsh's substance abuse, the Court determined that Walsh's presence at the piers or other waterfront terminals constitutes a danger to the public peace or safety and recommended revocation of his registration. After considering the entire record, the Commission unanimously ordered that Walsh's longshoreman registration be revoked.

**April 18, 2017: Longshoreman's Registration Revoked For Fraud and Illegal Drug Use.**

The Commission unanimously revoked the longshoreman registration of Orlando Lee of Union, New Jersey for the second time. Lee's registration was previously revoked by the Commission in 2013 for illegal drug use and committing fraud, deceit or misrepresentation during a Commission interview regarding that illegal drug use. Lee was then issued temporary probationary registration after providing proof of rehabilitation and was issued permanent registration in February 2015. In 2016, Lee again used an illegal drug and committed fraud, deceit or misrepresentation during a sworn Commission interview regarding his illegal drug use.



Following an administrative hearing, the ALJ determined that the Commission proved all the charges contained in the Notice of Hearing, including that Lee used an illegal drug while registered by the Commission, he committed fraud, deceit or misrepresentation during his May 2016 Commission interview regarding his illegal drug use, and committed these offenses after having been previously revoked for illegal drug use and fraud during a Commission interview. The ALJ determined that Lee's presence at the piers or other waterfront terminals constitutes a danger to the public peace or safety and recommended revocation of his registration. After considering the entire record, the Commission unanimously ordered that Lee's longshoreman registration be revoked.

**April 27, 2017 – Former Longshoreman Arrested for Unemployment**

**Fraud.** On April 27, 2017, former longshoreman Kelvin Denson of Newark, NJ was arrested by the Essex County Prosecutor’s Office for Theft by Deception, a crime of the third degree. The case was referred to the Prosecutor’s Office by the Waterfront Commission. Mr. Denson is alleged to have collected unemployment for approximately five months in 2016, during which time he was employed and working as a longshoreman. During those months, Mr. Denson failed to accurately report his longshoreman earnings to the New Jersey Department of Labor and Workforce Development. This failure allowed him to receive money through unemployment that he was not entitled to because of the salary he was earning at that time as a longshoreman. The Commission learned of this crime while interviewing Mr. Denson regarding his Request for Retention to remain on the longshore workers’ register despite failing to meet the register’s work and work availability requirements. Mr. Denson was subsequently removed from the longshoreman’s register pursuant to the Waterfront Commission Act, which requires “deep-sea” longshoreman to work or apply for work during six-month intervals for a minimum number of days established by the Commission. Longshore workers who fail to meet these requirements may be removed from the longshoreman’s register in a process referred to as “decasualization.” The purpose of decasualization is to balance the supply of eligible longshoreman with the demand for labor and to remove casual workers who threaten the earning power of other longshoreman.



**May 2, 2017 – Checker Application Denied for Fraud and Various Associations with Organized Crime Figures.** The Commission unanimously denied the application of Angelo Ruggiero of Staten Island who sought longshore registration as a checker, a sensitive position on the ports of New York and New Jersey. After a hearing, an Administrative Law Judge found that Ruggiero had associated with the following organized crime figures in violation of the Waterfront Commission Act:

- John “Johnny Hollywood” Brescio, a capo or captain of the Genovese crime family with convictions pertaining to forgery and illegal gambling. After filing his waterfront application, Ruggiero was in contact with Brescio who had inquired about his employment. The ALJ dismissed Ruggiero’s defense that Brescio had accidentally telephoned him.
- Joseph “Joe Marco Polo” Chirico, a soldier of the Gambino crime family who was convicted of a money laundering conspiracy. Ruggiero has known Chirico since childhood. Ruggiero’s family received discounts at Chirico’s restaurant, Marco Polo Ristorante. The ALJ found that Ruggiero committed fraud, deceit, or misrepresentation in connection with his sworn waterfront application and related interview by failing to disclose his association with Chirico.
- Giuseppe “Joe the Baker” Generoso, an associate of the Gambino crime family. Ruggiero is a close friend of Generoso, whom he has known since childhood. The ALJ found that Ruggiero committed fraud, deceit, or misrepresentation in connection with his sworn application and interview by failing to disclose his association with Generoso.
- Matteo “Matty Square” Ruggiero, an associate of the Gambino crime family and former port worker. Matty Square was ultimately convicted of intentionally conspiring to import and distribute cocaine while employed on the waterfront. Matty Square is the applicant’s uncle and friend with whom he is in regular contact.

The ALJ found that Ruggiero’s calculated association with Matty Square “clearly falls within the ambit of the anti-association statute.” The ALJ found that Ruggiero lied on his waterfront application by failing to disclose his association with Matty Square.

- John Staluppi, a soldier of the Colombo crime family. Ruggiero claimed that, while employed as a restaurant’s wine manager, he served Staluppi and then gave him his personal phone number. Ruggiero and Staluppi later exchanged calls with each other. Ruggiero offered the same defense that he made for calls from Genovese capo Brescio – he claimed that Staluppi called him by accident. The ALJ found Ruggiero’s defense as “incredible and damning.” The ALJ further found that Ruggiero lied during a sworn interview by failing to disclose his association with Staluppi.

The ALJ found that the checker job that Ruggiero seeks is “especially vulnerable to favoritism and no-show activity, a plum for organized crime on the Waterfront.” The ALJ noted that three of the five organized crime figures with whom Ruggiero associated were connected to “Sonny Ciccone, the point man for the Gambino family’s stranglehold on the longshoreman jobs in Brooklyn.” In addition to voluntarily associating with organized crime figures, Ruggiero “chose to lie in his application and lie under oath about his association with those individuals.” The Commissioners adopted the findings and the recommendation of the ALJ to deny Ruggiero’s application for inclusion in the longshore register as a checker.



Angelo Ruggiero      John Brescio  
Genovese Capo

Joseph Chirico  
Gambino Soldier

John Staluppi  
Colombo Soldier

Matteo Ruggiero      Giuseppe Generoso

**May 2, 2017: Checker Applicant Denied Registration For Frauds and Ties To Genovese Soldier Stephen DePiro.** The Commission denied the application of Mark Caruso, Jr. of East Hanover, NJ for inclusion as a checker in the deep sea longshore workers’ register following a hearing before an Administrative Law Judge. The denial was based on his long association with Stephen DePiro, a soldier in the Genovese Crime Family, who is a convicted racketeer and career offender and fraud, deceit and misrepresentation in his application. The Commission also denied Caruso’s application based on his lack of good character and integrity, the standard to be a checker in the Port of New York district. The Commission established at a hearing that DePiro had been, and continues to be in a longstanding romantic relationship with Caruso’s mother, Michele, and that he began living with Caruso and Caruso’s mother when Caruso was about ten years old. DePiro lived there until he was arrested in 2010 in New Jersey and ultimately sent to prison as one of the defendants in the “Christmastime Bonus” extortion ring of Port workers. In that prosecution, longshoremen were forced to convey part or all of their annual container royalty funds to DePiro, on behalf of the



Mark Caruso, Jr.      Stephen DePiro

Genovese Crime Family. The extortion plot, which lasted over twenty years, netted the Genovese Crime Family in excess of a million dollars. The Commission also proved that Mark Caruso, Jr., despite having read on the internet about DePiro's reputation as a member of the Genovese Crime Family, failed to list DePiro on his Waterfront Prequalification Request as someone with whom he had associated, and thereby committed fraud, deceit or misrepresentation on his application. In addition, the Commission established that Caruso denied on his application that he had obtained assistance in preparing his application. During the administrative hearing, Caruso admitted obtaining assistance from his father, thereby contradicting his sworn statement that he had received no help. The ALJ found that Caruso's misrepresentation on his application about seeking help from his father not to be a minimal transgression, especially in light of Caruso's failure to list his association with DePiro on the same application. Thus, the ALJ found that Caruso lacked the good character and integrity required to become a checker and the Commission agreed. Caruso, who was an ILA referral, was not prequalified upon initial Commission review, because of fraud, deceit and misrepresentation on his application and association with Genovese soldier Stephen DePiro. The ILA subsequently sponsored him as a checker nonetheless.

**May 2, 2017 – Port Elizabeth Mechanic Removed from Waterfront for Cocaine Possession Conviction, Failed Drug Tests, and Refusal to Answer Material Question at Commission Proceeding.**

The Commission unanimously revoked the registration of Thomas Zaccagnino as a maintenance man (chassis mechanic) in Port Elizabeth, NJ. Following a hearing, an Administrative Law Judge found that Zaccagnino had violated the Waterfront Commission Act on multiple occasions. The ALJ found:



- In 2016, the City Court of New Rochelle, NY, convicted Zaccagnino of a disqualifying misdemeanor of unlawfully possessing a controlled dangerous substance, specifically cocaine.
- Zaccagnino tested positive for cocaine on three (3) occasions in 2016 while registered to work on the waterfront. He failed two drug tests administered at the direction of the Commission and one drug test administered at the direction of his employer in Port Elizabeth following an accident.
- Zaccagnino sustained an “unacceptable number” of convictions for driving while intoxicated, resulting in the revocation of his driver’s license since 2011. During a sworn interview, he claimed that, because he lacks a valid license, he relies on a fellow port worker to drive him to and from work. Asked for the identity of that port worker to confirm his testimony, Zaccagnino, during the interview and his hearing, refused to identify him. By refusing to answer a material question lawfully required to be answered at a Commission interview, Zaccagnino violated the Waterfront Commission Act. The ALJ concluded that it was “not credible that the Respondent, who has not had a valid driver’s license since 2011, has been driven to work in Elizabeth, New Jersey from his home in New Rochelle, New York by a coworker, who he refused to identify, allegedly at the coworker’s request . . .”

The ALJ determined that Zaccagnino was not a credible witness. Despite his three failed drug tests and misdemeanor conviction, Zaccagnino claimed he was only an “occasional dabbler” in cocaine. The ALJ noted that Zaccagnino has a “history of substance abuse at or around work hours.” Employed at repairing chassis “used to support containers holding tons of cargo,” his “mistakes risk property damage and serious physical injury.” The ALJ found that Zaccagnino’s presence at the piers or other waterfront terminals in the Port represents a danger to the public peace or safety. After considering the record, the Commission adopted the ALJ’s findings and his recommendation.

**May 30, 2017 – Warehouseman Suspended After Arrest for Sexual Assault.** Warehouseman Carlton C. Maynard of Newark, NJ was suspended and a Notice of Hearing was issued after he was arrested in Warren County for Sexual Assault, a second degree crime, and Endangering the Welfare of a Child, a third degree crime. The Notice of Hearing alleges that Maynard sexually assaulted a child younger than thirteen years of age. The Notice of Hearing charges that Maynard’s presence at the piers or other waterfront terminals in the Port of New York district represents a danger to the public peace or safety. The Commission temporarily suspended Maynard’s registration as a warehouseman pending the outcome of an Administrative Hearing.

**May 30, 2017 – Longshoreman’s Registration Revoked for Association with Three Bonanno Crime Family Figures.** Filippo Bonura of Oceanside, NY, who has been a longshoreman since 2005, had his registration revoked by the Commission following an administrative hearing. The evidence at the hearing showed that Bonura associated with three Bonanno Crime Family members: Giacomo “Jack” Bonventre, an acting capo in the Bonanno Crime Family who is a career offender; Ronald “Ronnie G” Giallanzo, a capo in the Bonanno Crime Family who is a career offender and convicted racketeer; and Sandro “Santo” Aiosa, a soldier in the Bonanno Crime Family who is a career offender and convicted racketeer. The Commission established that as a teenager, Bonura worked for Bonventre in a deli owned by Bonventre and later worked as a tow truck driver for a collision shop operated by Bonventre. In addition, the Commission proved that Bonura and Bonventre continued to communicate frequently as recently as October 2015. Regarding Bonanno Crime Family members Aiosa and Giallanzo, the Commission established that Bonura was in communication with each of them on multiple occasions as recently as September and October, 2015, respectively. The Administrative Law Judge found that Bonura’s association with three members of the Bonanno Crime Family gave “the clear perception that he could be influenced by them and presents the perception of an unacceptable risk of corruption that should not be tolerated.” The ALJ also cited Bonura’s previous addiction to drugs and problems with gambling and found that Bonventre’s conviction for gambling and extortion and his association with Aiosa, who also had gambling convictions, put Bonura “at a risk for corruption if he should ever lose so much gambling that he needs money” The ALJ recommended that Bonura’s registration be revoked. The Commissioners accepted his findings and recommendation.



Filippo Bonura

Giacomo Bonventre  
Bonanno Acting Capo

Ronald Giallanzo  
Bonanno Capo

Sandro Aiosa  
Bonanno Soldier

**May 31, 2017: Alleged Street Boss and Underboss of La Cosa Nostra Family Charged With Murder And Racketeering Offenses In White Plains Federal Court – Charges Filed Against Entire Administration of the Luchese Family (Boss, Underboss, and Consigliere), As Well As Four Captains, Five Soldiers, and Seven Associates.** Nineteen members and associates of the Luchese Family of La Cosa Nostra were charged with racketeering, murder, narcotics, and firearms offenses. A superseding indictment builds on charges previously filed against Lucchese soldier Christopher Londonio and Lucchese associate Terrence Caldwell, who were charged in February 2017 with racketeering offenses, including the murder of Michael Meldish, a Lucchese associate who was killed in the Bronx on November 15, 2013. The superseding Indictment charges Matthew Madonna, the alleged street boss of the Lucchese Family, Steven Crea, Sr., the alleged underboss of the Family, and Steven Crea, Jr., Londonio’s alleged captain in the Family, with ordering the murder of Meldish. The Superseding Indictment also contains additional racketeering charges against Madonna, Crea, Sr., and Crea, Jr., as well as the alleged consigliere of the Lucchese Family, Joseph DiNapoli and numerous other members and associates of La Cosa Nostra.

According to the allegations in the superseding indictment: Madonna was the street boss of the family – that is, the individual who managed the affairs of the Family on behalf of the formal boss, who is serving a life sentence in federal prison. Steven Crea, Sr., a/k/a “Wonder Boy,” was the Underboss of the Lucchese Family, and Joseph DiNapoli was the Consigliere of the Lucchese Family. Additionally, Steven Crea, Jr., Dominic Truscello, John Castellucci, a/k/a “Big John,” and Tindaro Corso, a/k/a “Tino,” were Captains or Acting Captains in the Lucchese Family. Joseph Venice, James Maffucci, a/k/a “Jimmy the Jew,” Joseph Datello, a/k/a “Big Joe,” a/k/a “Joey Glasses,” Paul Cassano, a/k/a “Paulie Roast Beef,” and Christopher Londonio were Soldiers in the Lucchese Family.

It is alleged that from 2000 up to approximately 2017, Madonna, Crea, Sr., DiNapoli, Crea, Jr., Truscello, Castellucci, Corso, Venice, Maffucci, Datello, Cassano, Londonio, Terrence Caldwell, a/k/a “T,” Vincent Bruno,, Brian Vaughan, Carmine Garcia, a/k/a “Spanish Carmine,” Richard O’Connor, Robert Camilli, and John Incatasciato, along with other members and associates of La Cosa Nostra, committed a wide array of crimes in connection with their association with the mafia, including murder, attempted murder, assault, robbery, extortion, gambling, narcotics trafficking, witness tampering, fraud, money laundering, and trafficking in contraband cigarettes. Of particular significance, in November 2013, Madonna, Crea Sr., Crea, Jr., Londonio and Caldwell murdered and procured the murder of Michael Meldish in order to maintain or increase their status in La Cosa Nostra. The following violent incidents are also alleged: In late 2012, Paul Cassano and Vincent Bruno, acting at the direction of Crea, Sr. and Crea Jr., attempted to murder a mafia associate who had shown disrespect toward Crea, Sr. As charged in the initial indictment, in May 2013, Caldwell attempted to murder a Bonanno soldier in Manhattan. In or about October 2016, Crea, Sr. and Datello attempted to murder a witness who had previously provided information regarding the activities of La Cosa Nostra to state and federal law enforcement.

**June 26, 2017: Lasher Surrenders Registration with Prejudice Following Charges of Burglary and Criminal Mischief.** The Commission accepted the request of Joseph Vieira to surrender his registration as a maintenance man (lasher) with prejudice. He was facing charges at an administrative hearing that he had violated the Waterfront Commission Act because of criminal mischief in 2015, burglary in 2016, and a felony conviction in 2017. Vieira had been employed by A.G. Ship Maintenance Corp. as a cargo container lasher at waterfront terminals in New Jersey. While registered to work on the waterfront, Vieira was convicted of the following crimes:

- In September 2015, in Old Bridge, New Jersey, Vieira broke into a vehicle, causing damage. On August 5, 2016, in the Superior Court of New Jersey, Middlesex County, Vieira pled guilty to Criminal Mischief, a crime of the fourth degree, and, on February 3, 2017, he was sentenced to three (3) years of probation and ordered to pay restitution.
- In September 2016, in Old Bridge, New Jersey, Vieira unlawfully entered a vehicle and unlawfully took an iPad. On November 17, 2016, in the Superior Court of New Jersey, Middlesex County, he pled guilty to Burglary, a crime of the third degree, and, on February 3, 2017, he was sentenced to three (3) years of probation.

The Commission's Notice of Hearing charged Vieira with a disqualifying felony conviction in 2017 for burglary. The Notice of Hearing further alleged that Vieira's presence on the piers represents a danger to the public peace or safety because of the criminal mischief in 2015 and burglary in 2016. The Commission had suspended Vieira's registration as a maintenance man (lasher) since October 2015 in connection with the first of the above crimes. Today, the Commission officially barred Vieira from the waterfront by accepting his request for the surrender of his registration with prejudice.

**June 26, 2017: Port Watchman Application Withdrawn with Prejudice Following Charges of Frauds and Violation of the Federal Food, Drug and Cosmetic Act.** The Commission accepted the request of Stephen G. Bardsley to withdraw his application for a license as port watchman with prejudice. Bardsley had been charged with violated the Waterfront Commission Act by lacking the requisite good character and integrity, and by committing acts of fraud, deceit or misrepresentation in connection with his application. In 1997 to 2010, Bardsley worked at Congressional Seafood Co., Inc., where he was responsible for ensuring the maintenance of proper sanitary conditions and practices for the fish product distributor. In 2009, the federal government moved for an injunction against Bardsley and others for violating the Federal Food, Drug and Cosmetic Act (FFDCA), because he was among those responsible for the distribution of fish and fishery products that were prepared, packed and held under unsanitary conditions whereby they were rendered injurious to health. In 2010, Bardsley and his codefendants signed a consent decree that restrained and enjoined them from preparing, packaging and distributing fish and fishery products until meeting certain conditions to ensure safety. During the same year, Bardsley employment at Congressional Seafood ended. He became a member of the International Longshoremen's Association, working as a checker in the Port of Baltimore, and subsequently applied for a port watchman's license to work at APM Terminals in Elizabeth. Bardsley failed to properly disclose on his application both his employment at Congressional Seafood and also the litigation alleging he violated the FFDCA. He was alleged to have falsely claimed on his application that he was unemployed and then worked somewhere else during the period he actually worked for Congressional Seafood. It was further alleged that Bardsley lacked the requisite good character and integrity because of his violation of the FFDCA and the frauds he committed in connection with his Commission application. Facing these charges, Bardsley requested the withdrawal of his application for a license with prejudice.

## **SIGNIFICANT LITIGATION**

### **The United States Court of Appeals for the Third Circuit Affirms the Waterfront Commission's Statutory Authority to Require Fair and Non-Discriminatory Hiring in the Port, and Dismisses Amended Complaint Filed by the NYSA, MMMCA and ILA**

In a precedential decision dated August 30, 2016, the United States Court of Appeals for the Third Circuit affirmed the dismissal of the federal complaint filed by the NYSA, ILA, MMMCA, and various ILA locals against the Waterfront Commission. The 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. They also alleged that the Commission was improperly interfering with their collective bargaining rights by doing so.

Two years ago, the United States District Court for the District of New Jersey rejected these allegations, and found that the eradication of discrimination is, indeed, one of the purposes of the Waterfront Commission Compact. The court noted that while the Compact safeguards collective bargaining rights, the protections are not absolute and cannot supersede the Waterfront Commission's supervisory role regarding practices that might lead to corruption. The court dismissed the complaint in its entirety.

In their appeal, the ILA, NYSA and MMMCA continued to insist that even though the Waterfront Commission was formed to combat corrupt hiring practices, such practices did not include the purposeful exclusion of racial minorities. And consequently, that the Waterfront Commission cannot require them to certify that their hiring practices comply with federal and state laws dealing with equal opportunity. They argued that the Waterfront Commission's actions violated national labor policy by dictating the terms of their collective bargaining agreements, and interfered with their "freedom of choice in the selection of employees."

The Third Circuit found these arguments to be "meritless," and questioned, "Can it seriously be argued that racial discrimination in hiring (or anywhere, for that matter), is not a corrupt practice?" The Circuit Court unequivocally found that "the Commission's actions in requiring certification that prospective employees were selected in a nondiscriminatory manner certainly further the Compact's purposes of rooting out corrupt hiring practices such as racial discrimination." In doing so, the Third Circuit agreed with the Waterfront Commission that any hiring framework which gives the ILA the exclusive right to recruit and select potential employees to be referred is no better than the shape-up system of old. And therefore, that the Commission was not unlawfully interfering with any collective bargaining rights by implementing certification requirements. The court found, in short, that "where actions are not in further of the original purposes of the Compact, collective bargaining rights may be infringed upon."

This decision once again sends the clear and unmistakable message to the ILA, NYSA and MMMCA that their attempts to institutionalize discrimination through collective bargaining agreements will not be tolerated. *N.Y. Shipping Ass'n v. Waterfront Comm'n of N.Y. Harbor* 835 F. 3d 344 (3d Cir. 2016)

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

As previously reported, 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. 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.

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.

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.)*

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

As previously reported, six ILA officials filed a complaint against the Waterfront Commission seeking 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 found by an industry arbitrator to be in violation of the no-strike provision contained in the applicable collective bargaining agreements. While there was no official explanation for the strike, it was widely reported that Plaintiff James McNamara, ILA Public Relations Director, said the strike was "directed at the Waterfront Commission and its interference in hiring and harassment of ILA members." 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 Commission is vigorously defending that matter. *Harold Daggett, et al. v. Waterfront Commission of New York Harbor, 2:16-cv-04314(ES)(SCM)*

## LEGISLATIVE MATTERS

### The Ongoing Efforts of the NYS 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, allows the Commission to open and close the deep-sea longshore workers' register as dictated by labor needs and to ensure fair and non-discriminatory hiring. 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 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 PONNJ 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, the NYSA again unsuccessfully lobbied in favor of New York Senate Bill 3312, which repeals Section 5-p. SB 3312's justification cites hiring delays and labor shortages in connection with the last round of hiring, and indicates that even though industry representatives submitted a request for labor on September 9, 2013, the first new workers were not hired until February 4, 2014, and that it took more than two years to complete the hiring of the 682 workers requested. Premised upon the claims of the NYSA, the bill avers that Port employers have been denied the ability to expeditiously hire and train workers due to the Waterfront Commission's "slow and antiquated" hiring process.

On June 6, 2017, Commission and industry representatives and members of the law enforcement community testified before the New York Senate Standing Committee on Corporations, Authorities and Commissions regarding the future hiring practices of the Port. We, along with our law enforcement partners, underscored the critical importance of Section-5p. Much of the focus was on the alleged hiring delays and labor shortages cited in SB3312. Commission representatives pointed out that noticeably absent from the bill's justification section is that rather than work with us to ensure that individuals were fairly hired, trained and put to work in the Port as expeditiously as possible, the NYSA, ILA and MMMCA instead chose to pursue over 2½ years of needless litigation against the Commission, challenging its statutory authority to ensure fair hiring. We cited the continued lack of diversity – as illustrated in this Report – among registered longshore workers in the various ILA locals, and the ongoing influence of organized crime and corruption in the Port. Following that testimony, Committee Chairman, Senator Michael H. Ranzenhofer, pressed NYSA President John Nardi about the lack of diversity in certain ILA locals:

**Chairman Ranzenhofer:**

**There was the argument that it really, there are certain locals there that are not very diverse. Is that, would that be a correct statement?**

**Mr. Nardi:**

**Yes. Our employers are not responsible for the locals. The locals are responsible for the locals. And if somebody has a problem with the diversity at local, then the appropriate agency should take that up with the locals. We have nothing to do with that. We don't decide who goes into which local. That's up to the union.**

[Source: 6/6/17 Hearing Transcript page 153:25 to 154:11]

When pressed by legislators, the NYSA openly acknowledged the lack of diversity in certain ILA locals but disavowed any associated responsibility. Notably, however, incoming workers to the deep sea longshore force are recruited, interviewed, selected and sponsored in accordance with an agreed-upon NYSA-ILA hiring plan. Referrals in the last round of hiring were made both by the NYSA and ILA. Before anyone is hired and becomes a union member, Port employers (represented by the NYSA) must first certify – for each and every person who is hired – that the selection of that person was done in a fair and non-discriminatory manner. The NYSA, therefore, has a direct impact on the diversity of the locals.

Again, it became apparent to the legislative members that the industry is still incapable of self-regulation, and that there is still much to be done before any serious thought can be given to the repeal of Section 5-p.

## 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 2016-2017, the Law Division hosted law students and post-graduate fellows who attended Brooklyn, Cardozo, CUNY, Fordham, Hofstra, NYU, and St. John’s law schools. In addition, the Commission hosted undergraduate college students who attended Binghamton University, Columbia University, John Jay College of Criminal Justice, and NYU. Supervised by mentoring attorneys and analysts, the interns drafted reports, conducted research, observed or participated in depositions, attended educational lectures, and supported administrative hearings of port workers.



**Fall 2016 Law/Intelligence Interns and Post-Graduate Law Fellows:**  
 (L to R): Kristine Koopman, Jason Rubenfeld, Amy Carbonaro, Peter Weinmann, Not pictured: Tania Parker



**Spring 2017 Law Interns:**  
 (L to R): Kevin Torge, Stephanie Goldberg, Emilia Flack, Aanand Shah, Christopher Morella Jr.

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*“It was so great to gain exposure to the world of criminal law and what it is like to work in a government agency. The externship program has absolutely motivated me to continue pursuing a career in law.” – Emilia Flack (Columbia ’20)*

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**Summer 2017 Law/IT Interns:**  
 Back (L to R): Samuel Seham, Mahni Alizadeh, Melvin Peralta  
 Front (L to R): Cansu Zor, Shayna Byrne, Aneesa Osborne, Vanessa Castello, Angela Li



Summer 2017 Interns Port Tour

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*“I learned a lot from my time at the Waterfront Commission of New York Harbor. It was equipped with the right amount of work and laughs, which kept the office work day meaningful, and enjoyable.”*

*– Aneesa Osborne (CUNY Law '19)*

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Summer 2017 Interns at Annual Picnic with Sr. Counsel and Internship Coordinator Paul E. Babachik

# ANNUAL FINANCIAL REPORT

## WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**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, 2017**

	<u>Actual</u>	<u>Budget</u>	<b>Favorable / (Unfavorable) Variance</b>
<b>RECEIPTS</b>			
Assessments (regular)	14,881,502	\$ 14,265,000	\$ 616,502
Assessments (additional)	17,226	-	17,226
Interest charges	-	-	-
Subtotal	14,898,728	14,265,000	633,728
Dividend and interest income	17,862	7,200	10,662
Overtime reimbursements	52,972	-	52,972
Insurance recovery	51,241	-	51,241
Other	4,646	-	4,646
Total receipts	15,025,449	14,272,200	753,249
<b>DISBURSEMENTS</b>			
<i>Personal Services</i>			
Regular payroll	6,988,134	7,364,470	376,336
Overtime payroll	119,662	96,860	(22,802)
Group health insurance	1,264,036	1,328,600	64,564
Workers' compensation insurance	137,152	117,000	(20,152)
Employer taxes	551,993	581,000	29,007
Pension costs	958,081	1,175,300	217,219
Subtotal - salaries and benefits	10,019,058	10,663,230	644,172
Outside auditors, consultants and counsels	86,652	123,500	36,848
Administrative judges, transcript and other	71,584	64,000	(7,584)
Subtotal - professional services	158,236	187,500	29,264
Total personal services	10,177,294	10,850,730	673,436
<i>Other Than Personal Services</i>			
Office rentals	865,806	865,164	(642)
Utilities	76,091	113,400	37,309
General insurance	629,632	662,200	32,568
Travel and automobile	246,864	355,200	108,336
General office	67,455	85,750	18,295
Communications	149,834	172,900	23,066
Special supplies	126,303	157,675	31,372
Information system	99,294	96,000	(3,294)
Repairs and maintenance	22,625	36,192	13,567
Printing	7,080	7,000	(80)
Furniture and equipment	9,534	11,000	1,466
Continuing education	4,149	11,410	7,261
Total other than personal services	2,304,667	2,573,891	269,224
Total disbursements	12,481,961	13,424,621	942,660
<b>Excess of Receipts over Expenditures</b>	<b>2,543,488</b>	<b>847,579</b>	<b>1,695,909</b>
Transfer to Reserves	(2,000,000)	-	2,000,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>543,488</b>	<b>847,579</b>	<b>(304,091)</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>4,577,731</b>	<b>4,577,731</b>	<b>-</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ 5,121,219</b>	<b>\$ 5,425,310</b>	<b>\$ (304,091)</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, 2017

(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, 2017

(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 7.2% and 10% through June 30, 2017, 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, 2017, 2016, and 2015, amounted to \$100,153, \$95,931, and \$82,665, 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, 2017

(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:

2017	\$ 846,221
2016	832,728
2015	1,101,909

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, 2017

(4) Lease Commitments

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$865,806 for the year ended June 30, 2017.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2018	\$ 1,104,580
2019	1,133,520
2020	1,161,003
2021	1,143,745
2022	983,087
2023 and thereafter	<u>4,342,254</u>
	<u><u>\$9,868,189</u></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 Port Operations  
& THEIC

**Thomas Kapp**  
Director of Law, Licensing  
& Employment  
Information Centers

**Richard Carbonaro**  
Director of Administration  
and Audit

**David Murillo**  
Director of Information  
Technology

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

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

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

**Mark Winston**  
Deputy General Counsel

## OFFICES



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### TELECOMMUNICATIONS HIRING EMPLOYMENT INFORMATION CENTER:

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