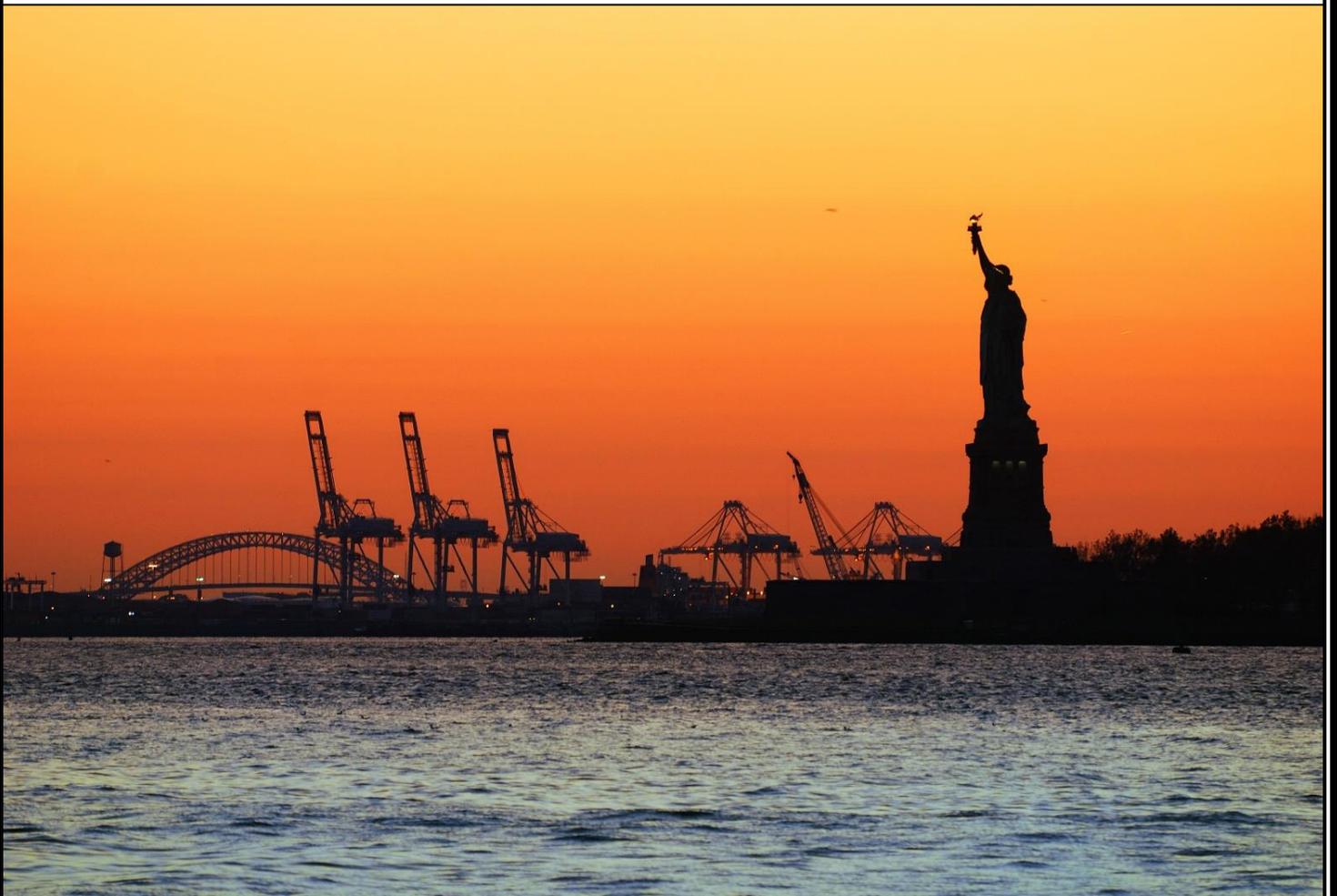


**WATERFRONT COMMISSION  
OF NEW YORK HARBOR  
ANNUAL REPORT**

**2014-2015**





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

**"History teaches us that as long as demand exists for illegal loans, illicit gambling, drugs, and other black-market goods and services, organized crime is going to turn a profit by preying on society. Our message to the Mafia is that as long as they do, we're going to be here to send them to prison."**

- Acting New Jersey Attorney General John J. Hoffman, announcing arrests on October 21, 2014 in the Waterfront Commission's joint investigation, "Operation Fistful"

**This union official sold out the hardworking union members he was supposed to serve, extorting money from them in a criminal tribute scheme that belongs in an old Hollywood movie, but certainly not on the modern-day docks of our port... we will continue to work with the Waterfront Commission and our federal partners to maintain vigilance and eliminate organized crime on the waterfront."**

- Acting Attorney General Hoffman, announcing convictions on January 23, 2015 in the Waterfront Commission's joint investigation, "Operation Terminal"

This was a year of great momentum in our ongoing efforts to combat corruption and the entrenched organized crime influence that continues to thrive in the Port of New York-New Jersey. On October 21, 2014, we proudly announced our joint investigation, "Operation Fistful," in which eleven alleged members and associates of the Genovese crime family, including an alleged capo and soldier, were charged with racketeering for reaping millions of dollars in criminal profits through loansharking, illegal check cashing, gambling and money laundering in the Port district, including laundering of proceeds from narcotics trafficking. Shortly afterwards, we announced the sentencing of the Genovese soldier who controlled the Port on behalf of the Genovese crime family, along with two former Local Presidents of the International Longshoremen's Association, AFL-CIO (ILA), two former ILA Local Vice Presidents, a former ILA Local Delegate, a high-ranking ILA official, and three former longshoremen for extortion conspiracy of their rank and file members. That investigation exposed the 35-year extortion scheme on behalf of the Genovese crime family, in which tribute payments were collected from longshore workers through actual and threatened force, violence and fear. And on January 23, 2015, as part of another joint investigation, "Operation Terminal," we announced the convictions of the ILA Atlantic Coast District Vice President and another longshoreman for extorting longshore workers for better work hours and assignments. In that same case, a Newark police officer (and former longshoreman) was also convicted of using official law enforcement databases to identify undercover police vehicles for the Genovese crime family.

We were also gratified by a number of significant legal victories. The United States District Court for the Southern District of New York affirmed the Commission's statutory jurisdiction over warehouses in the Port. In a precedential decision, the New Jersey State Appellate Division affirmed the Commission's removal of a hiring agent for association with members of the Genovese crime family. And on the other side of the river, the New York State Appellate Division affirmed the Commission's revocation of a longshore worker's registration for association with an associate of the Genovese crime family.

On the hiring front, the ILA, New York Shipping Association, Inc. (NYSA) and Metropolitan Marine Maintenance Contractors Association, Inc. (MMMCA), continued to vehemently oppose the Commission's diversity and inclusion initiatives. 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 required the industry to submit a fair hiring plan that includes employers in the recruitment and selection process. The Commission also required that the industry address certain deficiencies in the proposed deep-sea hiring plan, and to develop procedural mechanisms to ensure that it is fairly administered.

Rather than do so, the ILA, NYSA and MMMCA filed a federal lawsuit last year, alleging that the Commission has "gone off the rails to pursue a future for itself that is well outside the purposes and goals that led to its creation." Even though they acknowledged that the Commission was created to eliminate corrupt hiring practices on the waterfront, they contended that this does not include the purposeful exclusion of racial and ethnic minorities and women. They further alleged that the Commission's fair hiring requirements unlawfully interfered with their collective bargaining agreements, and that they should be allowed unfettered discretion to implement whatever hiring plan they want, regardless of the discriminatory impact. Not only did they challenge the Commission's recent diversity and inclusion initiatives, but they also sought to completely eradicate a critical provision of the Waterfront Commission Compact, "Section 5-p," which empowers the Commission to safeguard fair and nondiscriminatory hiring.

This year, that lawsuit was dismissed in its entirety. In a well-reasoned 30-page decision, the United States District Court for the District of New Jersey agreed that the eradication of discrimination is, indeed, one of the purposes of the Compact. The court found that the industry's collective bargaining protections are not absolute, and that the Commission's diversity and inclusion initiatives fall squarely within its statutory authority. Following that decision, we again asked the ILA, NYSA and MMMCA to submit a fair hiring plan for maintenance and repair workers, which would include employers in the recruitment and selection process, and allow them to fulfill the Commission's fair-hiring certification requirements. Rather than do so, they appealed the district court's decision. That case is currently pending. In the interim, to curtail the deleterious impact of this meritless litigation on Port operations, the Commission met directly with Port employers to address their immediate need for labor.

On the deep-sea side, the Commission opened the deep sea longshore workers' register several times this year, and issued 349 registrations (276 longshore and 73 checkers). We again closely monitored the industry's referral and hiring practices, and took appropriate measures to ensure compliance. As detailed in this Report, even though the NYSA-ILA's new hiring plan calls for 51% of the new hires to be military veterans, veterans have consistently lagged behind ILA and NYSA referrals this year. The Commission continues to advocate on their behalf.

This year, we conducted hundreds of background checks for candidates referred by the industry. In screening prospective workers, we are employing sophisticated intelligence techniques not only to detect prior criminality, but also to root out associations between applicants and organized crime figures. The overwhelming number of union referrals with organized crime ties is deeply concerning, and again underscores the importance of fair and transparent recruitment, referral and hiring. When those associations undermine the purpose of the Compact, we have barred those individuals from entering the Port workforce. This year, we also administratively removed several individuals from the workforce for such associations.

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

Without the Waterfront Commission's oversight, organized crime figures repeatedly identified in this Report would be free to directly control and operate at the critical points of interstate and international shipping. The Commission's presence has a strong deterrent effect, and substantially disincentives their placement directly in the Port, because attempts to do so expose those individuals, and their criminal source of employment, to law enforcement investigation. Removing this oversight, primarily through false claims of interference and labor inefficiency, has long been a goal of organized crime. This year, the NYSA and ILA vigorously lobbied in support of legislation to unilaterally abolish the Commission and transfer the balance of its limited responsibilities to the New Jersey State Police. The bill, which was patently unconstitutional, was largely premised on the fallacy that the industry has driven out the influence of organized crime, and that the Commission has impermissibly interfered with the industry's collective bargaining rights. In opposition to the bill, Commission representatives presented the expansive list of recent and ongoing prosecutions as uncontroverted evidence that organized crime and corruption still continues to thrive in the Port. As to the interference claims, we cited the industry's continued discriminatory hiring practices and the recent district court decisions upholding the Commission's actions and finding no unlawful interference. Despite this, the legislation unanimously passed.

On May 5, 2015, the bill was conditionally vetoed by Governor Christie, who acknowledged that federal law does not permit one state to unilaterally withdraw from a bi-state compact approved by Congress. Governor Christie's veto called for modernization and for new regulations that increase regulatory clarity and predictability for Port warehouses. The Commission worked closely with the Governor's office and the commercial real estate industry to develop, propose and adopt regulatory amendments to address the concerns of warehouse operators and the commercial real estate industry regarding the scope of the Commission's jurisdiction and the applicability of the Compact to their members. Those amendments simplify and streamline the licensing process and alleviate the perceived onerous requirements that were previously in place. They promote the Commission's missions, while ensuring that the operations of warehouses and that of the commercial real estate industry are not adversely impacted by the Commission's activities.

As we reported in prior years, a change in culture will not come easily to an industry with a long and intractable history of corruption and racketeering. The revitalized Waterfront 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 of New York-New Jersey and to ensure fair hiring and employment practices. The Commission is effectively performing its designated responsibilities under the 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 exists for the continued registration of longshore workers, the continued licensing of those occupations and types of employment required to be licensed under the Compact, and the continued public operation of employment information centers.

I am pleased to present to you the 2014-2015 Annual Report of the Waterfront Commission of New York Harbor.

Respectfully submitted,



Walter M. Arsenault  
Executive Director

# ANNUAL REPORT

## FISCAL YEAR 2014-2015



**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 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.

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

This Division is headed by Director Jeffrey R. Schoen, along with John G. Casey, Deputy Director of Licensing and E.I.C. The Division's three 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. The Licensing Division supervises the Telephonic Hiring Employment Information Center in Edison, New Jersey which oversees the hiring of longshore workers, checkers and pier guards in the port.

## **Police**

This Division is headed by Chief Constantine Miniotis and staffed by three captains, five sergeants, twenty-seven 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 has detectives serving on the following Task Forces: Federal Bureau of Investigation Organized Crime Task Force (Newark); HSI Border Enforcement Security Task Force (New Jersey and New York); HIDTA (High Intensity Drug Trafficking Program in New York), and the El Dorado team investigating narcotics and money laundering (New York City).

Captain Jeffrey Heinssen commands the Brooklyn Field Office and Captain Margaret Baldinger commands the Elizabeth Field Office. Captain Thomas Alexander supervises Task Force personnel and oversees the Division's robust training programs and commands the New York office.

## **Intelligence**

This Division is headed by Dan Ramirez and is 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. It also includes the identification of numerous associations between longshore workers and members of organized crime. The Division also played a crucial role during the joint investigation Operation Fistful, resulting in the arrests of 11 members and associates of organized crime in loansharking, illegal check cashing, gambling & money laundering.

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

The Division maintains active memberships with the International Association of Crime Analysts (IACA); the International Association of Law Enforcement Intelligence Analysts (IALEA); the Middle Atlantic Great Lakes Law Enforcement Network (MAGLOCLLEN); and the National White Collar Crime Center (NW3C) to promote professional development and stay abreast of emerging trends within the intelligence community. Members within the Division attend the Intelligence Analyst Training Program at the Federal Law Enforcement Training Center (FLETC) in Glynco, GA. The Intelligence Division upgraded its ability to conduct telecommunications and social media analysis with increased training and the installation of advanced software.

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 annually.

### **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 13 payroll audits and 7 compliance audits, and participated in 2 special investigations.

### **Information Technology**

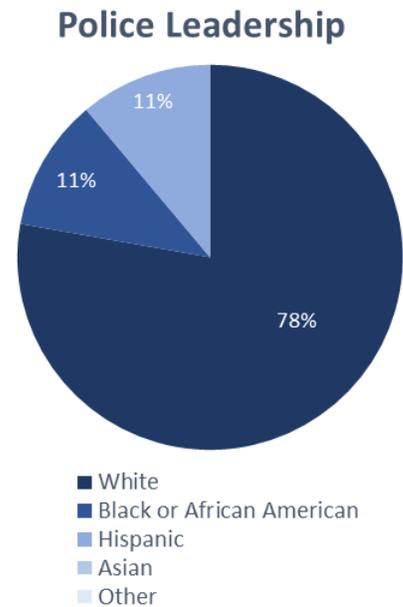
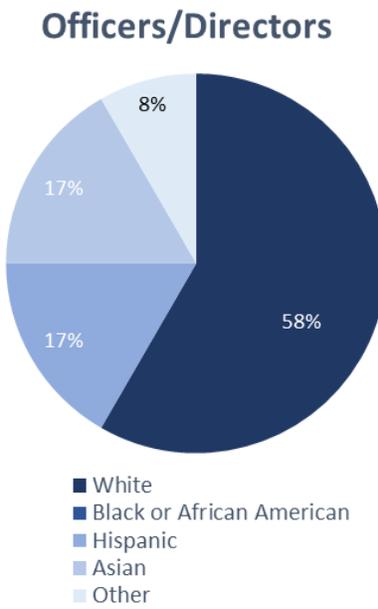
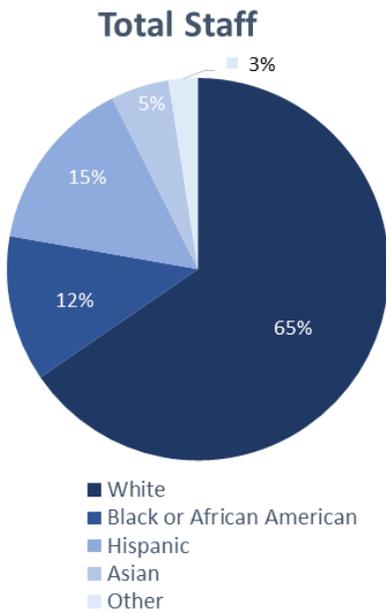
This Division, headed by David Murillo, is responsible for the development and implementation of the Commission's technological systems, maintenance of its infrastructure, and the security and functionality of its systems overall. The Division also provides the Commission's Police, Intelligence Divisions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

This year, the IT Division continued the process of overhauling the Commission's outdated Waterfront Information System, which is the central database for all individuals licensed and registered to work in the Port. The IT Division also initiated the implementation of a digital document management system not only to safeguard the Commission's physical records, but also – through document imaging, indexing and archiving – to allow the agency to quickly retrieve documents responsive to requests made by other administrative and law enforcement agencies. This is particularly critical because it will enable the Commission to respond to requests for documents, often going as far back as fifty years, by the U.S. Department of Justice relating to the pending federal civil and criminal RICO actions.

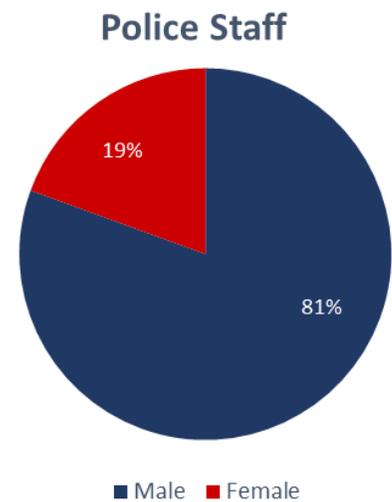
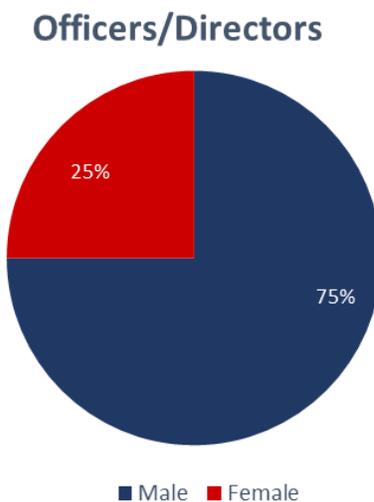
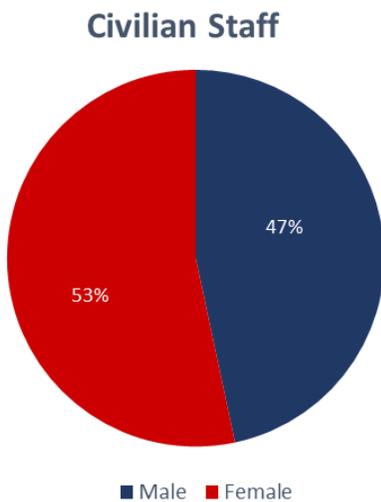
## DIVERSITY AND INCLUSION IN THE COMMISSION'S WORKFORCE

The Commission is deeply committed to a culture of diversity and inclusion in its workforce. As we previously reported, six years ago – 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 – Field Intelligence Support Team (FIST)

National White Collar Crime Agency

Multi-jurisdictional Counter-drug Task Force

National Association of Attorneys General

International Association of Airport and Seaport Police

Police Executive Research Forum

New York State Association of Chiefs of Police

Association of Chiefs of Police, Essex County

Area Maritime Security Committee (AMSEC)

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

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

## **CASH MANAGEMENT AND THRIFT**

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

FY 2014-2015 financial results exceeded the budget plan by \$1.7 million with a surplus of \$3.0 million. After transferring \$1.3 million to the underfunded post-retirement benefit reserve, the accrued Other Postemployment Benefits (OPEB) liability was still 55% below the recommended amount due to the prior administration's failure to fulfill its fiscal obligations. \$1.7 million surplus was carried forward to FY 2015-2016. The Commission closed the fiscal year ended June 30, 2015 with a fund balance of \$4.0 million.

FY2014-2015 cash receipts were \$15.3 million, \$1.1 million (+8%) above budget and \$983,000 (+7%) above last year. This increase in cash receipts from last year was mainly due to the record-breaking growth in assessable payroll base.

FY 2014-2015 expenditures totaled \$12.3 million. The Commission's continual budget spending control generated \$625,000 savings (equivalent to 5% of the approved budget) including \$195,000 in regular payroll, \$168,000 in information system, and \$262,000 from various budget line items. The average headcount in FY 2014-2015 was 83 FTE positions, 5% under budget.

## PORT STATISTICS

During calendar year 2014, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 35.361 thousands of metric tons of waterborne cargo valued at \$ 179,504 million. The tonnage increased by 3.8 % and the dollar value increased by 4.0 % over 2013.

For 2014, 5,772.203 container units passed through the port, an increase of 5.6 % over 2013. For the same 2014 period, 640,820 vehicles were imported or exported, a decrease of 14.3% over the prior year.

The Port's leading waterborne general cargo exports for the year 2014 (as calculated in metric tons) were wood pulp, plastics and vehicles. The leading general cargo imports (also in metric tons) were beverages, plastics and preserved food. The largest containerized cargo volumes for import were furniture, beverages, apparel, machinery and appliances. The largest containerized cargo volumes for export were paper, automobiles, scrap metal, and automobile parts.

On June 30, 2015, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled 6,401 broken down into the following categories:

2015	#
"Deep Sea" Longshore Workers	<b>2360</b>
Special Craft	<b>334</b>
Checkers	<b>669</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>3,038</b>
Port Watchmen	<b>262</b>
Hiring Agents	<b>96</b>
Pier Superintendents	<b>347</b>
Telecommunications System Controllers	<b>8</b>
Longshore workers were decasualized by the Commission for failure to meet minimum work requirements in FY 2014-2015	<b>35</b>
Companies licensed as stevedores, (including 18 with permanent licenses), who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.	<b>42</b>

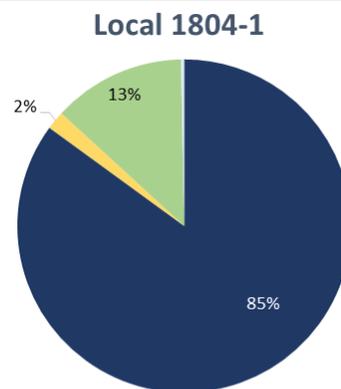
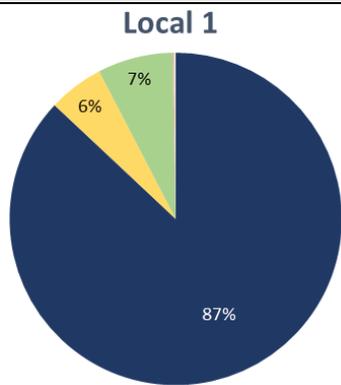
## DIVERSITY AND INCLUSION IN THE PORT WORKFORCE

Since its revitalization six years ago, the Waterfront Commission has taken great measures to combat the prevalent discriminatory hiring practices in the Port and to foster diversity and inclusion in the longshore workforce. Despite this, as illustrated below, the industry has made little progress in diversifying the membership of registered longshore workers and maintenance workers/mechanics in the various ILA 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	582	87.0%	36	5.4%	49	7.3%	1	0.1%	1	0.1%	669
1233	71	8.9%	667	83.9%	47	5.9%	3	0.4%	7	0.9%	795
1235	632	72.4%	23	2.6%	205	23.5%	3	0.3%	10	1.1%	873
1814	85	77.3%	13	11.8%	10	9.1%	0	0.0%	2	1.8%	110
1588	214	72.1%	37	12.5%	40	13.5%	1	0.3%	5	1.7%	297
920	131	82.9%	15	9.5%	10	6.3%	2	1.3%	0	0.0%	158
824	69	79.3%	8	9.2%	7	8.0%	2	2.3%	1	1.1%	87
1804-1	284	85.0%	6	1.8%	43	12.9%	0	0.0%	1	0.3%	334
<b>Total</b>	2068	62.2%	805	24.2%	411	12.4%	12	0.4%	27	0.8%	3323



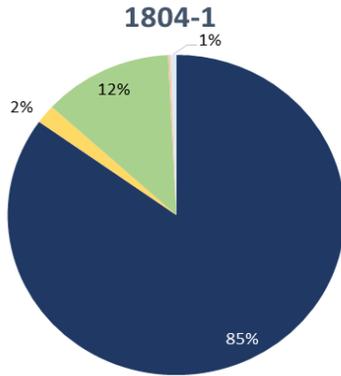
■ White  
■ Black or African American  
■ Hispanic  
■ Asian  
■ Other

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

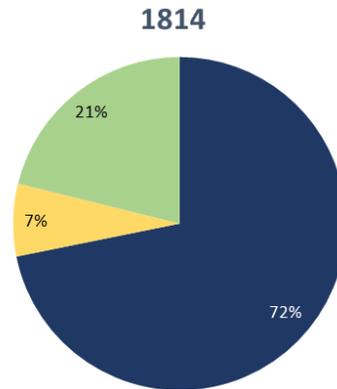
## MAINTIENANCE WORKERS/MECHANICS – DIVERSITY

ILA Local	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
1804-1	668	84.9%	15	1.9%	98	12.5%	2	0.3%	4	0.5%	787
1814	51	71.8%	5	7.0%	15	21.1%	0	0.0%	0	0.0%	71
<b>Total</b>	<b>719</b>	<b>83.8%</b>	<b>20</b>	<b>2.3%</b>	<b>113</b>	<b>13.2%</b>	<b>2</b>	<b>0.2%</b>	<b>4</b>	<b>0.5%</b>	<b>858</b>

**GENDER: 1 FEMALE OUT OF 858 MAINTENANCE WORKERS/MECHANICS**



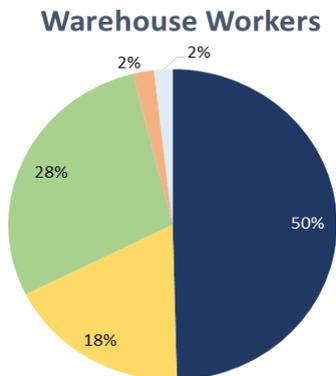
- White
- Black or African American
- Hispanic
- Asian
- Other



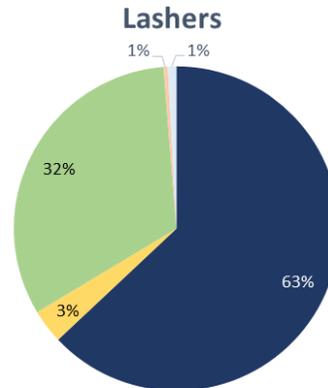
- White
- Black or African American
- Hispanic
- Asian
- Other

## WAREHOUSE WORKERS/LASHERS – DIVERSITY

Category	White		Black/African American		Hispanic		Asian		Other		Total
	#	%	#	%	#	%	#	%	#	%	
Warehouse workers	597	49.6%	217	18.0%	343	28.5%	25	2.1%	22	1.8%	1204
Lashers	148	63.0%	8	3.4%	76	32.3%	1	0.4%	2	0.9%	235
<b>Total</b>	<b>745</b>	<b>51.8%</b>	<b>225</b>	<b>15.6%</b>	<b>419</b>	<b>29.1%</b>	<b>26</b>	<b>1.8%</b>	<b>24</b>	<b>1.7%</b>	<b>1439</b>



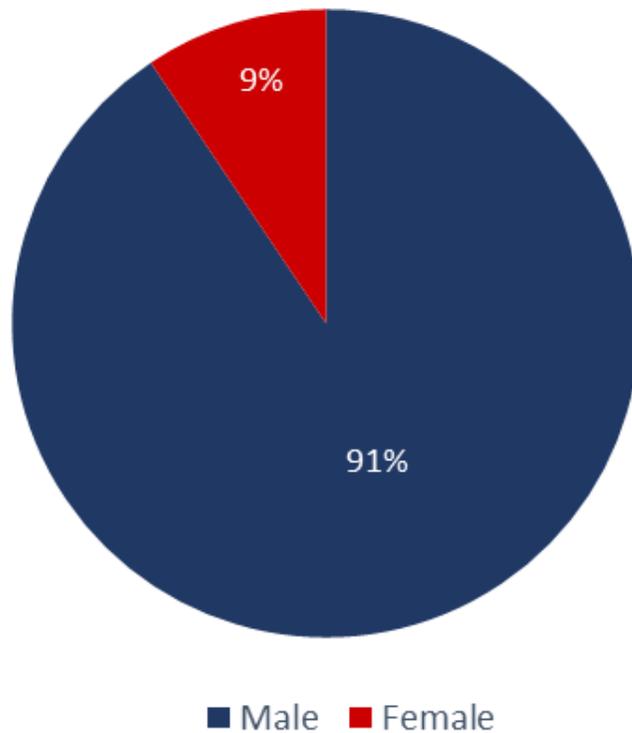
- White
- Black or African American
- Hispanic
- Asian
- Other



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

## DEEP SEA LONGSHORE WORKERS – GENDER

Union Local	Male		Female		Not Identified		Total
	#	%	#	%	#	%	
Local 1	571	85.4%	98	14.6%	0	0.0%	669
1233	680	85.5%	115	14.5%	0	0.0%	795
1235	820	93.9%	53	6.1%	0	0.0%	873
1814	109	99.1%	1	0.9%	0	0.0%	110
1588	271	91.2%	26	8.8%	0	0.0%	297
920	149	94.3%	9	5.7%	0	0.0%	158
824	81	93.1%	6	6.9%	0	0.0%	87
1804-1	328	98.2%	6	1.8%	0	0.0%	334
<b>Total</b>	<b>3028</b>	<b>90.6%</b>	<b>315</b>	<b>9.4%</b>	<b>0</b>	<b>0.0%</b>	<b>3343</b>



## **“MOVING THE GOALPOSTS”**

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

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

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

#### **Prequalification Program**

Exercising its statutory authority under Section 5-p of the Compact, the Commission has continued to actively implement its prequalification program. As previously reported, we partnered with the Workforce 1 Career Centers run by the New York City Department of Small Business Services, as well as the New Jersey Department of Labor and Workforce Development, and assembled a racially diverse, prequalified group of men and women to work in the Port. Notably, those previously unemployed and underemployed individuals living in areas near the Port would not have historically had access to employment opportunities in the waterfront.

#### **The Commission’s Requirement Fair and Nondiscriminatory Hiring in the Deep Sea and “A” Longshore Workers Registers**

As previously reported, last year the Commission required the NYSA and ILA to 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.

As reported last year, to address the continued discriminatory hiring of maintenance and repair workers, the Commission also amended its Rules and Regulations to require employers in the industry to submit a certification that the persons they are hiring have been selected in a fair and non-discriminatory basis, in accordance with state and federal equal employment opportunity laws. This was done to ensure that employers will be active, accountable participants in the process.

The NYSA, ILA and MMMCA have continued to challenge the Commission’s concerted effort to combat the industry’s prevalent discriminatory hiring practices and to require fair and transparent hiring. The NYSA criticized the Commission for “moving the goalposts,” and “creating chaos in the industry.” In response to the Commission’s initiatives, the ILA, NYSA and MMMCA filed a federal lawsuit alleging that the Commission overstepped its statutory authority by requiring that hiring in the Port be done in a fair

and non-discriminatory manner. They have further alleged that the Commission is improperly interfering with their collective bargaining rights by doing so.

As detailed in this Report, that complaint was dismissed on August 28, 2014. In its well-reasoned opinion, the district court rejected the NYSA/ILA/MMMCA's allegations, and found that the eradication of discrimination is, indeed, one of the purposes of the Waterfront Commission Act. The Court noted that while the Act safeguards collective bargaining rights, the protections are not absolute and cannot supersede the Commission's supervisory role regarding practices that might lead to corruption. The court found that the collectively bargained union referral process at issue could circumvent the purpose of the Act by shifting the burden of non-discriminatory hiring practices from the employers to the union, which are not subject to the Commission's regulation. The NYSA/ILA/MMMCA have appealed this decision. That appeal is currently pending.

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

During FY 2014-2015, deep-sea longshore workers (including checkers and special craft) were paid \$515,238,644.29, 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>4</b>
\$400,000 to \$450,000	<b>9</b>
\$350,000 to \$400,000	<b>32</b>
\$300,000 to \$350,000	<b>84</b>
\$250,000 to \$300,000	<b>236</b>
\$200,000 to \$250,000	<b>453</b>
\$150,000 to \$200,000	<b>764</b>
\$100,000 to \$150,000	<b>843</b>
\$75,000 to \$100,000	<b>390</b>
\$50,000 to \$75,000	<b>313</b>
\$25,000 to \$50,000	<b>281</b>
Below 25,000	<b>186</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>3</b>
\$350,000 to \$400,000	<b>6</b>
\$300,000 to \$350,000	<b>15</b>
\$250,000 to \$300,000	<b>22</b>
\$200,000 to \$250,000	<b>25</b>
\$150,000 to \$200,000	<b>173</b>
\$100,000 to \$150,000	<b>327</b>
Below \$100,000	<b>441</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>48</b>
Below \$100,000	<b>950</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 428 individuals who collectively received over \$104.6 million last year in outsized salaries, or for hours they never worked. The chart below illustrates the number of highest paid workers.

<b>EARNINGS RANGE</b>	<b># OF WORKERS</b>
Over \$500,000	<b>1</b>
\$450,000 to 500,000	<b>6</b>
\$400,000 to \$450,000	<b>11</b>
\$350,000 to \$400,000	<b>33</b>
\$300,000 to \$350,000	<b>57</b>
\$250,000 to \$300,000	<b>89</b>
\$200,00 to \$250,000	<b>88</b>

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

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

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

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

When the Commission's Special Report was first issued, none of the special compensation packages were memorialized in the industry's applicable collective bargaining agreements. Last year, rather than eliminate or cap these special packages, the NYSA and ILA instead negotiated a 2013 Memorandum of Settlement of Local Conditions in the Port of New York-New Jersey, which guarantees these special packages to certain people. Those individuals are paid for hours not worked or hours worked by others.

**FY 2014-2015 COMMISSION ACTION ON ADMINISTRATIVE PROCEEDINGS:  
PETITIONS, APPLICATIONS AND REVOCATIONS/SUSPENSIONS**

**Petitions**

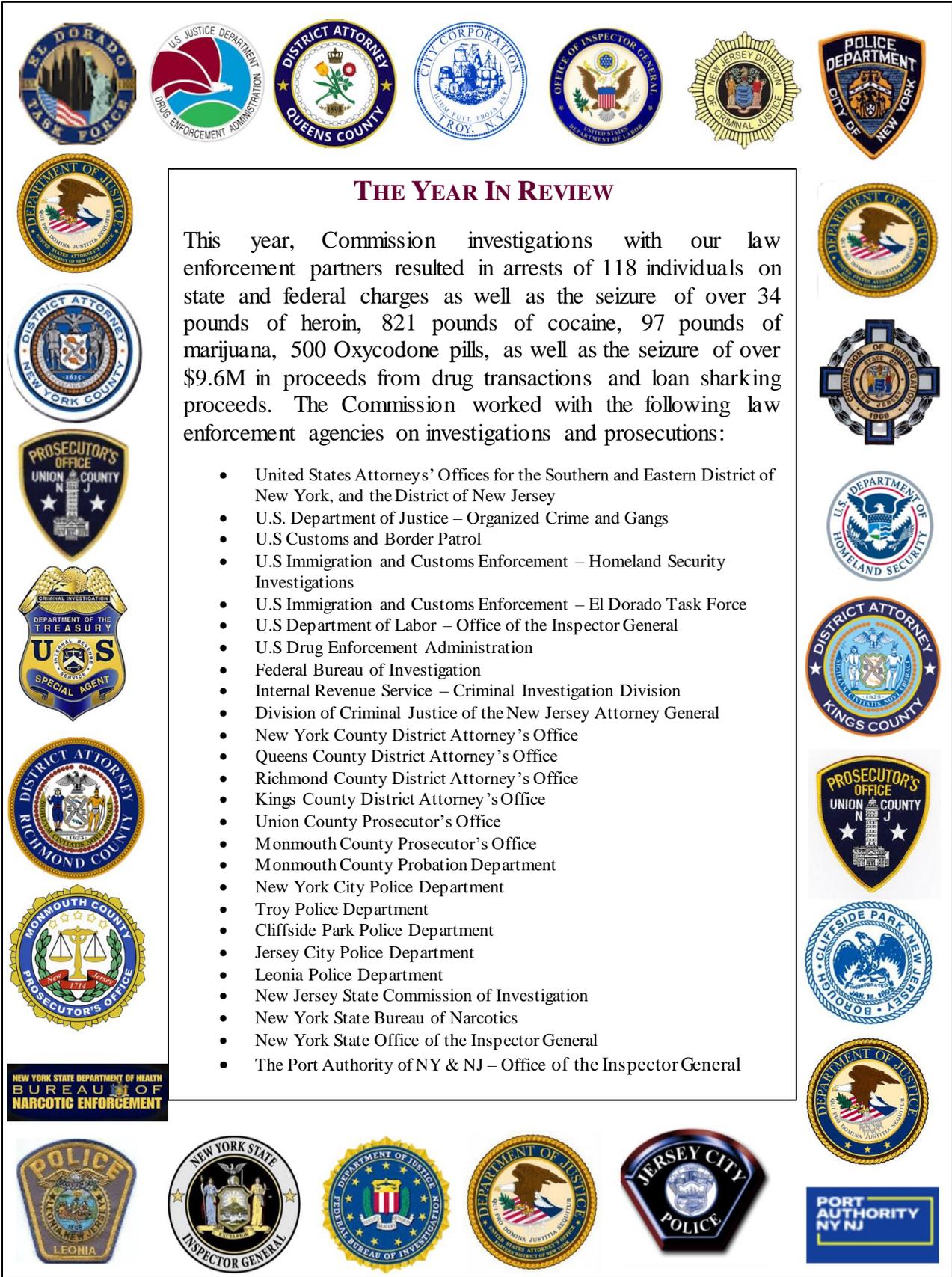
<b>Petition Type</b>	<b>Denied</b>	<b>Granted</b>
For Reconsideration	0	0
For Leave to Reapply	0	2
For Rehearing	0	0
To Withdraw	0	1
To Remove Ineligibility	0	5
For Restoration	4	2
To Vacate Temporary Suspension	0	1
For Retention of Reinstatement	3	0
For Stay	0	0
To Surrender Registration	0	2
To Amend Determination	0	0
<b>Total</b>	<b>7</b>	<b>13</b>

**Applications for Licensure/Registration**

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

**Suspension/Revocation Proceedings**

<b>Type of License or Registration</b>	<b>Revoked</b>	<b>Revoked w/ Leave to Reapply</b>	<b>Suspended</b>
Longshoreperson (LS)	11	2	3
Checker	4	0	1
Hiring Agent	0	0	0
Security Officer	1	0	0
Pier Superintendent	0	0	0
Stevedore	0	0	0
A – Register LS	5	0	0
Dispatcher (T.S.C.)	0	0	0
<b>Total</b>	<b>21</b>	<b>2</b>	<b>4</b>



## THE YEAR IN REVIEW

This year, Commission investigations with our law enforcement partners resulted in arrests of 118 individuals on state and federal charges as well as the seizure of over 34 pounds of heroin, 821 pounds of cocaine, 97 pounds of marijuana, 500 Oxycodone pills, as well as the seizure of over \$9.6M in proceeds from drug transactions and loan sharking proceeds. The Commission worked with the following law enforcement agencies on investigations and prosecutions:

- United States Attorneys’ Offices for the Southern and Eastern District 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
- Division of Criminal Justice of the New Jersey Attorney General
- New York County District Attorney’s Office
- Queens County District Attorney’s Office
- Richmond County District Attorney’s Office
- Kings County District Attorney’s Office
- Union County Prosecutor’s Office
- Monmouth County Prosecutor’s Office
- Monmouth County Probation Department
- New York City Police Department
- Troy Police Department
- Cliffside Park Police Department
- Jersey City Police Department
- Leonia Police Department
- New Jersey State Commission of Investigation
- New York State Bureau of Narcotics
- New York State Office of the Inspector General
- The Port Authority of NY & NJ – Office of the Inspector General

## SIGNIFICANT CASES

**July 3, 2014 – Supreme Court of New York, Appellate Division Confirms the Commission’s Revocation of Longshore worker’s Registration for Association with a Member of Organized Crime, and Unanimously Reverses the Prior Order and Judgment of the Supreme Court, New York County Annulling the Commission’s Determination.** The Supreme Court of New



York, Appellate Division, First Department affirmed the decision of the Waterfront Commission to revoke the registration of Longshore worker’s Margaret “Margo” Dillin, and unanimously reversed a prior order that had annulled the Commission’s revocation. Dillin had been previously expelled by the Administrator of the International Longshoremen’s Association - Local 1588, based upon his finding that she had associated with organized crime figures, bragged about such association, and received preferential job assignments over more qualified, senior members. Dillin was found to have violated a federal consent decree by associating with members and associates of organized crime.

The Commission subsequently charged Dillin with committing various offenses under the Waterfront Commission Act which rendered her presence at the piers or other waterfront terminals in the Port a danger to the public peace and safety. After an administrative hearing, ALJ Patrick McGinley found that the Commission established the charges against Dillin by a fair preponderance of the credible evidence, and recommended that Dillin’s registration be revoked. Having duly considered the record of the proceedings and the ALJ’s Report and Recommendations, the Commission revoked Dillin’s registration. Dillin challenged the Commission’s decision on the grounds that it was arbitrary and capricious, that it was unsupported by substantial evidence, and that the penalty imposed was an abuse of discretion. Dillin’s entire defense hinged on, as found by ALJ McGinley put it, “her ostrich-like” reaction to the Commission’s charges. She claimed that she was unaware that: the federal government had been engaged in efforts to combat the influence of organized crime in her local, which resulted in a federal consent order; that the wine tasting party she attended was at the home of Nicholas Furina, a convicted racketeer on the ILA barred list; that she had attended his renowned Christmas party; that he would be at those two events.



**Dillon at Furina’s Christmas Party**

On August 15, 2013, in a Memorandum Decision by Justice Alice Schlesinger, the New York State Supreme Court reversed the Commission’s revocation of Dillin’s registration. Justice Schlesinger held that the Commission was arbitrary and capricious in finding that Dillin’s attendance at parties hosted by Nicholas Furina constituted association under the Waterfront Commission Act. Dillin’s bragging about her friendships with organized crime members on the waterfront was deemed simply to be “unfortunate” in that decision. Even though Dillin had been arrested several times for possession of narcotics equipment, aggravated assault, and for failure to make restitution on a prior conviction of theft by deception, the Court indicated that Dillin had previously refrained from committing any criminal conduct. The Commission’s revocation of

Dillin's registration was held to be shocking and grossly disproportionate to the offense and, in short, a "complete overreaction." The Commission appealed.

On July 3, 2014, the Appellate Division unanimously reversed Justice Schlesinger's order and judgment, and found that there was substantial evidence that Dillin had violated a prohibition against association with an identified member of an organized crime family. The Court found that there was sufficient evidence to refute Dillin's claim that her attendance at those parties was accidental or inadvertent.

The Court also found that the penalty of revocation of Dillin's registration does not shock one's sense of fairness. The Court held that, "[b]y associating with individuals with connections to organized crime and boasting about such associations to other longshoremen, [Dillin] engaged in conduct which potentially undermines the Commission's continuing efforts to ensure public safety by reducing corruption on the waterfront." Moreover, the Court noted that revocation was proper, considering that Dillin had been previously suspended by the Commission for failing to disclose two prior arrests, for making false statements under oath during the application process, and because she had also been previously found guilty of theft by deception.



**July 14, 2014 – Checker Revoked After Federal Fraud Conspiracy Conviction.** The Commission ordered the revocation of registration of Checker Vincent J. Fusella, Jr., following a hearing in which an Administrative Law Judge found that Fusella, Jr., along with his brother Gerardo P. Fusella, knowingly conspired to obstruct the Internal Revenue Service in the collection of revenue in regards to their trucking companies. In furtherance of this crime, Fusella, Jr. and his brother filed forms with the Internal Revenue Service that contained false information in an effort to reduce their tax obligation. The ALJ determined that Fusella, Jr. lacked the requisite good character and integrity that is required of checkers. The Commission concurred, and revoked his registration. Fusella, Jr. had been charged along with his brother in December of 2011 in a thirty-one count federal indictment in the U.S. District Court for the Eastern District of New York. That indictment charged Conspiracy to Defraud the United States, Tax Fraud, Union Benefit Fund Embezzlement, Making False ERISA Statements, Using False Writings and Documents, Mail Fraud and Unlawful Payments in connection with their two trucking companies - Fusella Group. LLC and Alpine Investment Group, Inc. During the pendency of those charges, the Commission had suspended Fusella, Jr.'s registration pending an administrative hearing. On February 27, 2013, Fusella, Jr. appeared before the Honorable Kiyo A. Matsumoto in the Eastern District, and pleaded guilty to Conspiracy to Defraud the United States. In October of 2013, Fusella Jr. was sentenced to two months incarceration, six months of home confinement with electronic monitoring, three years of probation, and ordered to pay restitution in the amount of \$161,637.99 to the IRS. The U.S. Attorney's Office for the Eastern District of New York prosecuted the criminal matter.

**August 25, 2014 – Crane Operators Revoked for Distributing Oxycodone to Other Longshoremen and Using Oxycodone on the Piers.** The Commission ordered the revocation of the registrations of brothers Jason and Dino Picinich as longshoremen. Both men operated cranes at Global Terminal & Container Services, LLC, in Bayonne, New Jersey. Following hearings, an ALJ found that on various dates in 2010-2013, Jason and Dino Picinich



Dino Picinich

Jason Picinich

illegally possessed, used, and distributed oxycodone. Evidence presented during the hearings indicated that they obtained oxycodone from various sources, including other longshoremen, and from a “pill mill.” Both men used oxycodone on days when they operated cranes, moving tons of cargo. In addition, they distributed the drugs to other longshoremen employed in Bayonne. The ALJ found that the presence of both men on the piers or at other waterfront terminals presented a danger to the public peace or safety, because of their use and distribution of drugs to longshoremen who “performed dangerous operations on the piers.” The ALJ recommended the revocation of their longshoremen registrations. The Commission concurred and ordered revocation.

The Picinich brothers are two of five longshoremen, all members of ILA Local 1588, charged in conspiracies to distribute or possess oxycodone. The related hearing of Virgilio Maldonado, the President of ILA Local 1588, resulted in the revocation of his registration as a longshoreman. Maldonado had obtained oxycodone from a crane operator who was a co-conspirator of Jason and Dino Picinich. Although aware that the co-conspirator was using and distributing oxycodone, Maldonado failed to take official action, in violation of his fiduciary duty to ILA Local 1588 and its members. He further violated his fiduciary duty by taking no action when he believed that his co-conspirator reported to work as a crane operator under the influence of oxycodone, thereby placing members of ILA Local 1588 and others in potential danger. Decisions regarding two related hearings of longshoremen for distribution, possession, or use of oxycodone are pending. The revocation proceedings were the product of an investigation by the Leonia, New Jersey Police Department and the Waterfront Commission.

**September 30, 2014: Warehouseman Suspended After Stabbing Two.**

Warehouseman Ramon Martinez was suspended by the Waterfront Commission after his arrest for two counts of Attempted Murder and Possession a Weapon for an Unlawful Purpose. Martinez was charged after attacking two individuals with a knife, causing serious bodily injury to both victims. The matter is being prosecuted by the Passaic County Prosecutor’s Office. Martinez’s registration is temporarily suspended pending an administrative hearing.



**September 30, 2014 – Foreman Revoked for Providing a Firearm to another Longshoreman Involved in International Cocaine Importation on the Piers.**



The Commission ordered the revocation of the registration of longshoreman Arnold E. Rogers, a former foreman and member of Local 1233. Following a hearing, the Administrative Law Judge found that the Commission had proven by a preponderance of the evidence that Rogers was a danger to the public peace or safety because he had transported an illegal gun and ammunition, which he knew would be used for cocaine trafficking by way of the waterfront. As a result, Rogers had been convicted of a felony and incarcerated in federal prison for one year. The ALJ found that Rogers “was not a credible witness” and that he “provided a loaded firearm to another longshoreman for use by an accomplice in the promotion of high level illicit drug trade that demonstrated a clear disregard for the safety of others.” The revocation proceedings were the result of a larger investigation by the U.S. Attorney for the Southern District of New York, the Waterfront Commission, the New Jersey Division of the Drug Enforcement Administration, the NYS Inspector General, the New Jersey Office of the Criminal Investigation Division of the Internal Revenue Service, the Newark Office of Homeland Security Investigations, the New York Regional Office of the U.S. Department of Labor - Office of Inspector General, the Office of Labor Racketeering and Fraud Investigations, and U.S. Customs and Border Patrol.

**October 8, 2014 – Former ILA Local 1235 President Sentenced to Federal Prison.**

Vincent Aulisi, the former President of ILA Local 1235, was sentenced to 18 months in prison for conspiring to extort longshore workers on the New Jersey piers for Christmastime tribute payments. Aulisi previously pleaded guilty before U.S. District Court Judge Claire C. Cecchi to one count of an indictment charging him with conspiring to extort Christmastime tributes from ILA Local 1235 members. Aulisi and two other former ILA officers – Thomas



Leonardis, the President of Local 1235 from approximately 2008 through 2011, and Robert Ruiz, the ILA local delegate from approximately 2007 through 2010 – admitted that they conspired to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of “Container Royalty Fund” checks, a form of year-end In addition to the prison term, Judge Cecchi sentenced Aulisi to serve one year of supervised release and fined him \$10,000. The case was prosecuted by the U.S. Attorney’s Offices for the District of New Jersey and the Eastern District of New York. The Waterfront Commission was integral in the investigation, which was led by the Department of Labor and Federal Bureau of Investigation. The Commission’s Executive Director, Walter Arsenault, received an award from the DOL for his role.



**October 15, 2014: Former ILA Delegate Sentenced to Federal Prison.** Robert Ruiz, a former International Longshoremen’s Association Delegate and Representative was sentenced to 20 months in prison for conspiring to extort longshoremen on the New Jersey piers for Christmastime tribute payments. Ruiz – an ILA Delegate from 2007 through 2010 and former ILA Representative – previously pleaded guilty before U.S. District Judge Claire C. Cecchi to one count of an indictment charging him with conspiring to extort Christmastime tributes

from ILA members. Ruiz admitted that he conspired with ILA Local 1235 Presidents Vincent Aulisi and Thomas Leonardis to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of “Container Royalty Fund” checks, a form of year-end compensation.

**October 21, 2014 – Eleven Members and Associates of the Genovese Crime Family Arrested and Charged With Reaping Millions in Criminal Profits in New Jersey Through Loansharking, Illegal Check Cashing, Gambling & Money Laundering in the Port District.**

Eight alleged members and associates of the Genovese organized crime family were arrested for first-degree racketeering charges for allegedly reaping millions of dollars in criminal profits in New Jersey through loansharking, unlicensed check cashing, gambling and money laundering, including laundering of proceeds from narcotics trafficking. Three other alleged associates were charged by summons, totaling 11 charged. Much of the illicit revenue allegedly was collected and laundered through licensed and unlicensed check-cashing businesses in Newark run by Genovese associate Domenick Pucillo, of Florham Park, NJ. Pucillo and the other associates charged are alleged to be part of a New Jersey crew operating under the supervision and control of two “made” members of the Genovese crime family – Charles “Chuckie” Tuzzo, of Bayside, NY, a Genovese “capo,” and Vito Alberti, of New Providence, NJ, a Genovese “soldier” – who answer to the Genovese hierarchy in New York.

The charges stem from “Operation Fistful,” an ongoing joint investigation by the New Jersey Attorney General’s Office - Division of Criminal Justice and the Waterfront Commission of New York Harbor, conducted with assistance from the New York and Queens County District Attorneys’ Offices and other law enforcement agencies. The eight men targeted for arrest face racketeering and money laundering charges that carry consecutive sentences of 10 to 20 years in prison for each charge. The 11 defendants were charged, in varying combinations, with running the following criminal schemes, as more fully outlined below, which generated “tribute” payments up the Genovese chain of command:

1. A massive loansharking operation that yielded about \$1.3 million in illegal interest per year;
2. An illicit multi-million dollar offshore sports gambling enterprise;
3. An unlicensed check-cashing business that made \$9 million in fees in 4 years, while enabling customers to launder funds and evade taxes by skirting federal reporting requirements;
4. Laundering of \$666,000 in drug money via check-cashing businesses owned by Pucillo in Newark and Florida;
5. Illegal control and use of a trucking firm with a contract to transport cars from Port Newark;
6. Tax fraud and evasion.



### Loansharking

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

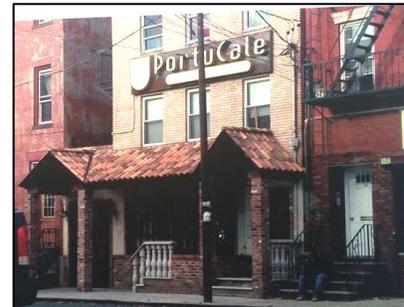
Over a two-year period, Pucillo allegedly had approximately \$3 million in usurious loans on the street and collected approximately \$1.3 million in interest per year. It is alleged that Genovese associate Robert “Bobby Spags” Spagnola, of Morganville, NJ, partnered with Pucillo in the loansharking business and received a commission of one point on each loan he secured for Pucillo. In addition, Pucillo allegedly shared the loansharking proceeds up the Genovese chain of command to Alberti and Tuzzo. Victims were required to pay interest on a weekly basis. The scheme was designed so that, when the victims made loan payments by check, it appeared that they were cashing checks in the ordinary course of Pucillo’s check-cashing business. When they

took out loans, victims were required to sign partially completed checks, which Pucillo and his co-defendants could complete and cash through the check-cashing business to collect weekly interest or payments of principal. Victims also could pay in cash. Defendant Flor Miranda of Newark, NJ, worked as office manager for Pucillo's check-cashing operation. She allegedly collected loansharking payments and helped Pucillo keep extensive records of the loansharking and money laundering operations run out of his check-cashing businesses.

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

### **Unlicensed Check-Cashing Business**

In addition to Tri-State Check Cashing and his other licensed check-cashing businesses, Pucillo allegedly financed an unlicensed, illegal check-cashing operation with partners and Genovese associates Abel J. Rodrigues, of Bridgewater, NJ and Manuel Rodriguez of Chatham, NJ. This scheme operated out of Portucale Restaurant & Bar at 129 Elm Street in Newark, also known as Viriato Corp. (owned by Abel Rodrigues) under the guise that Rodrigues was legally allowed to cash checks as Pucillo's agent. In reality, this arrangement is illegal, and they allegedly used it to enable clients to launder money and evade taxes. It is alleged that over a four-year period they illegally cashed over \$400 million in checks through Portucale Restaurant and collected over \$9 million in fees.



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

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

### Trucking Company

It is alleged that the Genovese crime family, through members and associates including Tuzzo, Alberti, Pucillo and Trainor, illicitly took control of a company called GTS Auto Carriers, siphoned money from it, and used it to commit other crimes including check forgery and tax evasion. Trainor owned and operated GTS, which transports cars from Port Newark to dealerships throughout New Jersey under a lucrative contract with Nissan. After Trainor obtained the contract, Alberti required GTS to lease trucks to transport the cars from Alberti for over \$300,000 per year. Alberti created a company called AMJ Transport solely to lease trucks to GTS. Alberti also allegedly required GTS to carry Coppola and another Genovese crime family associate on the GTS payroll even though neither actually worked for GTS. In addition, Trainor allegedly had checks issued from a GTS business account to fictitious persons to conceal the fact that he was siphoning money from GTS for his personal use and to pay Alberti and other Genovese crime family members and associates. In five months, Trainor allegedly cashed GTS checks totaling over \$100,000 at Pucillo's check-cashing business, including several on which Trainor forged the signature of the person authorized to sign checks for the GTS account.

### Drug Money

In January 2012, Pucillo acquired a check-cashing business in Hialeah, Florida, called I&T Financial Services. It is alleged that he subsequently entered into an agreement to launder and transfer drug money from New York and New Jersey to Florida. The drug traffickers allegedly would deliver cash to Flor Miranda at Tri-State Check Cashing in Newark. The money was then wired under the fictitious company name "Gold Shiny" to Florida, where it was laundered through I&T Financial's business accounts and was received by the client, whose identity remained concealed. Pucillo allegedly laundered and transferred \$666,000 in this manner, collecting \$22,500 in fees on the transactions.

### Tax Fraud and Evasion

It is alleged that, in conducting their criminal schemes, Alberti, Trainor, Rodriguez and Rodriguez –through Pucillo's check-cashing businesses and other means –concealed their income and either failed to file tax returns or filed fraudulent tax returns which did not account for their criminal earnings.



#### **October 22, 2014 - Former Longshoreman Sentenced to Prison for Extortion Conspiracy Involving Christmastime Tribute Payments.**

Former longshoreman Julio Porrao was sentenced to a year and a day in prison for conspiring to extort members of the International Longshoremen's Association, Local 1235 for Christmastime tribute payments. Porrao previously pleaded guilty before U.S. District Judge Claire C. Cecchi to conspiring to extort Christmastime tributes from the union members. Porrao admitted that he conspired with others to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of "Container Royalty Fund" checks, a form of year-end compensation. Porrao had already retired from his employment on the New Jersey piers at the time of his arrest. The Waterfront Commission was integral in the investigation, which was led by the Department of Labor and Federal Bureau of Investigation.



**October 29, 2014 - Longshoreman Pleads Guilty to Criminal Sale of Oxycodone, Insurance Fraud and Conspiracy.**

Longshoreman Nicholas Tornabene pleaded guilty in Richmond County Supreme Court to one count of Criminal Sale of a Controlled Substance in the Third Degree, one count in Insurance Fraud in the Third Degree, and one count of Conspiracy in the Fifth Degree. Tornabene was previously arrested on December 17, 2013 as part of “Operation Shore Thing,” a joint investigation by the Richmond County District Attorney’s Office, New York City Police Department’s Organized

Crime Investigation Division, and the Waterfront Commission, into illegal gambling, insurance fraud, and oxycodone distribution on the docks and elsewhere.

Tornabene admitted to being part of a conspiracy with other longshoremen to obtain oxycodone prescriptions in exchange for helping pain management physician Dr. Mihir Bhatt, and chiropractor Dr. Thomas Dinardo, get paid tens of thousands of dollars by the Management-International Longshoreman Association Healthcare Trust Fund (“MILA”) for medical services that were never provided. The longshoremen’s participation in the criminal enterprise allowed them to obtain oxycodone without examinations and, often, without even going to the doctors’ offices. They then used and/or distributed the oxycodone.

Dinardo would bring the indicted longshoremen into his offices, and then he and Bhatt would direct them to make return office visits, ostensibly for further tests or treatments to support a long term, fraudulent billing scheme and the dispensing of oxycodone prescriptions. These procedures, if done at all, were not conducted properly, and were conducted to provide the appearances needed to justify further billable office visits, dispensing prescriptions for oxycodone, and lengthy disability claims. Participating patients would call to get prescriptions for oxycodone and would receive them in return for billable office visits that did not occur, or which were perfunctory and lasted only an average of 3-5 minutes. Insurance companies would then be billed for procedures that took 25, 40, or 60 minutes. In addition, Tornabene pled guilty to the criminal sale of oxycodone.

Tornabene has been suspended by the Commission since the date of his arrest. As a condition of his plea, he has agreed to the surrender of his longshoreman’s registration with prejudice. Tornabene’s brother, Charles Tornabene, also pled guilty today to Insurance Fraud in the Third Degree and Conspiracy in the Fifth Degree. These pleas related to his participation in the criminal enterprise. Charles Tornabene, who had been referred by the ILA to be prequalified as a longshoreman, was denied prequalification by the Commission following his arrest and indictment in this matter.

**November 18, 2014 – Crane Operator who unlawfully distributed Drugs to the President and Members of ILA Local 1588 Revoked, Along with Co-Conspirator Longshoreman.**



The Commission ordered the revocation of the registrations of Kenny Picinich and Domenick Mirkovic as longshoremen. Following a hearing, an Administrative Law Judge found that Kenny Picinich, a crane operator, conspired to distribute oxycodone, methadone, Xanax, and Suboxone. He also used the drugs without a valid prescription. Picinich was twice arrested on drug charges. In connection with these arrests, Picinich lied to police officers regarding his unlawful possession of

**Kenny Picinich** **Domenick Mirkovic** methadone and his conspiracy to purchase oxycodone. Domenick Mirkovic was among the longshoremen who purchased drugs from Picinich. The ALJ found that Mirkovic conspired with Picinich to possess oxycodone and Xanax. The ALJ also found that

Mirkovic was under the influence of oxycodone and Percocet while working as a longshore man. Mirkovic operated a motor vehicle while under the influence of oxycodone and Xanax, causing him to fall asleep at the wheel and hit a parked car, resulting in his vehicle overturning. The ALJ found that Mirkovic committed fraud, deceit, or misrepresentation during a sworn interview by not disclosing that he had obtained oxycodone from four longshoremen, including Picinich.

Both Picinich and Mirkovic are members of ILA Local 1588. The Commission previously removed five other Local 1588 members from the waterfront, including the Local's president, following proceedings related to the Picinich and Mirkovic investigations:

- Kenny Picinich's brothers, Dino and Jason, for using and distributing oxycodone;
- Crane operator Ronald Galosic was decasualized following suspensions for twice refusing to submit to drugs tests on the pier. In the Mirkovic case, the ALJ found that Galosic was an oxycodone distributor.
- The Commission revoked the registration of longshoreman Jason Poesl for failing to appear for a drug test, committing fraud during an interview, and using cocaine, heroin, and Xanax on and off of the pier.
- As reported earlier in this Report, the Commission revoked the longshoreman registration of Virgilio Maldonado, the President of ILA Local 1588, who purchased oxycodone from Kenny Picinich. Maldonado was found to have failed to take official action even though he was aware that Picinich was using and distributing oxycodone, and that he reported to work as a crane operator under the influence of oxycodone, thereby placing members of ILA Local 1588 and others in potential danger.

The revocation proceedings against Picinich and Mirkovic were the products of investigations by the Waterfront Commission and the Police Departments of Leonia, Little Ferry and Cliffside Park, New Jersey.



**November 18, 2014 - Checker Revoked for Illegal Possession and Use of Oxycodone and Attempting to Falsify a Urine Drug Test.** After a hearing, an Administrative Law Judge found that checker Jason Valenti lacked the requisite good character and integrity that is required of checkers. The Commission concurred with the ALJ's findings and recommendations and revoked Valenti's registration. Valenti had been convicted of Possession of a Controlled Dangerous Substance, a third degree crime, in the Superior Court of Monmouth County, New Jersey and sentenced to three years of probation, ordered to complete community service and also ordered to pay fines. Valenti's conviction was a result of his failure to comply with the terms of his Pre-Trial Intervention. Specifically, Valenti attempted to falsify a urine test that was administered by probation officers from the Monmouth County Probation Department. After Valenti's attempt was discovered, he then failed a urine drug test that same day by testing positive for Oxycodone. Valenti also failed to perform the requisite seventy-five hours of community service and failed to meet with his probation officer as required by the terms of his Pre-Trial Intervention. In an interview with the Waterfront Commission, Valenti also admitted to illegally purchasing and using Roxicodone.

**November 18, 2014 - Contractor Sentenced to Federal Prison.** Raymond Norville of Orange, NJ, was sentenced to 14 months in prison for defrauding a Bronx, NY woman of nearly \$100,000 in connection with a home remodeling project. Norville, a contractor, is the owner of RRL Unique Homes Inc., a construction company. He previously pleaded guilty before U.S. District Judge Joel A. Pisano to one count of conspiracy to commit wire fraud. Norville was originally investigated by the Waterfront Commission and the U.S. Department of Labor - Office of the Inspector General in connection with his company's contract with ILA Local 1233 to renovate their headquarters in Newark. In August of 2012 Norville was charged with conspiring with the then Secretary-Treasurer, Gregory "Ronnie" Taylor to steal union funds by submitting fraudulent invoices for renovations at Local 1233. The invoices were for work that was never actually performed, or that was double-billed or had grossly inflated costs. Former Local 1233 Secretary-Treasurer Taylor pleaded guilty to Embezzling Union Funds under a separate indictment.



**December 2, 2014 - Former Longshoreman Sentenced to 12 Months in Prison for Extortion Conspiracy Involving Christmastime Tribute Payments.** Former longshoreman Salvatore LaGrasso of Edison, NJ was sentenced to 12 months in prison for conspiring to extort members of ILA Local 1235 for Christmastime tribute payments. LaGrasso, a former supervisor on the New Jersey piers – previously pleaded guilty before U.S. District Judge Claire C. Cecchi to conspiring to extort Christmastime tributes from the union members. LaGrasso admitted that he and others conspired to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of "Container Royalty Fund" checks, a form of year-end compensation. In addition to the prison term, LaGrasso was sentenced to two years of supervised release. In a separate administrative proceeding, LaGrasso was found to be the individual who accompanied Hiring Agent Pasquale Pontoriero on his visits to Genovese Soldier Stephen DePiro. Rather than testify, in Pontoriero's revocation hearing for association with members of the Genovese Crime Family, LaGrasso invoked his Fifth Amendment privilege against incrimination.

**December 9, 2014 - Former ILA Local 1235 President Sentenced to Federal Prison for Extortion Conspiracy Involving Christmastime Tribute Payments.** Thomas Leonardis of Glen Gardner, NJ was sentenced to 22 months in prison for conspiring to extort members of ILA Local 1235 on the New Jersey piers for Christmastime tribute payments. Leonardis, the former President of ILA Local 1235 from 2008 through 2011, previously pleaded guilty before U.S. District Judge Claire C. Cecchi to conspiring to extort



A representative for the longshoremen, Thomas Leonardis, president of ILA Local 1235, said the Waterfront Commission is as obsolete as this loading hook.

Christmastime tributes from ILA Local 1235 members. Leonardis admitted that he conspired with Vincent Aulisi, Robert Ruiz and others to compel tribute payments from ILA members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of "Container Royalty Fund" checks, a form of year-end compensation. Leonardis was suspended from his position following his arrest in January 2011. In addition to the prison term, Leonardis was sentenced Leonardis to serve three years of supervised release.

Notably, shortly before his arrest, Leonardis testified in front of a New Jersey State Senate Committee hearing that the Waterfront Commission was “as obsolete” as a longshoreman’s loading hook and merely perpetuated outdated stereo types of organized crime at the piers. He was arrested for Extortion of ILA members on behalf of the Genovese crime family less than four months later.

**December 10, 2014 - Former Longshoremen Supervisor Sentenced to 8 Months in Prison for Extortion Conspiracy Involving Christmastime Tribute Payments.**

Michael Nicolosi of Staten Island, New York, was sentenced to 8 months in prison for conspiring to extort ILA Local 1235 members for Christmastime tribute payments. Nicolosi, a former longshoremen supervisor on the New Jersey piers, previously pleaded guilty before U.S. District Judge Claire C. Cecchi to conspiring to extort Christmastime tributes from the union members. Nicolosi admitted that he and others conspired to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. The timing of the extortions typically coincided with the receipt by certain ILA members of “Container Royalty Fund” checks, a form of year-end compensation. In addition to the prison term, Nicolosi was sentenced to 4 months of home detention and two years of supervised release.



**December 19, 2014 - Genovese Soldier, Former ILA Executive Vice President and Vice President of ILA Local 1478 Plead Guilty to Racketeering Conspiracy.**



Three North Jersey men admitted to conspiring to conduct or participate in the affairs of the Genovese organized crime family of La Cosa Nostra through a pattern of racketeering activity, including a conspiracy to extort members of the International Longshoremen’s Association for Christmastime tribute payments. Genovese soldier Stephen Depiro of Kenilworth New Jersey, and two other Genovese associates – Albert Cernadas, Sr. of Union, New Jersey, former president of ILA Local 1235 and former ILA Executive Vice President, and Nunzio LaGrasso of Florham Park, NJ, former Vice President of ILA Local 1478 and ILA representative – pleaded guilty to racketeering conspiracy. Depiro admitted to predicate acts involving conspiracy to commit extortion and bookmaking. Cernadas and LaGrasso admitted to predicate acts involving conspiracy to commit extortion and multiple extortions. For many years, Depiro has managed the Genovese family’s control over the New Jersey waterfront – including the nearly three-decades-long extortion of port workers in ILA Local 1, ILA Local 1235 and ILA Local 1478. Members of the Genovese family, including Depiro, are charged with conspiring to collect tribute payments from New Jersey port workers at Christmastime each year through their corrupt influence over union officials, including the last three presidents of Local 1235 and vice president of ILA Local 1478. Depiro also controlled a sports betting package that was managed by several others, through the use of an overseas sports betting operation.

During their guilty plea proceedings, Depiro, Cernadas and LaGrasso admitted their involvement in the Genovese family, including conspiring to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. Cernadas and LaGrasso admitted to carrying out multiple extortions of dockworkers.

**January 7, 2015 - New Jersey Appellate Division Affirms the Commission's Revocation of Hiring Agent's License.** The Superior Court of New Jersey, Appellate Division affirmed the decision of the Waterfront Commission to revoke the license of hiring agent Pasquale Pontoriero. The Commission had charged Pontoriero with associating with Tino Fiumara and Stephen DePiro, who were convicted racketeers, career offenders and identified members of the Genovese Crime Family. Pontoriero had attended a birthday dinner for Fiumara and had visited DePiro at his house on two occasions. After an administrative hearing, Administrative Law Judge Patrick McGinley found that the Commission established the charges against Pontoriero by a fair preponderance of the credible evidence, and recommended that Pontoriero's license be revoked. Having duly considered the record of the proceedings and the ALJ's Report and Recommendations, the Commission revoked Pontoriero's license. On appeal, Pontoriero challenged the Commission's interpretation of the association provisions of the Waterfront Commission Act as being a strict liability statute. He argued that the Commission failed to use the proper definitions of "association" and "inimical" in making its determination that he had associated with Fiumara and DePiro under circumstances that were inimical to the policies of the Act. He contended that the relevant sections of the Act were unconstitutionally vague, and that the revocation of his license was disproportionate to the alleged offense and shocking to one's sense of fairness.

The Appellate Division summarily rejected these arguments and found that the Commission's findings of fact and conclusions of law were legally sound and supported by sufficient credible evidence. In its precedential opinion finding that Pontoriero violated the association provisions of the Act, the court upheld the Commission's interpretation of "association" as encompassing the ordinary meaning of the term: "to keep company, as a friend, companion or ally," which included both social and economic relationships. The court also endorsed the Commission's interpretation of "inimical," as being "adverse to the public confidence and trust in the credibility, integrity and stability of the waterfront and in the strict regulatory process of the Act."

The court observed that the Genovese crime family's control of the waterfront "depends just as much on the perception of influence as it does on actual influence." Thus, the Commission did not have to show that Pontoriero met with Fiumara and DePiro for an illegitimate purpose, or that he knew or should have known of their criminal histories. Rather, since the Act "is just as concerned with the perception of corruption as it is with actual collusion between hiring agents and organized crime," Pontoriero's alleged association only needed to create a reasonable belief that his continued participation as a hiring agent was inimical to the Act, and adverse to public confidence and trust. In so holding, the court found that the Act's association provision was not unconstitutionally vague. The court also found that the penalty of revocation of Pontoriero's license does not shock one's sense of fairness. The Court held that, "[a]ppellant's position as a hiring agent is a sensitive position, granting discretionary authority over longshore workers, and serving as the keystone to corruption on the waterfront. Appellant's association with the Genovese family demonstrates a lack of good character and integrity, and allowing him to continue working

as a hiring agent would further undermine public confidence in the integrity and stability of the waterfront." Fiumara died during the pendency of the Pontoriero hearing, and DePiro pleaded guilty to Racketeering Conspiracy in December of 2014 in connection with the extortion of Christmastime tributes from ILA members working on the New Jersey piers.

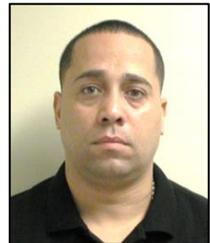


Pasquale Pontoriero      Tino Fiumara      Stephen DePiro

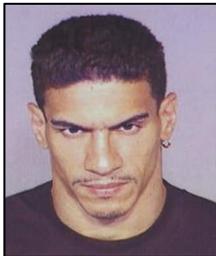


**January 8, 2015 - Former ILA Local 1235 Vice President Sentenced to Federal Prison for Extortion Conspiracy Involving Christmastime Tribute Payments.** Michael Trueba, of Kearny, NJ, the former Vice President of ILA Local 1235 and longshore supervisor on the piers was sentenced to 8 months in prison for conspiring to extort others in Local 1235 of the ILA for Christmastime tribute payments. Trueba had previously pleaded guilty to conspiring to extort Christmastime tributes from the union members. During his guilty plea, Trueba admitted to conspiring with Maher Terminal head timekeeper Rocco Ferrandino and others to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. Trueba, the former vice president of ILA Local 1235, was suspended from his position on the waterfront by the Waterfront Commission following his arrest in this case.

**January 9, 2015 - Former Jersey City Police Officer Sentenced to Federal Prison for Cargo Theft and Extortion.** A former Jersey City police officer was sentenced today to 36 months in prison for his role in stealing more than half a million cigarettes from a trailer and extorting \$20,000 from a drug courier who turned out to be an undercover agent. Mario Rodriguez aka “Mad Dog” of Jersey City, NJ, previously pleaded guilty before U.S. District Judge Anne E. Thompson to cargo theft and conspiracy to commit Hobbs Act extortion under color of official right. In addition to the prison term, Thompson was sentenced to serve three years of supervised release and was ordered to pay a \$2,000 fine.



**January 20, 2015 - Pier 92 Burglar Sentenced to Prison.** Fernando Gonzales of the Bronx was sentenced today by Supreme Court Justice Jill Konviser to a term of from 2 to 4 years in New York State Prison. Gonzales had previously pleaded guilty to Burglary in the Third Degree in connection with the January 30, 2014 burglary and theft of a safe from Port Parties Limited located at Pier 92 in Manhattan. Gonzales had been quickly identified as the perpetrator of the crime by detectives from the Waterfront Commission and the New York City Police Department, but had fled New York City. On July 1, 2014, Waterfront Commission detectives located Gonzales in Troy, New York and arrested him there. The New York County District Attorney’s Office prosecuted the matter.



**January 21, 2015 - Checker Revoked for Associating with Genovese Soldier and Misappropriating Money from Maher Terminals.** The Commission ordered the immediate revocation of the registration of checker Seth Dolled. After a hearing, an Administrative Law Judge found that Dolled associated with Joseph Queli, a convicted racketeer, career offender, and soldier in the Genovese Crime Family. The judge also found that on multiple occasions, Dolled misappropriated money from his employer, Maher Terminals in Elizabeth, New Jersey.



Joseph Queli                      Seth Dolled

The ALJ found that, as a soldier of the Genovese Crime Family, Joseph Queli was responsible for loansharking and illegal gambling operations at multiple locations, including Maher Terminals. Queli has been convicted of both racketeering and loansharking. Dolled, a checker at Maher Terminals, associated with Queli. Dolled lived at Queli’s home, gambled and vacationed with Queli, and visited him in prison. Dolled also co-owns Forgotten Boardwalk Brewing LLC (FBB),

a business that was based in Queli's home. Queli's home equity loan was the source of \$284,545 of financing for Dolled's business. The ALJ found that Dolled, "through the incorporation of [FBB] . . . and loans associated therewith, developed a financial association with Joseph Queli. Such a financial relationship with a loanshark would be inimical to the integrity of the waterfront and to the policies of the Waterfront Commission Act . . ." The ALJ also found that Dolled misappropriated money from Maher by creating a false impression that he was working at Maher during periods of time when he was, in fact, not working. Dolled collected overtime pay for work at Maher Terminals when he was at the home of Joseph Queli. The Commission concurred with the ALJ's finding that Dolled lacks the requisite good character and integrity, and revokes his checker registration.

**January 23, 2015 - Former Top Union Official and Two Co-Defendants Plead Guilty in Investigation into Scheme to Extort Money From Dock Workers.**



Nunzio LaGrasso      Rocco Ferrandino      Alan Marfia

Florham Park, NJ – the former Secretary-Treasurer of ILA Local 1478 and former Vice President of the Atlantic Coast District of all ILA locals – pleaded guilty today to conspiracy to commit commercial bribery and money laundering before Superior Court Judge Salem Vincent Ahto in Morris County.

Rocco Ferrandino of Lakewood, NJ, who was a timekeeper at Maher Terminal in Port Newark/Elizabeth, also pleaded guilty to conspiracy to commit commercial bribery and money laundering. LaGrasso's nephew, Alan Marfia of Kenilworth, NJ, a former Newark police officer, pleaded guilty to conspiracy to commit computer theft for using police databases to obtain information for LaGrasso about undercover police vehicles that were conducting surveillance near his union office. The state will recommend that Marfia be sentenced to three years in state prison. He will be permanently barred from law enforcement and any form of public employment. The charges stemmed from an investigation into a scheme to extort money from dock workers by demanding "tribute" for better jobs and wages. The three men were indicted in 2011 in "Operation Terminal," an investigation by the New Jersey Attorney General's Office - Division of Criminal Justice and the Waterfront Commission into the activities of a criminal enterprise that exercised control and corrupt influence over ILA locals operating shipping terminals at the Port of New York and New Jersey. Two other defendants previously pleaded guilty. The guilty pleas were announced by New Jersey Acting Attorney General John H. Hoffman:

- "This union official sold out the hardworking union members he was supposed to serve, extorting money from them in a criminal tribute scheme that belongs in an old Hollywood movie, but certainly not on the modern-day docks of our port," said Acting Attorney General Hoffman. "We will continue to work with the Waterfront Commission and our federal partners to maintain vigilance and eliminate organized crime on the waterfront."
- "By sending corrupt union officials like LaGrasso to prison together with his criminal confederates, we are working to remove all vestiges of criminal influence from commerce at our major shipping terminals," said Director Elie Honig of the Division of Criminal Justice. "This case is a strong example of our ongoing partnership with the Waterfront Commission to combat organized crime."
- "These guilty pleas are another step in the continuing battle to rid the Port of organized criminal activity," said New Jersey Waterfront Commissioner Michael Murphy. "The

Waterfront Commission is committed to working with its law enforcement partners through both criminal and administrative actions to rid the harbor of those who prey on hardworking dockworkers. It is particularly egregious when a union official preys upon those he is legally bound to represent and protect. Such conduct will be vigorously investigated and prosecuted.”

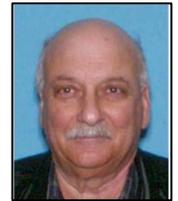
**March 3, 2015 – Port Watchman Suspended After Arrest on Insurance Fraud and Other Charges.**

Port Watchman Michael Mesquita was suspended by the Commission and a Notice of Hearing issued after he was arrested and charged with Insurance Fraud, Falsifying Business Records, Making a Punishable False Written Statement, Falsely Reporting an Incident, and Leaving the Scene of an Incident without Reporting/Property Damage. According to the Criminal Court Complaint, Mesquita left the scene of a motor vehicle accident without exchanging information with witnesses. Mesquita subsequently falsely reported to both the New York City Police Department and Geico Insurance Company that his vehicle had been stolen when in fact it had been involved in the accident. The criminal case is being prosecuted by the Queens County District Attorney’s Office. The Commission temporarily suspended Mesquita’s license as a port watchman pending the outcome of an Administrative Hearing on the matter.



**March 6, 2015 - Former Maher Terminal Timekeeper Sentenced to State Prison.**

Former Checker Rocco Ferrandino, of Lakewood, New Jersey, was sentenced to three years in state prison on his plea to conspiracy to commit commercial bribery and money laundering in front of Superior Court Judge Robert J. Gilson in Morristown, New Jersey. Ferrandino, who was the Timekeeper at Maher Terminals in Port Newark/Elizabeth, was one of six individuals arrested in the joint Waterfront Commission and New Jersey Division of Criminal Justice investigation into a scheme to extort money from dock workers by demanding “tribute” for better jobs and wages.



**March 12, 2015 - Ten Members and Associates of Decavalcante Organized Crime Family Arrested and Charged With Murder Plot, Cocaine Distribution and Prostitution Business.**

Ten members and associates of the DeCavalcante organized crime family of were arrested and charged with various plots to commit murder, distribute drugs and run a prostitution business. Charles Stango of Henderson, Nevada, Frank Nigro of Toms River, NJ and Paul Colella of Toms River, NJ were arrested and charged for their roles in a plot to kill a rival family member. Charles Stango was also charged along with his son, Anthony Stango of Brick, NJ, with conspiring with members of his NJ-based “crew” to distribute cocaine and run a prostitution business. John Capozzi of Union, NJ; Mario Galli of Toms River, NJ; and Nicholas Degidio of Union, NJ, were also charged with cocaine distribution. Stango, a captain in the DeCavalcante family, allegedly sought and obtained permission from Nigro, the crime family’s consigliere (counsel) and other upper-echelon members of the crime family, to kill a rival member living in NJ. Colella’s role was to speak on behalf of Charles Stango to ensure the killing would be approved by other ranking members. Charles Stango discussed his plans, which included hiring two members of an outlaw biker gang to shoot the rival gang member, with an undercover agent. Charles and Anthony Stango also allegedly planned to operate a high-end escort service targeting white collar businessmen and professionals in the Toms River area. As part of the plan, their crew would establish a legal club as a front for the prostitution business in order to avoid law enforcement scrutiny.



Also arrested were three members of a separate “crew” of the crime family: James Heeney, of Elizabeth, NJ, and Rosario Pali, 35, of Linden, New Jersey, were charged with conspiring to distribute more than 500 grams of cocaine. Heeney and Pali were recorded on various occasions between August 2012 and March 2013, providing undercover officers with quantities of cocaine in exchange for cash and counterfeit goods. Luigi Oliveri of Elizabeth, NJ was charged with the possession of contraband cigarettes. Between June and November 2013, Oliveri bought multiple cases of untaxed cigarettes from undercover law enforcement officers. The Waterfront Commission was part of the investigative task force. The case is being prosecuted by the Office of the U.S. Attorney for the District of New Jersey - Organized Crime/Gangs Unit.

**March 25, 2015 - Terminal Manager’s Pier Superintendent’s License Denied for Associating with Organized Crime Figures.**

The Commission unanimously ordered the denial of the application submitted by Ports America, Inc. on behalf of Eduardo Cangiano for a pier superintendent’s license because of Cangiano's longstanding associations with organized crime figures. Following a hearing, Cangiano was found by an Administrative Law Judge to have associated with (1) Nicholas Furina, a longtime associate of the Genovese organized crime family who was removed from the waterfront following a conviction for theft by deception; and (2) Joseph LaScala, a Capo in the Genovese organized crime family who is currently under indictment on racketeering charges. Cangiano was employed by Ports America as a Terminal Manager at its Port Newark car facility. Cangiano was found to have associated with Furina and LaScala in circumstances which create a reasonable belief that his participation in any activity requiring a license by the Commission would be inimical to the policies of the Waterfront Commission Act. In doing so, the ALJ relied on the recent decision of the New Jersey Superior Court - Appellate



Eduardo Cangiano Joseph “Pepe” LaScala Nicholas Furina

Division, In Re Pontoriero, and noted that in addition to actual collusion, the Waterfront Commission Act is concerned with the perception of corruption because it fosters an atmosphere in which organized crime thrives. The ALJ also found that by maintaining these relationships, Cangiano demonstrated that he lacks the good character and integrity required of a pier superintendent.

**April 15, 2015 - Former Top ILA Official Sentenced to 28 Months in Federal Prison for Conspiring in Scheme to Extort Money from Dock Workers.**

Nunzio LaGrasso, the former Vice President of ILA Local 1478 and ILA Atlantic Coast District Vice President, was sentenced to 28 months in prison for his role in the affairs of the Genovese organized crime family of La Cosa Nostra including engaging in a pattern of racketeering activity by extorting Christmastime tribute payments from ILA members. LaGrasso previously pleaded guilty before U.S. District Judge Claire Cecchi to charges of racketeering conspiracy. He admitted to predicate acts involving conspiracy to commit extortion and multiple extortions. During his guilty plea proceedings, LaGrasso admitted his involvement in the Genovese family, including conspiring to compel tribute payments from ILA union members, who made the payments based on actual and threatened force, violence and fear. LaGrasso admitted to carrying out multiple extortions of dockworkers. The timing of the extortions typically coincided with the receipt by certain ILA members of "Container Royalty Fund" checks, a form of year-end compensation. In addition to the prison term, LaGrasso was sentenced to 2 years of supervised release, and fined \$25,000.



**April 15, 2015 – Former Top ILA Official Sentenced to Six Years in New Jersey State Prison for Conspiring in Scheme to Extort Money from Dock Workers.**

In addition to his federal sentence, former ILA official Nunzio LaGrasso was sentenced to state prison on charges resulting from an investigation into a scheme to extort money from dock workers by demanding "tribute" for better jobs and wages. LaGrasso was indicted in 2011 with two others in "Operation Terminal," an investigation by the New Jersey Attorney General's Office - Division of Criminal Justice and the Waterfront Commission into the activities of a criminal enterprise that exercised control and corrupt influence over ILA locals operating shipping terminals at the Port of New York and New Jersey. LaGrasso pleaded guilty on January 23, 2015 to a second-degree charge of conspiracy to commit commercial bribery and money laundering. He was sentenced to six years in state prison by Superior Court Judge Robert J. Gilson in Morris County.

The investigation into the criminal enterprise at the New Jersey waterfront revealed that ILA members working at the shipping terminals were required to make a cash "tribute" payment at Christmas time each year to the enterprise out of the year-end bonuses each ILA member receives called "container royalty checks." Those payments were funneled to the criminal enterprise through LaGrasso. Union members were required to make the payments in order to receive high-paying jobs, preferred shift assignments and overtime, all as determined under the influence of the criminal enterprise. Each of the thousands of union members were required to make a payment that typically ranged from a couple of hundred dollars to a couple of thousand dollars, depending on the size of the container royalty check. LaGrasso collected some tribute payments directly, but usually relied on accomplices to collect them.

**April 17, 2015 - Genovese Soldier Sentenced to Federal Prison for Racketeering Conspiracy Including the Extortion of Christmastime Tribute Payments from ILA Members.**

Stephen Depiro was sentenced to 41 months in prison for his role in the affairs of the Genovese organized crime family, including engaging in a pattern of racketeering activity by extorting Christmastime tribute payments from ILA members of the ILA. As reported above, DePiro, who is a Genovese family soldier, previously pleaded guilty to racketeering conspiracy charges, and admitted to predicate acts involving conspiracy to commit extortion and bookmaking. In addition to the prison term, Depiro was sentenced to serve three years of supervised release.





**April 28, 2015 - Longshoreman Suspended After Arrest for Theft and Criminal Possession of Stolen Property.** Longshoreman Michael Natoli was suspended by the Waterfront Commission after his arrest in Brooklyn, New York, for Grand Larceny in the 4th Degree, and Criminal Possession of Stolen Property in the 4th Degree. Natoli stole almost \$2,000 worth of refrigeration equipment and copper pipe by deception. Natoli falsely represented himself as an employee of a legitimate refrigeration company, and placed/picked up an order from that company. Natoli plead guilty in Kings County Supreme Court to Grand Larceny in the 4th Degree, a Class E Felony. The Commission temporarily suspended Natoli's longshoreman registration pending the outcome of an administrative hearing. The Kings County District Attorney's Office is prosecuting the criminal matter.

**June 2, 2015 – Member of Decavalcante Crime Family Pleads Guilty to Cocaine Distribution.**

Nicholas DeGidio, an associate of the DeCavalcante organized crime family, pleaded guilty before U.S. District Court Judge William H. Walls to distribution of more than 500 grams of cocaine. As previously reported in this report, DeGidio was arrested in March 2015 along with nine other members of the DeCavalcante crime family. Between December 2014 and March 2015, in conjunction with other family associates, DeGidio sold more than ½ kilo of cocaine to an undercover agent for at least \$78,000. The Waterfront Commission was part of the investigative task force. The case is being prosecuted by the U.S. Attorney's Office for the District of New Jersey, Organized Crime and Gangs Unit.



**June 22, 2015 – Elizabeth Longshoreman Charged in Mortgage Modification Fraud Scheme and Suspended by Commission from Working at the Port.**

A longshoreman was suspended by the Waterfront Commission from working at the Port Newark-Elizabeth Marine Terminal after he was charged with theft by deception. Pedro Lopez of Elizabeth, NJ was charged with bilking half a dozen co-workers out of nearly \$87,000 through a fraudulent mortgage loan modification program. The case was referred by the Waterfront Commission to the Union County Prosecutor's Office's Special Prosecutions Unit earlier this year. A joint investigation involving both law enforcement agencies determined that, starting in June 2010, Lopez began approaching co-workers to solicit their involvement in a mortgage loan modification program he claimed would significantly lower their individual mortgage payments or eliminate their mortgages altogether. Each victim was required to pay \$15,000 to become part of the program, and several were later asked for additional funds for the processing of paperwork. Lopez allegedly collected a combined total of \$86,800 from the six victims, and despite reassuring them for nearly five years that the program took time to yield results, none of the promised savings ever materialized. The case is being prosecuted by the Union County Prosecutor.

## **SIGNIFICANT LITIGATION**

### **United States District Court for the District of New Jersey Upholds 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**

On August 28, 2014, the United States District Court for the District of New Jersey dismissed the amended complaint filed by the NYSA, MMMCA, ILA and ILA Locals 1804-1 and 1814 against the Commission. The amended complaint alleged that the Commission was overstepping its statutory authority by requiring that hiring in the Port be done in a fair and non-discriminatory manner, and that it was improperly interfering with the industry's collective bargaining rights by doing so. Their complaint alleged that the Commission has "gone off the rails to pursue a future for itself that is well outside the purposes and goals that led to its creation." The amended complaint alleged that Section 5-p of the Waterfront Commission Act, which requires employers to certify that the selection of individuals to be hired was made in a fair and non-discriminatory manner, is unconstitutional. The Court rejected these allegations, and found that the eradication of discrimination is, indeed, one of the purposes of the Waterfront Commission Act. The Court noted that while the Act safeguards collective bargaining rights, the protections are not absolute and cannot supersede the Commission's supervisory role regarding practices that might lead to corruption. In this case, the Court found that the collectively bargained union referral process at issue could circumvent the purpose of the Act by shifting the burden of non-discriminatory hiring practices from the employers to the union, which are not subject to the Commission's regulation.

Notably, the Court pointed that when Section 5-p of the Act was under consideration by the New York and New Jersey legislatures in 1999, the NYSA "unreservedly supported the pending bill and lauded the bill's promise of guaranteeing the employment of a large number of minorities." The NYSA had espoused the importance of increasing the number of minorities in waterfront labor, endorsing the legislation because it would make sure that future additions to the workforce contain a number of women, Blacks and Hispanics. The Court found that the NYSA-ILA Plaintiffs' reversal of that position to be "puzzling." Plaintiffs have appealed that decision to the United States Court of Appeal for the Third Circuit. *New York Shipping Association, Inc., et al. v. Waterfront Commission of New York Harbor, Civ. Action No. 2:12-CV-7115(SDW)(MCA)*

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

Plaintiff Pasquale Falcetti, Jr. filed a complaint against the Waterfront Commission in the Superior Court of New Jersey, Essex County, Law Division. Falcetti, Jr. had previously applied to be registered as a maintenance worker in the Port. His 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, 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. Plaintiff alleges that the Commission 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 in the Port during the time that his application was pending. The Commission is vigorously defending this matter. *Falcetti v. Waterfront Comm'n of NY Harbor et al.*, ESX-L-3916-14 (Law Div.)

**United States Court of Appeals for the Second Circuit**  
**Affirms Declaratory Judgment in Favor of the Waterfront Commission**  
**and District Court's Dismissal of Complaint Filed by Continental Terminals, Inc.**

On April 3, 2015, the United States Court of Appeals for the Second Circuit affirmed the dismissal of the complaint filed by Continental Terminals, Inc. against the Waterfront Commission, and found that Continental's warehousing activities in Jersey City, New Jersey cause it to fall within the Waterfront Commission Act's definition of a "stevedore" and thus, subject to being licensed by the Commission. In its complaint challenging the Commission's licensing jurisdiction, Continental contended that: (1) its warehouses did not fall within 1,000 yards of a pier as is required by the Act, and (2) it was not engaging in the type of activities that would require it to be licensed as a stevedore under the Act. In response, the Commission filed a counterclaim against Continental, seeking a judicial declaration that the Continental was, in fact, performing stevedoring activities and that its facilities fell within 1,000 yards of a pier.

With respect to Continental's first challenge, the primary dispute was over the definition of "pier." The Commission contended that a pier includes the area where waterborne containerized freight is loaded, unloaded and stored, and that the 1,000 yard measurement should therefore be taken from the property line of the Global Marine Terminal. Continental argued that a pier must be directly adjacent to water, and is limited to the area where waterborne freight is loaded and unloaded from vessels only. Continental maintained that its facilities must be measured from the farthest tip of the Global Marine Terminal's string piece and, when using this method of measurement, it was located more than 1,000 yards away from a pier. In affirming the Commission's definition, the court held that it was, ". . . consistent with the modern-day realities of the handling of waterborne freight and port operations. Containerized freight is carried in large container ships, large cranes are used, and piers have expanded to accommodate the high volume of containers discharged from vessels. There must be room for 'the reception of merchandise' and thus there must be storage areas adjacent to the string pieces to which containers can be moved and held temporarily until they can be carried away. These storage areas . . . are an important part of the 'pier' as they facilitate the high-volume discharge of merchandise from container ships."

The court further rejected Continental's argument that its warehousing operations fall outside of the scope of stevedoring activities contemplated by both the Act and the Commission's subsequent Rulings. The court found that these activities are more than mere generation of receipts for regular warehousing, as was claimed by Continental, and are instead stevedoring activities that require Continental to be licensed and its employees registered. *Continental Terminals, Inc. v. Waterfront Commission of New York Harbor*, Civ. Action No. 13:3903-CV-04869 (2d. Cir. April 3, 2015).

**State Action Filed by Former Waterfront Commission**  
**Employee Appealing Termination**

A state appeal filed last year by former Waterfront Commission detective, Ariel Gonzalez, remains pending. Gonzalez was terminated in July 2013 after a disciplinary hearing before an administrative law judge for making false statements in a sworn affidavit in support of another former employee's lawsuit against the Commission. That lawsuit (which was later dismissed) alleged employment discrimination under Title VII of the Civil Rights Act of 1964 and the Americans with Disabilities Act. Gonzalez appealed the Commission's termination, and alleged violations under the ADA, Title VII and the First Amendment. Gonzalez has argued that the affidavit he submitted is protected by statutory anti-retaliation clauses and that he cannot be subject to discipline for his statements, even if untrue. Gonzalez contends that the termination was in retaliation against him for supporting a lawsuit against the agency, and is seeking back pay, attorneys' fees and other damages. The Commission is defending this matter. *In the Matter of the Internal Disciplinary Hearing of Detective Ariel Gonzalez*, No. A-6140-12 (N.J. Super. App Div.).

## LEGISLATIVE MATTERS

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

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

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

Section 5-p 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 two years ago by the NYSA, their efforts were dealt a serious blow largely as the result of the various arrests and indictments charging various individuals, including union members and officials, with racketeering, extortion and related offenses in the Port:

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

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

that there are a number of housekeeping issues that need to be addressed by the industry before serious consideration could be given to the amending section 5-p. The proper forum for the industry to rethink certain aspects of how business is conducted in the PONYNJ (which have tarnished its credibility in the eyes of our political leaders) will be within the framework of current collective bargaining discussions on a new labor contract. In the end, the message from the political leadership to industry representatives of both labor and management was clear. We must design and build a new framework for how we will conduct the business of international maritime commerce in the future. This new framework must [e]nsure fairness for all of our workers; reduce the cost of doing business in the PONYNJ by eliminating wasteful practices; and dispel the perception that industry apathy aids and abets the attempts of an organized crime element to operate in the Port. If we prove to be unsuccessful with these tasks, greater scrutiny of our perceived and actual shortcomings will result, and the ability to define our future will of necessity be controlled by them. [Source: New York Shipping Association 2012 Annual Report, page 30]

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

### **Governor Chris Christie Vetoes Legislation to Withdraw From the Bi-State Waterfront Commission Compact**

On May 5, 2015, Governor Chris Christie conditionally vetoed NJ Senate Bill 2277 which, if enacted, directed him to notify Congress of New Jersey's intention to withdraw from the bi-state Compact establishing the Waterfront Commission of New York Harbor. In doing so, Governor Christie emphasized that "federal law does not permit one state to unilaterally withdraw from a bi-state compact approved by Congress." The Governor's Conditional Veto deleted the vast entirety of the bill, and called instead for modernization and, specifically, for the promulgation of new regulations substantially similar to the jurisdictional definitions proposed in that legislation that increase clarity and predictability for warehouses doing business in the Port of New York-New Jersey.

The Commission unreservedly agrees that governmental agencies must continue to work hand-in-hand to maintain the Port region as an engine of growth for New Jersey's economy. Modernization is, indeed, critical, and that there is a need for clarification as to the exercise of the Commission's jurisdiction, and for the adoption of fair and equitable regulations to ensure that the operations of the commercial real estate industry are not adversely impacted by the Commission's activities. This year, as detailed below, we have worked closely with the commercial real estate industry to develop and propose regulatory amendments that will address their concerns regarding the scope of the Commission's jurisdiction and the applicability of the Waterfront Commission Act to their members.

## **MATTERS OF SPECIAL INTEREST**

### **Waterfront Commission Issues Regulatory Amendments Clarifying the “1,000 Yard” Jurisdiction For Stevedores Performing Work Incidental to the Movement of Waterborne Freight**

As is well reported, in 2008, the Waterfront Commission was comprehensively scrutinized for the first time in the Commission’s existence by the New York State Inspector General, with the cooperation of the New Jersey State Attorney General. As a result of that investigation, the Commission’s previous administration was criticized for failing to properly license and audit companies operating within its jurisdiction. The Commission’s newly appointed administration commenced the process of licensing and assessing covered entities, including certain warehouses that had never before been regulated by the Commission or even aware of its existence and the scope of its jurisdiction.

Shortly afterwards, however, in the action entitled *Continental Terminals, Inc. v. Waterfront Commission of New York Harbor, Civ. Action No. 1:11-CV-04869 (SDNY)(LTS)(FM)*, Continental Terminals, Inc. sought declaratory judgment that its warehouse operations in Jersey City, New Jersey, were outside the Commission’s jurisdiction and that, therefore, Continental was not required to be licensed as a stevedore and its employees are not required to be registered pursuant to the Waterfront Commission Act. In that same action, the Commission sought declaratory judgment that Continental’s warehousing operations are stevedoring operations within the meaning of the Act and that Continental must therefore be licensed as such and its employees accordingly registered.

On September 30, 2013, the United States District Court for the Southern District of New York ruled in favor of the Commission, and Continental appealed the District Court’s judgment before the United States Court of Appeals for the Second Circuit. As reported above, the Second Circuit affirmed the judgment of the District Court in April. In the interim, however, warehouse operators and representatives of the commercial real estate industry publically expressed their concerns with, and objections to, the scope of the Commission’s jurisdiction and the applicability of the Act to their members, and with the perceived undue burden imposed by the Commission on the industry.

The Commission’s administration has dedicated its efforts on economic growth in the Port; a diverse workforce that reflects the makeup of the Port communities; a union of waterfront workers that represents its membership rather than a privileged few; a ready supply of qualified labor immediately available to satisfy employers’ needs; the ability of employers to select their own workers and, consistent with the collective bargaining agreement, assign their responsibilities and hold them accountable without the threat of disruption; and the removal of organized crime, corruption and other criminal influence. The Commission recognized that these enumerated issues are largely attendant to the general stevedoring operations and associated maintenance operations in the Port of New York district, rather than to the warehouse operations in the Port.

The Commission further recognized that there is a need for clarification as to the exercise of its jurisdiction, and for the adoption and implementation of fair and equitable regulations insofar as warehouses are concerned, to ensure that their operations and that of the commercial real estate industry are not adversely impacted by the Commission’s activities. Following Governor Christie’s Conditional Veto of NJ SB2277, which called for modernization and for the promulgation of new regulations that increase regulatory clarity and predictability for Port warehouses, the Commission promulgated regulatory amendments designed to address the concerns of warehouse operators and representatives of the commercial real estate industry regarding the scope of the Commission’s jurisdiction and the applicability of the Waterfront Commission Act to their members.

The Commission issued a Notice of Proposed Regulation Amendment on May 5, 2015. The proposed regulatory amendments clarify the exercise of the Commission's jurisdiction, and implemented fair and equitable provisions consistent with the Commission's statutory mandate insofar as warehouses are concerned. The regulatory amendments provide, among other things, for (1) a system of self-certification of compliance by certain warehouses engaged to perform labor or services involving, or incidental to, the movement of freight into or out of containers (which have been or which will be carried by a carrier of freight by water) at locations outside of marine terminals, and (2) the election of an annual payment in the amount of \$2,500 in lieu of the statutory assessments set forth under the Act.

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

The amendments also clarify that freight must be handled within 1,000 yards of a pier that is in regular use for the movement of non-bulk (i.e., break-bulk or containerized) freight between vessel and shore in order to be considered "waterborne freight," and that the Commission will only consider such piers in its 1,000-yard measurement for purposes of designating other waterfront terminals. In addition, other waterfront terminals shall not exceed 1,000 yards from the currently established boundaries of such piers. An integral part of these regulatory amendments is the identification and designation of the applicable statutory boundary lines, and the publication of jurisdictional maps.

The proposed amendments simplify and streamline the licensing process and alleviate the perceived onerous requirements that were previously in place. They promote the Commission's mission of Port efficiency and economic growth, fair hiring and employment, and combatting criminality, while ensuring that the operations of warehouses in the direct Port vicinity and that of the commercial real estate industry are not adversely impacted by the Commission's activities.

After public review and comment, the regulation was approved and adopted by the Commission on May 27, 2015.

**Determinations 37, 39 and 40:**  
**The Commission Continues to Open the Deep Sea Longshore Worker's Register**

As reported last year, on December 3, 2013, the Commission approved the opening of the deep sea longshore workers' register for the addition of 532 longshore employees and 150 checkers, in light of current shortages and expected retirements in April 2014. Pursuant to the industry's request for the metered inclusion of 150 longshore workers and 75 checkers at a time, the Commission opened the register twice for the acceptance of applications for 300 longshore workers and 75 checkers. This year, hiring continues.

**Longshore Workers**

- **Determination 37:** On July 14, 2014, following receipt of the last set of sponsorship letters and applications on July 10, 2014, the Commission issued Determination 37, which opened the deep sea register for the acceptance of the third set of 150 longshore workers.
- **Determination 39:** On September 30, 2014, following receipt of the last set of sponsorship letters and applications on September 25, 2014, the Commission issued Determination 39, which opened the deep sea longshore workers' register for acceptance of the last set of 82 applications.
- **Determination 40:** On May 11, 2015, the Commission issued which opened the deep sea longshore workers' register for the acceptance of 25 applications to backfill vacancies, and for the acceptance of an additional 150 longshore workers.

**Checkers**

- On December 3, 2013, the register was opened for the acceptance of 75 checker positions. Pursuant to the NYSA-ILA's hiring plan:
  - 38 slots were for military veterans referrals;
  - 19 slots were for ILA referrals; and
  - 18 slots were for NYSA referrals.
- However, as of September 30, 2014 (over 9 months later), the industry had only submitted 17 military veteran applicants, and a total of only 29 requests to prequalify veterans (even though there were 38 open slots).
- Meanwhile, as of September 30, 2014, the industry had submitted 18 ILA applicants and a total of 66 requests to prequalify candidates (for 19 open slots).
- And as of September 30, 2014, the industry had submitted 7 NYSA applicants and a total of 7 requests to prequalify NYSA candidates (for 18 open slots).

## INTERNSHIP/FELLOWSHIP PROGRAM

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 2014-2015, the Law Division hosted law students and recent law school graduates from Brooklyn, Cardozo, Fordham, Hofstra, Rutgers and NYU law schools. In addition, the Commission hosted interns who attended Brown University, Binghamton University, and John Jay College of Criminal Justice. Supervised by mentoring attorneys and analysts, the interns and post-graduate law fellows drafted reports, conducted research, observed or participated in depositions, attended educational lectures and supported administrative hearings of port workers.



**Fall 2014 Law/Intelligence Interns and Post-Graduate Fellows:**

Back (L to R): Jaime Sanchez, Heather Jones, Katherine Cocklin  
Front (L to R): Stanley So, Sarah Arena, Alison Gross, Corey Jeffers



**Spring 2015 Intelligence Interns and Post-Graduate Law Fellows:**

(L to R): Corey Jeffers, Katherine Cocklin, Laura Ahern, Laura McKenzie, Heather Jones, Katherine McCormick

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*“I love it all. I learned a lot, got to put my hands on everything . . . Everyone was friendly, patient, and willing to teach. I enjoyed coming in every day.”*

*– Corey Jeffers (Fordham Law '14)*

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## INTERNSHIP/FELLOWSHIP PROGRAM, CONT.



**Summer 2015 Law/Intelligence Interns:**  
Back (L to R): Remy Ravitzka, William Poulos, Kyle Ezzedine, Ted Huggins  
Front (L to R): Michael Griffith, Brian Kembel, Cristina D'Amato

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*“I thought this internship was fantastic. It was very organized and I felt that the Commission valued our experience here and took time to make sure we accomplished a lot during the summer. The balance between administrative law and criminal law was very exciting . . .”*

*– Cristina D'Amato (Rutgers Law '17)*

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**Spring and Summer Interns and Post-Graduate Fellows at 2015 Picnic/Reunion:**

Back (L to R): Brian Kembel, Katherine McCormick  
Middle (L to R): Ted Huggins, Kyle Ezzedine, Cristina D'Amato, Corey Jeffers  
Front (L to R): William Poulos, Remy Ravitzka, Heather Jones, Michael Griffith

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*“My experience at the Waterfront Commission was truly unforgettable. Not only did I earn invaluable insight into the legal field and what it takes to be a lawyer, I also got to meet a great group of people I hope to stay in touch with in the future . . . For the rest of my life I will be grateful for everything that my mentor counselors instilled into me throughout the experience.”*

*– Ted Huggins (Binghamton '16)*

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# ANNUAL FINANCIAL REPORT

## WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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, 2015**

	<u>Actual</u>	<u>Budget</u>	<b>Favorable / (Unfavorable) Variance</b>
<b>RECEIPTS</b>			
Assessments (regular)	\$ 15,084,395	\$ 14,140,000	\$ 944,395
Assessments (additional)	(3,321)	-	(3,321)
Interest charges	-	-	-
Penalties	6,000	-	6,000
Subtotal	<u>15,087,074</u>	<u>14,140,000</u>	<u>947,074</u>
Dividend and interest income	5,910	4,000	1,910
Overtime reimbursements	49,209	-	49,209
FEMA grant	111,236	-	111,236
Insurance recovery	3,305	-	3,305
Other	6,394	-	6,394
Total receipts	<u>15,263,128</u>	<u>14,144,000</u>	<u>1,119,128</u>
<b>DISBURSEMENTS</b>			
<i>Personal Services</i>			
Regular payroll	6,597,718	6,793,002	195,284
Overtime payroll	104,259	57,306	(46,953)
Group health, life, dental and optical insurance	1,238,913	1,304,300	65,387
Workers' compensation insurance	101,304	104,000	2,696
Employer taxes	513,607	549,000	35,393
Pension costs	1,185,802	1,160,000	(25,802)
Subtotal - salaries and benefits	<u>9,741,603</u>	<u>9,967,608</u>	<u>226,005</u>
Outside auditors, consultants and counsels	97,371	112,000	14,629
Administrative judges, transcript and other	53,397	52,000	(1,397)
Subtotal - professional services	<u>150,768</u>	<u>164,000</u>	<u>13,232</u>
Total personal services	<u>9,892,371</u>	<u>10,131,608</u>	<u>239,237</u>
<i>Other Than Personal Services</i>			
Office rent	968,727	971,184	2,457
Utilities	83,355	103,460	20,105
General insurance	548,338	550,300	1,962
Travel and automobile	259,501	320,934	61,433
General office	79,446	81,860	2,414
Communications	168,957	193,940	24,983
Special supplies	128,498	146,410	17,912
Information system	69,236	237,735	168,499
Repairs, maintenance and alterations	41,048	45,400	4,352
Printing	12,170	6,800	(5,370)
Furniture and equipment	18,628	89,000	70,372
Continuing education	11,882	28,400	16,518
Total other than personal services	<u>2,389,786</u>	<u>2,775,423</u>	<u>385,637</u>
Total disbursements	<u>12,282,157</u>	<u>12,907,031</u>	<u>624,874</u>
<b>Excess of Receipts over Expenditures</b>	<u><b>2,980,971</b></u>	<u><b>1,236,969</b></u>	<u><b>1,744,002</b></u>
Transfer to Reserves	1,300,000	-	(1,300,000)
<b>NET CHANGE IN FUND BALANCE</b>	<u><b>1,680,971</b></u>	<u><b>1,236,969</b></u>	<u><b>444,002</b></u>
<b>FUND BALANCE, July 1, 2014</b>	<u><b>2,297,415</b></u>	<u><b>2,297,415</b></u>	<u><b>-</b></u>
<b>FUND BALANCE, June 30, 2015</b>	<u><b>\$ 3,978,386</b></u>	<u><b>\$ 3,534,384</b></u>	<u><b>\$ 444,002</b></u>

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, 2015

(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, 2015

(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 6.92% and 10% through June 30, 2015, 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, 2015, 2014, and 2013, amounted to \$82,665, \$64,061, and \$77,006, 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, 2015

(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 on or 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:

2015	\$ 1,101,909
2014	955,166
2013	997,059

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, 2015

(4) Lease Commitments

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$968,727 for the year ended June 30, 2015.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2016	\$ 1,035,849
2017	1,076,578
2018	1,107,758
2019	1,133,386
2020	1,160,867
2021 and thereafter	<u>6,534,952</u>
	<u><u>\$12,049,390</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

**Suraiyya Azeem**  
Comptroller

**David Murillo**  
Director of Information  
Technology

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

**Richard Carbonaro**  
Director of Administration  
and Audit

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

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

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

# OFFICES



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## TELECOMMUNICATIONS HIRING EMPLOYMENT INFORMATION CENTER:

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