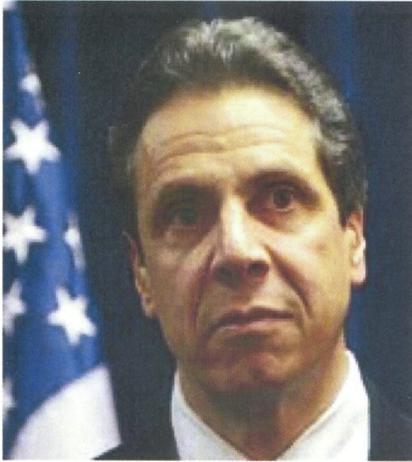


**THE
WATERFRONT
COMMISSION
OF NEW YORK HARBOR
ANNUAL REPORT
2010 – 2011**





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

Over the past three years, new leadership has transformed the Waterfront Commission of New York Harbor from an agency mired in scandal to a critical part of the region's efforts to control organized crime, diversify the Port's workforce, and enhance the nation's security. Despite a significant reduction in staffing and resources, the Commission has not only become the central repository of information about criminality and security in the Port of New York – New Jersey, but also a skilled investigative agency, highly regarded by our law enforcement partners. This year, the Commission led or significantly participated in investigations and prosecutions that resulted in the indictment of key organized crime figures and corrupt union officials. Working with New York and New Jersey state and federal authorities, the Commission engaged in court-ordered electronic and physical surveillance, executed search warrants and developed confidential sources and informants which resulted in the arrest of 160 individuals, including 18 in the highly publicized January 2011 "mob takedown." The Commission provided critical records, surveillance reports and photographs and was involved in the investigative and prosecutorial planning of that matter. Participation was not limited to our detectives alone, as Commission attorneys conducted over forty interviews under oath to supplement the criminal investigations.

During this time the Commission has also demonstrated its deep commitment to diversifying the workforce in the Port and to balancing the supply of labor with available work. To that end, we have fulfilled our promises to the Legislatures of both New York and New Jersey by developing and introducing a "pre-qualification" process which allows for a diverse workforce of men and women, unencumbered by mob influence and criminality, to be added to the workforce as baggage handlers, car drivers and warehouse workers.

Additionally, the Commission held public hearings for the first time in decades in October through December of 2010. These hearings spotlighted no show or no work jobs held by "connected" individuals that rob the Port of its competitiveness. Over a dozen of the

individuals highlighted in these hearings were later indicted by New Jersey state and federal authorities.

Finally, for the first time in memory, the Commission has been examining the stevedoring companies that operate in the Port and has begun issuing permanent licenses to those possessing the requisite good character and integrity.

We are proud to present for your inspection a summary of the significant activities of the Commission during the fiscal year 2010 – 2011.

ANNUAL REPORT

FY 2010-2011



The Waterfront Commission of New York Harbor
AN INSTRUMENTALITY OF THE STATES OF NEW YORK AND NEW JERSEY

MISSION OF THE WATERFRONT COMMISSION

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.

WHY THE COMMISSION WAS CREATED IN 1953

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 Commission. The 1954 film, "On the Waterfront," based on these articles, faithfully and dramatically depicted how a surplus of available labor provided the mobbed-up union leadership with the ability to control its membership. In one of the movie's most memorable scenes, during the "morning shape-up," hundreds of dock workers, after pleading with the corrupt hiring boss for one of the available jobs, scramble, spar and literally climb on top of each other to grab one of the tokens that would allow them to work. Only those members of the local who have supported the corrupt union leaders and have agreed to "kick back" a portion of their wages are guaranteed a spot on 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 longshoremen 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.

Theft and pilferage of cargo were rampant in the Port. Pier guards were unwilling or unable to contain theft.

Parasitic "public loaders" coerced truckers to employ them to load or unload trucks even though such "services" were not needed or desired.

Stevedoring companies were forced to employ "no show" employees and pay gratuities to union officials or suffer "wildcat strikes" that could cripple their business.

This pervasive corruption on the waterfront in the Port of New York-New Jersey 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. As a result, 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 a compact creating the Waterfront Commission of New York Harbor.

THE PORT TODAY

While the evils of the public loading racket and the shape-up system were eliminated by the enactment of the Waterfront Commission Act, many of the other ills described above still exist on today's waterfront. Over the past year, the Commission and its law enforcement partners have made arrests of organized crime members, union officials and members for demanding and receiving "kickbacks" in exchange for work, overtime or better assignments on the waterfront. Additional arrests in these investigations are expected in the near future. "No show" and "no work" jobs still exist at virtually every terminal within the Port, as demonstrated by the Del Valle, Jr. and Vitale convictions discussed in this report. These evils, along with union featherbedding practices, continue to rob the Port of its economic competitiveness and vitality. These practices were examined and spotlighted in the Commission's public hearings.

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 these individuals and removing several of them. The new stevedoring applications for the December 2010 licensing period will expedite the removal of such undesirables. 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's jurisdiction includes investigating any criminal activity that adversely affects the Port. Current investigations have disclosed that organized criminal elements have continued to exert influence in companies that seek to operate outside of the Commission's licensing jurisdiction, utilizing very technical restrictions to avoid having to disclose their mob affiliations. At the conclusion of these investigations, after reviewing and analyzing the evidence obtained, the Commission may make legislative recommendations with regard to its geographic and substantive jurisdiction, in order to remedy the endemic problems that continue to tax the Port and make it less competitive.

Loan sharks and bookmakers, with the approval of organized crime, continue to deplete the workforce of their hard earned money. 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 terrorism concerns have been added to the enforcement picture. Despite the economic downturn in the Port which directly affects the Commission's resources, the Commission is nevertheless addressing all of these concerns.

The Telephonic Hiring System has lessened abuses, but presents new challenges in guaranteeing fair hiring and employment practices. The Commission is particularly concerned with a lack of diversity in the workforce in the Port. The Commission, despite union opposition, has set up a "pre-qualification" system for longshoremen and warehouse workers, to ensure that there will be sufficient labor and that the labor force reflects the diversity of the Port's communities.

While individual prosecutions and administrative and regulatory actions are required and necessary, these alone are insufficient to change a historically and presently corrupt industry. New, innovative approaches must be developed, hopefully, with the cooperation of the industry.

THE COMMISSION

The Commission is headed by a New Jersey and a New York Commissioner, appointed by the Governors of their respective states. Notably, for the first time in years, they were appointed not because of political patronage but rather, because of their extensive experience in criminal investigations and prosecutions, along with their expansive knowledge of organized crime and corruption. After years of divisiveness, the Commissioners are aligned in their deep commitment to the Commission's objectives, and have been instrumental in its transformation.

New York Commissioner Ronald Goldstock



Ronald Goldstock served for thirteen years as Director of the New York State Organized Crime Task Force, where he designed and developed the Independent Private-Sector Inspector General (IPSIG) program. In addition to currently providing IPSIG services to a number of corporate clients, Mr. Goldstock is on the faculties of the Cornell, Columbia and New York University Law Schools. Mr. Goldstock is a graduate of Cornell University and Harvard Law School, has 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 is a Past Chair of the ABA Criminal Justice Section, Past Chair of the ABA Criminal Justice Standards Committee and Past Chair of the Investigative Function of the Prosecutor Task Force. Mr. Goldstock is a Director 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. He has recently served three Northern Ireland Secretaries of State as advisor on matters relating to international organized crime. He is the author of numerous articles related to organized crime and corruption, including, "On the Waterfront": RICO and Labor Racketeering."

New Jersey Commissioner Jan Gilhooly



Jan Gilhooly is a 29-year veteran of the U.S. Secret Service. During his career, he was assigned to the New York Field Office and the Presidential Protective and Inspection Divisions. He was also Special Agent in Charge of the New Jersey Field Office and supervised "Operation Firewall," an international undercover organized crime cyber-investigation. During his tenure, Mr. Gilhooly worked in 55 countries and received 20 awards for performance and special acts. Prior to that, he served with the Department of Justice. He was also Inspector in Charge of U.N. 50, Inspector assigned to the White House Security Review, and the Law Enforcement Executive in Charge of OPSAIL 2000. In 2002, he supervised protective activities at Superbowl XXXVI and the Winter Olympics. More recently, as the New Jersey DHS Protective Security Advisor, Mr. Gilhooly was the liaison to the DHS in Washington, DC and those NJ entities responsible for securing the state's critical infrastructure.

Mr. Gilhooly is President and CEO of Archangel RTR, LLC, a consulting firm that provides risk/threat reduction services to clients, including Fortune 100 companies and foreign governments. In that capacity, he has led intelligence survey teams in the Middle East for United States Intelligence agencies. Mr. Gilhooly was also a security consultant to the FIFA games. Mr. Gilhooly has lectured at numerous police academies and academic institutions on stalking behavior, prediction of dangerousness, protective security measures and building law enforcement partnerships. He is a recognized expert in the areas of risk and threat assessment, major event security, risk management and interpretation of intelligence information. He has served on the Adjunct Faculty of Seton Hall University and has developed the "After the Badge" course to transition law enforcement executives to private industry.

Executive Director Walter M. Arsenault

Walter M. Arsenault was appointed Executive Director of the Waterfront Commission of New York Harbor 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 - Camden. 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. Mr. Arsenault was the Chief of that office's Homicide Investigation Unit for most of his career there. He 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 of the Waterfront Commission of New York Harbor on May 10, 2010. Ms. Sorial is the chief legal advisor for the Commission and assists the Commission in fulfilling its statutory mission. She is a graduate of Rutgers University and Rutgers School of Law - Newark, 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, Judge of the Appellate Division of the Superior Court of New Jersey, before entering into private practice. Ms. Sorial joined a prominent New Jersey law firm, where she 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. During her tenure, she met with legislative delegates and secured sponsorship for proposed legislation. 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 Middle and Southern Districts of Florida, and the Third Circuit Court of Appeals.

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; public relations; conducting labor relations with agency unions; formulation of the annual budget; keeping of financial records and administration of group insurance plans; providing legal advice to the Commissioners, conducting agency litigation and supervising outside counsel when required; initiation of investigations; ordering hearings 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, with a Deputy Director for Law and another Deputy Director for Licensing and E.I.C. The division's seven attorneys conduct investigations of applicants for licensing and registration to determine if they meet legal standards set forth in the Compact. These attorneys also investigate persons and companies already licensed to ascertain if they have engaged in any violations of the law. Hearings are conducted by assistant counsel to determine whether applications should be granted or denied and whether registrations and licenses should be suspended or revoked. In addition, assistant counsel conduct investigations into waterfront practices throughout the Port of New York district.

Licensing and Employment Information Centers in Newark and New York process applications filed by individuals and firms required to be licensed or registered. The Licensing Division supervises the Telephonic Hiring Employment Information Center in Edison, New Jersey which oversees the hiring of longshoremen, checkers and pier guards in the port. The Licensing Division also makes employment information available to these dockworkers and administers the "decasualization program" which, according to law, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.

Police: This division is headed by Chief John J. Hennelly and presently staffed by three captains, five sergeants, twenty-four 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 Brooklyn and Newark. Waterfront Commission police investigate criminal activity in the Port and violations of the Waterfront Commission Act, 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 (New Jersey); Border Enforcement Security Task Forces (New Jersey and New York); New Jersey Attorney General's Organized Crime Task Force; and the El Dorado Money Laundering (New York City).

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

Intelligence: Formed in late 2009, this division collects, analyzes and disseminates data at strategic, operational and tactical levels regarding organized crime and racketeering activities in the port. The division is led by Director Daniel Ramirez and staffed by intelligence analysts.

Administration and Audit: This division, headed by Director Richard Carbonaro, provides the agency with important clerical and administrative support functions. The division maintains time keeping, personnel and attendance records, handles the Commission's mail, furniture and office supplies. This division is also 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.

Information Technology: This division was headed by Lee Seeman and staffed with a technician with expertise in software architecture, database design and network administration. The IT division provides the Commission with computer, data, voice and other support services. The proper functioning of the Commission's wide and local area computer networks and application data bases is entrusted to this division.

COMMISSION NOT FUNDED WITH TAX DOLLARS

The Commission is not funded with tax dollars. By law, and in lieu of any charges for the issuance of licenses or registrations, or for the use of 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 assessment of 2% on the wages of such employees.

During Fiscal Year 2010-2011, the Commission operated with a \$11,600,000 budget for ninety-seven employees that was approved by the Governors of New Jersey and New York.

CASH MANAGEMENT AND THRIFT

The Waterfront Commission takes seriously its responsibility to operate with thrift, accountability and efficiency. Even though the Waterfront Commission Act provides for appropriations from both states to balance the budget, the Commission has been successful in maintaining financial independence regardless of the unsteady stream of assessments and ever-increasing operating expenses outside of the Commission's control. In FY 2010-2011, the collected assessments reached \$11.3 million, meeting our anticipated rate of growth for the assessable payroll base at 10%. Additionally, the aggressive collection of retroactive assessments, interest charges, and penalties led to total receipts of \$11.5 million - \$256,000 or 3% above budget.

While cash receipts trended favorably against the budget, the economic recovery appeared to lose momentum during FY 2010-2011. While the Port exhibited a number of economic gains this past year, it has not returned to pre-2009 numbers. In an attempt to reduce the deficit from prior years' budgets, the Commission strategically delayed filling open positions, and reduced or postponed other discretionary spending in order to achieve a break-even operating result for FY 2010-2011. Even though there were a number of contractual or non-discretionary expenditures (such as the \$360,000 increase in pension contributions and escalating rent and gasoline costs), the Commission's total spending was \$154,000 under budget. This was primarily achieved by not filling vacated positions resulting in over \$400,000 savings from budgeted payroll. Our average staff size in FY 2010 -2011 was eighty-seven – ten less than budgeted. All non-essential, discretionary purchases were eliminated.

The Commission ended the fiscal year with a positive Operating Fund balance of \$1.2 million, which represents a \$7000 net increase. By reacting proactively to the economic environment, the Commission continues to responsibly operate with thrift, accountability and efficiency.

MEMBERSHIP IN ORGANIZATIONS

The Commission and its staff maintain memberships in several law enforcement organizations which routinely network to provide training and share information and resources to combat crime. These include the New York Prosecutors Training Institute, Middle-Atlantic Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN), International Association of Crime Analysts, International Association of Law Enforcement Analysts, the Field Intelligence Support Team (FIST) of the U.S. Coast Guard, the National White Collar Crime Agency, the Multi-jurisdictional Counter-drug Task Force, the New York Prosecutors Training Institute and the International Association of Airport and Seaport Police. The Commission is also a voting member of AMSEC.

PORT STATISTICS:

During calendar year 2010, the Port of New York – New Jersey, the Eastern seaboard’s busiest port, handled 32.24 million tons of waterborne cargo valued at \$146,411 million. The tonnage increased by 14.2 % and the dollar value increased by 18.3 % over 2009.

For 2010, 4,097,420 container units passed through the port, an increase of 12.6% over 2009. For the same 2010 period, 693,031 vehicles were imported or exported, an increase of 12.2% over the prior year.

The Port’s leading waterborne general cargo exports for the year 2010 (as calculated in metric tons) were wood pulp, plastics and vehicles. The leading general cargo imports (also in metric tons) were beverages, plastics, and furniture. The largest containerized cargo volumes for import were furniture, women’s and infant wear, miscellaneous apparel, and men’s’ wear. The largest containerized cargo volumes for export were paper, carbon, crepe, automobiles, scrap metal and household goods.

During FY 2010-2011, registered “deep-sea” longshoremen and checkers (excluding those pier workers registered under 1969 amendatory legislation to perform services incidental to the movement of waterborne freight) were paid \$369,064,334.27 comprising regular and overtime wages, vacation and holiday benefits. The below chart reflects the average earnings of longshoremen, special craft and checkers during FY 2010-2011.

Earnings over \$300,000.00	36
Earnings of \$200,000 to \$300,000	228
Earnings of \$150,000 to \$200,000	385
Earnings of \$100,000 to \$150,000	1,119
Earnings of \$75,000 to \$100,000	686
Earnings of \$50,000 to \$75,000	464
Earnings of \$25,000 to \$50,000	245
Earnings below \$25,000	109

On June 30, 2011, the conclusion of the Commission's fiscal year, registered and licensed dock workers totaled **5822** broken down into the following categories:

- 2034** "Deep Sea" Longshoremen;
- 457** Special Craft;
- 723** Checkers;
- 1803** 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;
- 336** Port Watchmen;
- 107** Hiring Agents;
- 315** Pier Superintendents;
- 8** Telecommunications System Controllers.

50 longshoremen were decasualized by the Commission for failure to meet minimum work requirements in FY 2010-2011..

There were also **38** companies licensed as stevedores who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.

This year, the Commission has begun to study ways to overcome apparent ethnic/race and gender inequalities among the various types of registrants and licensees. An analysis of current registrants and licensees reveals the following:

- Only 5% of licensed pier superintendents are African American, and only 12% are of other minorities.
- Only 4% of licensed hiring agents are African American and only 9% are of other minorities.
- Although 42% of the "A"-type longshore register is minorities, only 5% of those minorities are African American.
- "A"-type longshoremen on average earn much less than their "deep-sea" longshore counterparts. The "deep-sea" longshore register is diverse due only in part to a 96% minority (91% African American) local in New Jersey. In New York, only 8% of the "deep-sea" longshoremen are African American and 7% are of other minorities.
- African American "deep-sea" longshoremen earn on average of 20% less than their white cohorts and all other minorities earn 8.5% less than their white cohorts.
- The gender gap is even greater. Women represent only 10% of "deep-sea" longshoremen, 5% of "A"-type longshoremen, 6% of pier superintendents and 9% of hiring agents.
- Female "deep-sea" longshoremen earn on average 35% less than their male counterparts.

THE YEAR
(July 1, 2010 to June 30, 2011)

As detailed in the Commission's last two annual reports, the Commission has diligently implemented the wide-sweeping reforms suggested by the August 2009 Inspector General Report. It has evolved from a virtually moribund organization into a model regulatory and law enforcement agency, committed to fulfilling its statutory mission.¹ All of the divisions within the Commission are now collaboratively involved in Commission matters. No longer do divisions work in secret and apart from each other, but investigations are now jointly undertaken by teams consisting of senior and assistant counsels, police detectives, auditors and intelligence analysts.

The Commission's divisions, acting in coordination with each other, have re-established the Commission's presence on the waterfront. Commission investigations with our law enforcement partners resulted in arrests of 178 individuals on state and federal charges as well as the seizure of 1,656 pounds of cocaine, over 250 pounds of marijuana, over \$7 million in proceeds from drug transactions and the recovery of 111 stolen vehicles about to be exported.

The following is a summary of the Commission's most significant cases:

July 19, 2010 – Pier Superintendent's Permit Revoked for Violations of Waterfront Act:

The Commission revoked the temporary pier superintendent permit of Anthony Furina Sr. and denied his application for permanent licensing. Furina violated the Waterfront Commission Act by acting as a longshoreman and moving waterborne freight without being so licensed by the Commission. Furina was observed by Commission detectives driving two trucks onto the ship Asian Trust at Pier 1402 in Bayonne, New Jersey and was charged with violating the Act. After a four-day hearing, the Administrative Law Judge determined that Furina clearly violated the Act. Testimony established that this was not an isolated occurrence and that Furina had previously driven heavy equipment onto ships. Evidence was adduced at the hearing that Furina had previously surrendered his "Special Craft" registration for acting beyond the scope of that registration. The ALJ found that there were qualified longshoremen available to load the trucks and there was no reason presented justifying Furina's actions. The ALJ concluded that Furina lacked the good character and integrity required for a pier superintendent's license and, in essence, that he had established his own "fiefdom" on the pier in deciding who drove trucks onto the ships. As such, the ALJ recommended that Furina's application for a pier superintendent license be denied and that his temporary permit be revoked. The Commissioners agreed.

July 23, 2010 – Overseas Theft from Containers: Commission detectives investigated a number of partial container thefts of perfume, cologne and champagne. The investigation determined that the thefts had occurred overseas and prior to arrival in the Port. Blood evidence was recovered and preserved from one of the compromised containers. A DNA profile was created and forwarded to detectives in France through Interpol. With the Commission's assistance, a dockworker in Le Harve, France was arrested and similar thefts have not recurred.



Blood evidence recovered from a container.

¹ This year, the Commission invited the Inspector General's Office to perform a follow-up review and assessment of the Commission's implementation of the Inspector General's directives. Such review was not conducted due to the Inspector General's limited staffing and resources.

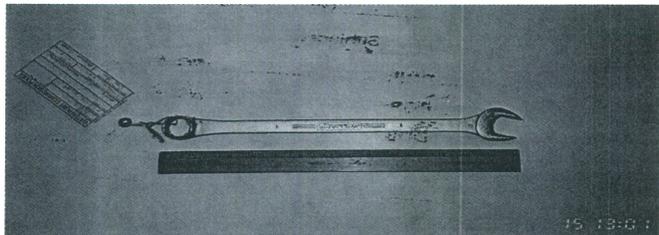
July 27, 2010 - Recovery of \$325,000 in Drug Proceeds: Members of the Commission Police, ICE, DEA, the New York State Police, and the Kings County District Attorney’s Office recovered \$325,000 in bundled US currency from a narcotics trafficker. The trafficker is being prosecuted by the New York City Special Narcotics Prosecutor for money laundering.

August 23, 2010 – Maintenance Man’s Registration is Revoked: The Commission revoked



the registration of Roy Marohn, a maintenance man working at Port Newark Maintenance and Repair, for numerous violations of the Waterfront Commission Act. After a hearing, the Administrative Law Judge determined that Marohn engaged in nonconsensual sexual contact with a female security officer while at work. The ALJ also found that Marohn threatened his foreman with weapons on two separate occasions and willfully damaged PNMR property. Finally, the ALJ found that Marohn committed fraud, deceit and misrepresentation on his application and during a sworn Commission interview about his cocaine use. Due to these serious offenses, the Commission determined that Marohn’s presence at the piers constitutes a danger to the public peace and safety and

his registration as a maintenance man was revoked. Marohn had been highlighted in the Commission’s public hearings as one of a many individuals related to Vincent “Chin” Gigante with waterfront employment.

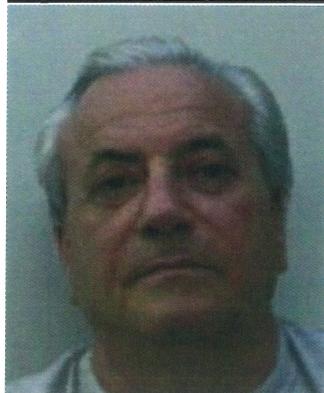


Wrench Marohn used to threaten his supervisor and damage PNMR property.

September 7, 2010 – New York Supreme Court Upholds Decasualization of Checker:

New York County Supreme Court Judge Judith J. Gische ruled in favor of the Commission, dismissing the Article 78 Petition of John Cambio. Cambio, a former checker, had challenged the Commission’s order to deny his request for retention on the longshoremen’s register after he failed to meet the register’s work and work availability requirements. Cambio was removed from the longshoremen’s register pursuant to the Commission Act, which requires checkers and other “deep-sea” longshoremen to work or apply for work during six-month intervals for a minimum number of days established by the Commission. Checkers and other longshoremen who fail to meet these requirements may be removed from the longshoremen’s register in a process referred to as “decasualization.” The purposes of decasualization are to balance the supply of eligible longshoremen with the demand for labor and to remove casual workers who threaten the earning power of other longshoremen. Cambio had failed to meet the work and work availability requirements during the six-month period from January 1, 2009 up through and including June 30, 2009. The Commission argued that Cambio’s commitments to employment outside the waterfront were not “good cause” for failing to meet the work and work availability requirements. In addition, the Commission argued that Cambio should not receive work credit for holidays when he did not work on the waterfront. The Court agreed with the Commission, finding that the Commission’s actions had a rational basis and were neither arbitrary nor capricious.

September 17, 2010 – Checker Convicted of Larceny and Removed from Waterfront:



Checker Stephen Bracco, the “Dock Boss” of the LCL Warehouse at New York Container Terminal, was arrested by Waterfront Commission detectives for grand larceny in the second degree (larceny by extortion) and coercion in the second degree. Bracco was arrested after he demanded cash and Super Bowl tickets in order to expedite the release of a container from the LCL Warehouse. Pursuant to a plea agreement with the Queens District Attorney’s Office, Bracco pleaded guilty to petit larceny and was sentenced to a one-year conditional discharge and restitution in the amount of \$1500.00 to the victim. By Commission order, Bracco was removed for working on the waterfront after his plea.

September 29, 2010 – Twenty-Nine Stolen Vehicles Recovered before Export: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered twenty-nine stolen vehicles valued at over \$682,825 in Port Jersey. The vehicles were bound for export. Thirteen of the vehicles had been stolen from New York, five from Illinois, three from New Jersey, two from Florida and single vehicles from Kentucky, North Carolina, Connecticut and Pennsylvania. The vehicles included BMW’s, Mercedes, Jeeps and Land Rovers.

December 17, 2010 - Counterfeit Goods Seized: After undercover buys by Commission detectives, search warrants were executed on two Queens warehouses. \$1.9 million worth of counterfeit handbags, sneakers and clothing, and \$400,000 worth of dangerous children’s toys containing lead paint were seized. Seven individuals were arrested and convicted. Paperwork recovered during the raids revealed that the goods had been imported through the Port of New York-New Jersey. The case was prosecuted by the Queens District Attorney’s Office.



Counterfeit goods seized by the Commission.

October 5, 2010 - Longshoremen Charged with Importing Cocaine through the Port:

Former longshoreman Shon Norville and longshoremen Henry Machado, Jr., Robert Machado, Andre Davis, Jered Lawrence, Yampier Odoardo, John DeMaio and three others were arrested for importing over 1.3 metric tons of cocaine worth more than \$34 million dollars through the Port of New York-New Jersey. All of the longshoremen were suspended by the Commission pending their administrative hearing. The case is being prosecuted by the US Attorney for the Southern District of New York.

October 5, 2010 – Longshoreman Arrested for Cocaine and Firearm Trafficking:

Longshoreman Arnold Rogers was arrested for conspiracy to distribute cocaine, conspiracy to import cocaine through the Port of New York-New Jersey and sale of a firearm to facilitate narcotics trafficking activities. Rogers was suspended by the Commission pending his administrative hearing. The case is being prosecuted by the US Attorney for the Southern District of New York.

October 19, 2010 – Local 1 Trustee and Shop Steward Pleads Guilty to Theft:

After an investigation by Commission detectives, William A. Vitale, a shop steward at Maher Terminals and Trustee for ILA Local 1, was charged with theft by deception of over \$75,000, a crime of the second degree, and falsifying records, a crime of the fourth degree. Pursuant to a plea agreement, Vitale pleaded guilty to theft by deception in the third degree. Vitale admitted that he lied and caused false time records to be created which resulted in Maher Terminals paying him for hours he did not work including time he was in Florida, California and Aruba. He agreed to repay Maher \$96,582.75, to resign his union position and surrender his Commission registration with prejudice. The case was prosecuted by the Division of Criminal Justice of the New Jersey Attorney General's Office.



December 8, 2010 – Local 1235 Delegate Arrested for Extortion:

Local 1235 Delegate and ILA Representative Robert Ruiz was arrested for Hobbs Act Conspiracy to extort his own union members on behalf of the Genovese Organized Crime Family. Ruiz and others extorted thousands of dollars from union members in the form of Christmas time “tribute payments” that were then transmitted to members of the Genovese Family. Ramirez was suspended by the Commission pending his administrative hearing. The case has been superseded by the January 20, 2011 indictment.

December 14, 2010 – Former Local 1235 President Indicted for Racketeering:

Former Local 1235 President and former ILA Executive Vice President Albert “the Bull” Cernadas, Sr., was arrested on a federal indictment charging him with racketeering, extortion conspiracy and two counts of extortion. Cernadas extorted members of his own union local from 1982 to 2006 for the benefit of the Genovese Family. Cernadas, Sr. and his relationship with the Genovese Family were highlighted in the Commission’s Public Hearings. The case has been superseded by the January 20, 2011 indictment.

December 16, 2010 – US District Court Refuses to Quash Commission Subpoena:

The Honorable Shira Sheindlin, US District Court Judge for the Southern District of New York, denied a motion filed by Ironbound Intermodal, Inc. to quash a subpoena. The Commission had subpoenaed a corporate officer of Ironbound to appear at the Commission to testify about Ironbound’s operations in order to determine whether Ironbound falls within the licensing jurisdiction of the Commission. Judge Sheindlin ruled that the Commission, under Article IV of the Waterfront Commission Act, has the authority to subpoena a company operating within the Port of New York District to investigate whether that company is performing work that requires licensing by the Commission.

January 6, 2011 – Recovery of \$700,000 in Drug Proceeds: Members of the Commission Police, ICE, DEA, the New York State Police and the Kings County District Attorney's Office recovered \$700,000 in bundled US currency from two narcotics traffickers. The traffickers are being prosecuted by the New York City Special Narcotics Prosecutor for money laundering.

January 10, 2011 – Three Indicted for Port Loan Sharking: Former longshoreman and Genovese Soldier Joseph Queli, his wife and Maher Terminal Checker Nicholas Bergamotto were indicted on a variety of New Jersey state charges including conspiracy, criminal usury (commonly known as loan sharking), theft by extortion, money laundering, filing false tax returns and failure to pay tax. Bergamotto was suspended by the Commission pending his administrative hearing. The Quelis and Bergamotto were highlighted in the Commission's Public Hearings. The case is being prosecuted by the Division of Criminal Justice of the New Jersey Attorney General's Office.

January 20, 2011 – Union Officials Charged with Participation in Three Decade Conspiracy to Extort Dock Workers on Behalf of the Genovese Organized Crime Family Genovese soldier and former longshoreman Stephen DePiro, former ILA Local 1235 President Albert Cernadas, Sr., ILA Local 1478-2 Treasurer and Secretary and ILA Atlantic Coast Vice President Nunzio LaGrasso, ILA Local 1235 President Thomas Leonardis, ILA Local 1235 Delegate and ILA Representative Robert Ruiz, former ILA Local 1235 President Vincent Aulisi, his son former Checker Edward Aulisi, former ILA Local 1235 Vice President and Shop Steward Michael Trueba, Checker Foreman Ramiro Quintans, and Longshoreman Salvatore LaGrasso, Jr. were charged by indictment with Racketeering and Extortion resulting from a three-decade conspiracy to extort dock workers. Former Warehouseman Guiseppa Pugliese was charged with two counts of illegal gambling as were three other individuals. All individuals licensed by the Commission were suspended pending an administrative hearing. DePiro, Cernadas, Sr., the LaGrassos, the Aulisis and Michael Trueba were all highlighted in the Commission's Public Hearings. The case is being prosecuted by the US Attorney's Office for the District of New Jersey and the Eastern District of New York.

January 20, 2011 – Three Longshoremen Indicted for Perjury: Longshoremen Patrick Cicalese and Manuel Salgado as well as ILA Local 1478-2 Shop Steward Robert Moreno were arrested on a federal indictment charging them with impeding a proceeding before a federal grand jury by committing perjury. All three were suspended by the Commission pending administrative hearings. The case is being prosecuted by the US Attorney's Office for the Eastern District of New York.

January 20, 2011 – Lasher Convicted of Conspiracy to Commit Wire Fraud: Lasher Pedro Del Valle, Jr., an employee of Island Securing and Maintenance, Inc was arrested on a charge of Conspiracy to Commit Wire Fraud. Between September, 2008 and February, 2010, Del Valle, Jr. was a full time employee of both Island Securing and Verizon, Inc. On numerous occasions, Del Valle indicated on sign-in sheets that he was working at New York Container Terminal during the same periods of time when records maintained by Verizon indicated that he was working there. Del Valle, Jr. also called in sick, took disability leave or took family leave



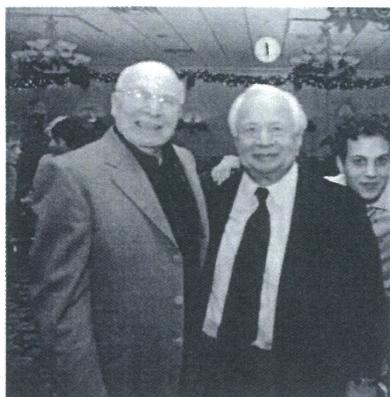
from his job at Verizon when in fact he was working at NYCT. Del Valle, Jr. pleaded guilty to conspiracy to commit wire fraud and was sentenced to three years probation, three hundred hours of community service and ordered to pay \$19,074 in restitution. Del Valle is currently suspended by the Commission and awaiting his administrative hearing to determine if he should retain his license to work in the Port. The case was prosecuted by the US Attorney's Office for the Eastern District of New York.

January 31, 2011 – Twenty-Three Stolen Vehicles Recovered before Export to the Dominican Republic and Guinea, Africa: Members of the Commission Police and Customs and Border Patrol recovered twenty-three stolen vehicles valued at over \$757,764 from containers at the Red Hook Container Terminal in Brooklyn. The vehicles were bound for export to the Dominican Republic and Guinea, Africa. The vehicles were mainly Honda, Lexus, Toyota and Acura SUVs and had been stolen from throughout the metropolitan area as well as Canada.

February 8, 2011 – Top Union Official, Head Timekeeper and Newark Police Officer Indicted: Nunzio LaGrasso, Secretary-Treasurer of Local 1478-2 and ILA Atlantic Coast District Vice President, Maher Timekeeper Rocco Ferrandino and Newark Police Officer and former longshoreman Alan Marfia were indicted on a variety of New Jersey state charges including conspiracy, extortion, commercial bribery, official misconduct and money laundering. LaGrasso and Ferrandino were charged in connection with a scheme requiring dock workers to make cash "tribute" payments in order to receive high-paying jobs, preferred shift assignments and overtime. Marfia was charged for using his access to police databases to obtain information for LaGrasso regarding undercover police vehicles that were conducting surveillances of LaGrasso. Ferrandino was suspended by the Commission pending his administrative hearing. LaGrasso, Ferrandino and Marfia were each highlighted in the Commission's Public Hearings. The case is being prosecuted by the Division of Criminal Justice of the New Jersey Attorney General's Office.

February 8, 2011 – Eight Stolen Vehicles Recovered before Export: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered eight stolen vehicles valued at over \$200,370 from the Bayonne Auto Terminal. The vehicles were about to be exported before their recovery. Five of the vehicles had been stolen from locations in New Jersey, two from New York City and a Rolls Royce stolen from Detroit.

February 18, 2011 – Pier Superintendent Retires Rather than Face Hearing of Associating with Organized Crime and Other Violations: Pier Superintendent and Ports America Senior



General Manager Robert Buglioli was charged by the Commission with associating with members of organized crime including Genovese Capo "Pepe" LaScala, Genovese associates Nicholas Furina and Andrew Gigante, among others, as well as failure to cooperate in a Commission investigation and hiring violations. Buglioli retired before the scheduled hearing date depriving the Commission of its jurisdiction. Buglioli was highlighted in the Commission's Public Hearings.

Genovese Associate Nicholas Furina with Former Pier Superintendent Robert Buglioli.

March 8, 2011 – Plea in Theft of Container of Frozen Shrimp: A refrigerated container containing 884 boxes of frozen shrimp valued in excess of \$100,000 was picked up at Global Container Terminal and delivered to a storage facility in Newark. The container was then stolen from the storage facility. Investigation by Commission detectives resulted in the arrest of Ivan Diodonet. With the assistance of the Garfield Police Department, Commission detectives recovered \$10,000 of proceeds from the sale of the frozen shrimp. Diodonet pleaded guilty to Theft in the third degree in Superior Court on March 8, 2011. The case was prosecuted by the Essex County Prosecutor's Office.

March 18, 2011 – US District Court Dismissed NYSA's Complaint Against Commission's IPSIG Program: The Honorable Jose L. Linares, US District Court Judge for the District of New Jersey, dismissed the amended complaint filed by the New York Shipping Association against the Commission, challenging the Commission's Independent Private Sector Inspector General (IPSIG) Program. The Court found that the NYSA failed to show that the mere existence of the Commission's IPSIG program threatens any imminent economic injury to NYSA's members, or any imminent injury to the licensing status of its members. Specifically, NYSA did not show that the IPSIG program imposes, or threatens to impose, any mandatory additional cost on the stevedoring companies. In addition, NYSA did not show that the IPSIG program increases the statutory assessments beyond the two percent ceiling provided by the Waterfront Commission Act, and did not contradict the Commission's statements that the IPSIGs would only be funded by those companies who choose to retain such services. Moreover, the NYSA failed to demonstrate that the Commission's extensive administrative and judicial appeals process has been altered in any way by the IPSIG program. Instead, the Court observed that the IPSIG program appears to add an alternative to that process. Notably, Judge Linares emphasized that, "[i]ndeed, whether any member will ever be threatened with the loss of its license is determined not by the existence of the IPSIG program, but by a finding by the Commission that the company lacks the 'good character and integrity' required for licensure...At bottom, the character and integrity of a stevedoring company lies within the control of the company itself." Accordingly, the Court dismissed NYSA's amended complaint.

April 27, 2011 – Two Port Employees Charged in Plot to Traffic More than Two Tons of Cocaine Through the Port: Longshoreman Dominic Guido and former Pier Superintendent Robert Roselli were charged participating in a conspiracy to import and distribute more than two tons of cocaine through APM Terminal in Elizabeth, New Jersey. These charges carry a mandatory minimum sentence of ten years in prison and a maximum sentence of life in prison. Guido was suspended by the Commission pending his administrative hearing. The case is being prosecuted by the US Attorney's Office for the Southern District of New York.

April 28, 2011 – NY Supreme Court Denies and Dismisses Pier Superintendent's Appeal of his Revocation: The Honorable Manuel J. Mendez of the New York Supreme Court for New York County ruled in favor of the Commission, denying and dismissing the Article 78 petition of Anthony Furina, Jr. Mr. Furina, Jr., a former pier superintendent, had challenged the Commission's decision to revoke his pier superintendent for failure to possess good character and integrity. In dismissing the petition, Judge Mendez noted Administrative Law Judge Patrick Bailey's credibility determinations and findings of fact. Judge Bailey rendered a nineteen-page decision stating its conclusion that the "respondent acted in a disorderly manner, resisted arrest,

and tried to deceive the commission.” Furina, Jr. had been arrested September 1, 2008 in Belmar, New Jersey for improper behavior/fighting and resisting arrest. Furina, Jr. pleaded guilty in municipal court to disorderly conduct in violation of a Belmar local ordinance. The ALJ found that Furina’s “willingness to be deceitful and make material misrepresentation” about the Belmar incident at an Article 4 interview and at his hearing was “a sufficient predicate for revocation of his pier superintendent’s license.”

May 10, 2011 – Ten Stolen Vehicles Recovered before Export to Africa: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered ten stolen vehicles valued at over \$242,000 in three separate containers at APM Terminal in Port Elizabeth. The vehicles were bound for destinations in Guinea and Togo, Africa before their recovery. Three of the vehicles had been stolen from New York City; the remaining seven were stolen from different locations in New Jersey. The vehicles included a Mercedes Benz, an Acura and a number of Toyota SUV’s. One individual was arrested and the investigation is continuing.

May 25, 2011 – Fifteen Stolen Vehicles Recovered before Export to Africa: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered ten stolen vehicles valued at over \$365,314 in five separate containers at APM Terminal in Port Elizabeth. The vehicles were bound for destinations in Guinea Gambia and Togo, Africa before their recovery. Nine of the vehicles had been stolen from locations in New Jersey; the remaining six were stolen in New York City.

June 6, 2011 – Two Longshoremen Arrested for Running Dockside Betting Ring: Longshoremen Salvatore Gregorio and Armando Duff, Jr., as well as a third individual – Paul Intartaglia were arrested by Commission detectives and Investigators from the Kings County District Attorney’s Office and charged with three counts of promoting gambling in the first degree and conspiracy in the fifth and sixth degrees. The charges allege that the three men ran an illegal gambling in the Port and elsewhere in 2011. Gregorio and Duff, Jr. have been suspended by the Commission pending an administrative hearing. The case is being prosecuted by the Kings County District Attorney’s Office.

June 8, 2011 – 13 Stolen Vehicles Recovered before Export to Africa: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered thirteen stolen vehicles valued at over \$462,056 in three containers at APM Terminal and two containers at Port Newark Container Terminal. The vehicles were bound for destinations in Guinea and Gambia, Africa before their recovery. Six of the vehicles had been stolen from locations in New Jersey; the remaining seven were stolen in New York City.

June 10, 2011 – NJ Superior Upholds Commission Subpoena of Longshoremen: The Honorable Martin Kravarik of the New Jersey Superior Court denied the motion of longshoreman Salvatore LaGrasso, Jr. to quash a subpoena requiring him to appear as a witness at a Commission hearing against hiring agent Pasquale Pontoriero. Pontoriero has been charged with violating the Commission Act by associating with Tino Fiumara and Stephen DePiro, who are convicted racketeers, career criminals and members or associates of organized crime. LaGrasso, who has been charged by federal indictment with Conspiracy to Commit Extortion and Extortion, argued that the subpoena requiring his appearance would result in self-

incrimination. After oral argument, Judge Kravarik held that LaGrasso may not invoke his Fifth Amendment by a “blanket” refusal to testify. Instead, the Court held that in order to assert the privilege, LaGrasso must first comply with the subpoena, appear as a witness, and be asked questions. Accordingly, LaGrasso’s motion to quash was denied and the Commission subpoena was upheld.

June 30, 2011- Eight Stolen Vehicles Recovered before Export to Nigeria: Members of the Commission Police, Customs and Border Patrol and the New Jersey State Police recovered eight stolen vehicles valued at over \$333,871 from the Bayonne Auto Terminal. The vehicles were bound for Nigeria, Africa before their recovery. The eight high end vehicles – Jaguar, Hummer, Land Rover Mercedes Benzes and Toyota SUV’s had been stolen from New York City, various locations in New Jersey and Reading, Pennsylvania.

In addition to the significant cases set forth above, the following are some of the accomplishments of each of the Commission during the fiscal year:

PUBLIC HEARINGS

The Commission held public hearings between October 14, 2010 and December 2, 2010 concerning unfair employment practices within the Port. Specifically, the hearings examined allegations of “no show” and “no work” jobs, favoritism and nepotism, the abusive and illogical interpretation of existing collective bargaining agreements and the impact of such practices on the competitiveness of the Port and the morale and career prospects of decent, hard-working Port employees. The hearings were held pursuant to the Commission’s statutory authority to investigate, collect and compile information concerning waterfront practices. Over the course of six sessions, twenty-nine witnesses testified, seven hundred eighty-nine pages of testimony was taken and one hundred thirty-five exhibits were received in evidence. Commission attorneys interviewed over fifty other individuals, including Port employees and union officials, in preparation for the hearings. Over one dozen of the individuals highlighted in the hearings were later indicted in state or federal prosecutions. During the hearings, the Commission announced the arrests of a union official and a longshoreman for receiving payments for hours not worked. These cases were successfully prosecuted during the year by the US Attorney’s Office for the Eastern District of New York and the Division of Criminal Justice of the New Jersey Attorney General’s Office.

The hearings were well attended by members of labor and the industry, some of whom – for the first time – were made aware of the serious practices that are robbing the Port of its competitiveness. The facts adduced in the hearings, as reflected in the Commission’s Report, confirm concerns about no-show and no-work positions at the Port, the extraordinarily high salaries individuals in these positions receive, the troubling familial connections many of these privileged employees have to members of organized crime and the ILA and the abusive and illogical interpretations of the collective bargaining agreements used to support these abuses. Besides criminal and administrative approaches, the Commission also referred these abusive practices to the ILA’s Ethical Practices Counsel for the purpose of developing institutional solutions.

**DIVERSITY IN THE PORT –
THE COMMISSION’S PREQUALIFICATION PROGRAM**

Section 5–p(4) of the Waterfront Commission Act requires that employers who sponsor those individuals for inclusion in the register must certify that selection was made on a non-discriminatory basis. Notwithstanding this requirement, there is an incredible lack of diversity in waterfront employment as well as an income gap among those few minorities that are employed there. For instance, the present composition of the three New York ILA locals does not represent the diversity of their respective geographical areas: Local 824 in Manhattan is 82% white; Local 920 in Staten Island is 84% white and Local 1814 in Brooklyn is 82% white. Clearly the ILA and the New York Shipping Association (NYSA) have not been committed to diversifying the workforce in the Port. This disparity was noted by the legislatures of both New York and New Jersey, before whom members of the Commission testified regarding the need for the register.

As a result, the Commission – for the first time in Commission history – established a prequalification process that will allow a diverse workforce of men and women, unencumbered by mob influence and criminality, to be added to the longshoremen register when there is an increased demand for labor. Doing so not only ensures that there is an immediate pool of available, qualified labor, but it is also the first step in combating the prevalent discriminatory hiring practices in the Port. It is the Commission’s only means of ensuring that the composition of ILA locals is representative of their cities’ demographics.

The Commission invited members of the NYSA and ILA to discuss the prequalification process, in an attempt to work together to promote equal opportunity, fair hiring practices, economic growth and prosperity in the Port. However, those attempts were not well received and there was no meaningful attempt by the ILA to offer any strategy for diversification of the workforce, despite criticism by both the New York and New Jersey Legislatures about the issue. The ILA, in particular, was not receptive to the thought of going to employment centers and other non-traditional (i.e., non-union) venues to assemble a diverse pool of potential employees.

Undeterred, the Commission began actively developing its own prequalification program. The Commission 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 who will now be working in the Port. On its own initiative, the Commission determined the need for additional labor in the Port and approved determinations which (1) opened the labor pool to meet an immediate need for the temporary hiring of baggage handlers and car drivers, and (2) opened the longshoremen's register to include certain longshorepersons in order to meet the needs of a stevedoring company for terminal labor and equipment operators.

In stark contrast to the current demographics of the workforce, as set forth above, the demographics of the men and women in New York who have been registered to work as part of the Commission’s prequalification program are as follows: 47.6% Black, 33.3% Hispanic, 9.5% White, 4.8% Asian, and 4.8% Other.

It was only when the Commission began actively moving forward with its prequalification program that the ILA and NYSA sought to become a part of the discussion on diversity.

AWARDS

On November 12, 2010, Commission Detective Ricardo Cuadra was presented with the Federal Law Enforcement Foundation’s prestigious Investigator of the Year Award for his role in the highly successful El Dorado Task Force investigation – Operation Triple Play. Triple Play successfully uncovered and dismantled a highly sophisticated money laundering operation in New York, New Jersey, Pennsylvania, Puerto Rico and the Dominican Republic. Since its inception in 2007, the investigation has been responsible for the seizure of \$16 million in drug proceeds, forty arrests and numerous heroin and cocaine seizures.



Detective Cuadra (left), recipient of Investigator of the Year Award.

INTERNSHIP PROGRAM

The Law and Intelligence Divisions continue to run year round internship programs for area college and law school students. The Police Division for the second year has run a program for college students as well.



Legal Division interns: Edward Kang, Dasha Kabakova, Talia Englander, John Schoolman, Peter Chambers, Vanessa Castellina, Qaysara Forlenza and James Gallagher.



Intelligence Division Interns: Joel Pimentel, Philip Pierre, Tae Won Yoon and Brett Sullivan

WATERFRONT COMMISSION DIVISION OF LICENSING & EMPLOYMENT INFORMATION CENTERS
Comparison of Hirings for the Years Ending June 30th 2009 and 2010

Piers and Areas	Hirings				% Share of Port Employment			
	2010-2011	2009-2010	Increase/ Decrease	% Change	2010-2010	2009-2010		
Manhattan	23,391	18,665	+ 4,726	+ 25.32%	2.99%	2.53%		
Brooklyn	56,220	50,674	+ 5,546	+ 10.94%	7.187%	6.87%		
Staten Island	86,261	88,198	- 1,937	- 2.20%	11.02%	11.95%		
Port Newark & Elizabeth	532,002	500,214	+ 31,788	+ 6.35%	67.99%	67.78%		
Jersey City, Bayonne	84,630	80,267	+ 4,343	+ 5.41%	10.82%	10.88%		
TOTAL NEW JERSEY	616,632	580,501	+ 36,131	+ 6.22%	78.80%	78.65%		
TOTAL NEW YORK	165,872	157,537	+ 8,335	+ 5.29%	21.20%	21.35%		
TOTAL PORT WIDE	782,504	738,038	+ 44,466	+ 6.02%	100%	100%		

CONCLUSION

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

Respectfully submitted,

Ronald Goldstock
New York Commissioner

Jan Gilhooly
New Jersey Commissioner

Walter M. Arsenault
Executive Director

COMMISSION DETERMINATIONS

Year Ended June 30, 2011

APPLICATIONS AND REVOCATIONS PROCEEDINGS

	Revoked				Suspended		Totals
	<u>Denied</u>	<u>Granted</u>	<u>Revoked</u>	<u>L/R</u>	<u>Suspended*</u>	<u>Reprimanded</u>	
Longshorepersons	0	2	6	1	5	0	33
Checkers	0	1	3	0	1	0	7
Hiring Agents	0	0	0	0	0	0	0
Security Officer	0	0	0	0	0	0	0
Pier	1	0	1	0	0	0	3
Superintendents							
Stevedores	0	0	0	0	0	0	0
Maintenance/Warehouse	5	1	4	0	4	0	19
Telecommunications System Controllers	0	0	0	0	0	0	0
Totals	6	4	14	1	10	0	62

* Includes summary proceedings and informal hearings

PETITIONS

	<u>Denied</u>	<u>Granted</u>	<u>Totals</u>
Petitions for Reconsideration	0	0	0
Petitions for Leave to Reapply	0	0	0
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	1	1
Petitions to Remove Ineligibility	0	1	1
Petitions for Restoration of Registration/License	4	7	11
Petitions to Vacate Temporary Suspension	0	2	2
Petitions for Retention or Reinstatement	4	1	5
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	2	2
Petitions to Amend Determination	0	0	0
Totals	8	14	22

ADDITIONAL COMMISSION DETERMINATIONS

Recommendations to Authorize an Informal Hearing	0
Section 5-p Resolutions/Determinations	3
Recommendations for Permanent Registration/License	3
Recommendations for Permanent License (Stevedores)	10
Recommendations to Continue Temporary Permits/Registrations	3
Recommendations to Continue Temporary Permits/Registrations (Stevedores)	67
Recommendations to Issue Notice of Hearing	32
Recommendations to Amend Notice of Hearing	1
Recommendations to Rescind Notice of Hearing	3
Recommendations to Issue Temporary Permit	3
Totals	125

ANNUAL FINANCIAL REPORT

WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Waterfront Commission of New York Harbor
Statement of Cash Receipts and Disbursements and
Changes in Fund Balance - Modified
Actual and Budget
For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance with Budget Positive or (negative)
RECEIPTS			
Assessments (regular)	11,250,068	11,200,000	50,068
Assessments (additional)	64,774	-	64,774
Interest charges	14,620	-	14,620
Penalties	66,306	-	66,306
Subtotal	<u>11,395,768</u>	<u>11,200,000</u>	<u>195,768</u>
Dividend and interest Income	2,521	3,000	(479)
Overtime reimbursements	47,576	30,000	17,576
Other	43,430	-	43,430
Total receipts	<u>11,489,295</u>	<u>11,233,000</u>	<u>256,295</u>
DISBURSEMENTS			
<i>Personal Services</i>			
Regular payroll	6,533,174	7,020,443	487,269
Overtime payroll	60,305	62,640	2,335
Group health, life insurance, dental	1,207,928	894,945	(312,983)
Workers' compensation insurance	138,921	120,000	(18,921)
Employer taxes	484,050	560,000	75,950
Pension costs	840,228	804,970	(35,258)
Subtotal - salaries and benefits	<u>9,264,606</u>	<u>9,462,998</u>	<u>198,392</u>
Outside auditors and counsels	158,407	60,000	(98,407)
Administrative judges, scopists and other	35,050	55,000	19,950
Subtotal - professional services	<u>193,457</u>	<u>115,000</u>	<u>(78,457)</u>
Total personal services	<u>9,458,063</u>	<u>9,577,998</u>	<u>119,935</u>
<i>Other Than Personal Services</i>			
Office rentals	804,009	791,326	(12,683)
Utilities	111,479	112,540	1,061
General insurance	425,600	403,000	(22,600)
Travel and auto	198,251	245,700	47,449
General office	71,230	64,300	(6,930)
Communications	176,681	169,600	(7,081)
Special supplies	108,409	108,032	(377)
Information system	59,722	80,800	21,078
Repairs, maintenance and alterations	50,789	51,730	941
Printing	3,593	12,000	8,407
Furniture and equipment	14,040	18,000	3,960
Continuing education	-	1,000	1,000
Total other than personal services	<u>2,023,803</u>	<u>2,058,028</u>	<u>34,225</u>
Total disbursements	<u>11,481,866</u>	<u>11,636,026</u>	<u>154,160</u>
NET CHANGE IN FUND BALANCE	<u><u>7,429</u></u>	<u><u>(403,026)</u></u>	<u><u>410,455</u></u>
FUND BALANCE, July 1, 2010	<u>1,178,721</u>	<u>1,178,721</u>	-
FUND BALANCE, June 30, 2011	<u><u>1,186,150</u></u>	<u><u>775,695</u></u>	<u><u>410,455</u></u>

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

Waterfront Commission of New York Harbor
Notes to Statement of Cash Receipts and Disbursements and
Changes in Fund Balance - Modified
June 30, 2011

(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: longshoremen, 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
June 30, 2011

(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 within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities 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 municipality in the state and, therefore, the actuarial data for the Commission is not available.

The Division of Pensions 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.

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 5.5% and 8.5% through September 30, 2011, 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, 2011, 2010, and 2009, amounted to \$72,468, \$49,410, and \$24,454, respectively.

Waterfront Commission of New York Harbor
Notes to Statement of Cash Receipts and Disbursements and
Changes in Fund Balance - Modified
June 30, 2011

(3) New York Retirement Plans

Plan Description

The Commission participates in the New York State Employees' Retirement System (ERS), the New York State Policemen's and Firemen's Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). 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 after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, will contribute 3% 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:

2011	\$ 767,481
2010	427,223
2009	599,922

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
June 30, 2011

(4) Lease Commitments

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$804,009 for the year ended June 30, 2011.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2012	\$ 783,134
2013	803,702
2014	844,856
2015	830,490
2016	814,192
2017 and thereafter	<u>463,619</u>
	<u>\$ 4,539,993</u>

WATERFRONT COMMISSION OF NEW YORK HARBOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED
and
INDEPENDENT AUDITOR'S REPORT

June 30, 2008

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT

The Commissioners
Waterfront Commission of New York Harbor
New York, New York

We have audited the accompanying statement of cash receipts and disbursements and changes in fund balance - modified (Note 1b) of the Waterfront Commission of New York Harbor (Commission) for the year ended June 30, 2008. This statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the statement of cash receipts and disbursements and changes in fund balance - modified based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements and changes in fund balance - modified is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements and changes in fund balance - modified. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of cash receipts and disbursements and changes in fund balance - modified presentation. We believe our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the statement of cash receipts and disbursements and changes in fund balance - modified, the Commission prepared the statement of cash receipts and disbursements and changes in fund balance - modified using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the statement of cash receipts and disbursements and changes in fund balance - modified of the variances between the modified cash basis of accounting and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In our opinion, the statement of cash receipts and disbursements and changes in fund balance - modified, presents fairly, in all material respects, the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, on our consideration of the Waterfront Commission of New York Harbor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Commissioners and management of the Waterfront Commission of New York Harbor and is not intended to be and should not be used by anyone other than these parties.

Bollam Sheedy Torani & Co LLP

New York, New York
June 23, 2011

WATERFRONT COMMISSION OF NEW YORK HARBOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED (NOTE 1b)
For the Fiscal Year Ended June 30, 2008

RECEIPTS

Assessments (regular)	\$ 11,180,951
Interest and penalties	592,232
Subtotal	11,773,183
Dividend and interest income	78,320
Overtime reimbursements	82,327
Other	10,963
Total receipts	11,944,793

DISBURSEMENTS

Personal service	
Regular payroll	6,246,085
Overtime payroll	83,486
Group health, life insurance, dental	941,045
Workers' compensation insurance	90,276
Employer taxes	481,329
Pension costs	771,026
Subtotal, salaries and benefits	8,613,247
Outside auditors and counsels, administrative judges, scopists, and other	147,907
Total personal services	8,761,154

Other than personal service

Office rentals	692,210
Utilities	102,358
General insurance	464,062
Travel and auto	273,272
General office	60,264
Communications	113,796
Special supplies	98,620
Information system	556,769
Repairs and maintenance	51,817
Alteration and renovation	500,000
Printing	10,506
Furniture and equipment	6,904
Total other than personal service	2,930,578

Total disbursements	11,691,732
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NET CHANGE IN FUND BALANCE, excess of receipts over disbursements	253,061
FUND BALANCE, July 1, 2007	1,183,898
FUND BALANCE, June 30, 2008	\$ 1,436,959

The accompanying Notes to Statement of Cash Receipts and Disbursements and Changes in Fund Balance – Modified are an integral part of this statement.

WATERFRONT COMMISSION OF NEW YORK HARBOR

**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED**

June 30, 2008

NOTE 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: longshoremen, pier superintendents, hiring agents, and port watchmen.

NOTE 2 - NEW JERSEY PENSION PLAN

City employees who are eligible for pension coverage are enrolled in one of three 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 three State administered pension funds are: the Consolidated Police and Firemen's Pension Fund (CPFPPF); the Public Employees' Retirement System (PERS); and the Police and Firemen's Retirement System (PFRS). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities 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 municipality in the state and, therefore, the actuarial data for the City is not available.

The Division of Pensions 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 the State of New Jersey, Division of Pensions.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997, and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution for the fiscal year ended June 30, 2008, excluding the contribution for postretirement medical benefits in the PERS.

WATERFRONT COMMISSION OF NEW YORK HARBOR

**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED**

June 30, 2008

NOTE 2 - NEW JERSEY PENSION PLAN - Continued

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 4.5% and 8.5% through December 31, 1999 and 3.0% and 8.5% thereafter, 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. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Commission's contribution for pension expense for PERS, PFRS, and CPFPP combined, for the years ended June 30, 2008, 2007, and 2006, amounted to \$29,897, \$7,795, and \$4,057, respectively.

NOTE 3 - NEW YORK RETIREMENT PLANS

Plan Description

The Commission participates in the New York State Employees' Retirement System (ERS), the New York State Policemen's and Firemen's Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). 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 after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, will contribute 3% 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:

2008	\$ 745,814
2007	650,598
2006	618,190

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**

June 30, 2008

NOTE 4 - LEASE COMMITMENTS

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$692,210 for the year ended June 30, 2008.

The future minimum lease payments are as follows:

For the year ending June 30, 2009	\$ 720,398
2010	739,435
2011	763,091
2012	783,134
2013	803,702
2014 and thereafter	<u>2,953,157</u>
	<u>\$ 6,762,917</u>

WATERFRONT COMMISSION OF NEW YORK HARBOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED
and
INDEPENDENT AUDITOR'S REPORT

June 30, 2009

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT

The Commissioners
Waterfront Commission of New York Harbor
New York, New York

We have audited the accompanying statement of cash receipts and disbursements and changes in fund balance - modified (Note 1b) of the Waterfront Commission of New York Harbor (Commission) for the year ended June 30, 2009. This statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the statement of cash receipts and disbursements and changes in fund balance - modified based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements and changes in fund balance - modified is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements and changes in fund balance - modified. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of cash receipts and disbursements and changes in fund balance - modified presentation. We believe our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the statement of cash receipts and disbursements and changes in fund balance - modified, the Commission prepared the statement of cash receipts and disbursements and changes in fund balance - modified using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the statement of cash receipts and disbursements and changes in fund balance - modified of the variances between the modified cash basis of accounting and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In our opinion, the statement of cash receipts and disbursements and changes in fund balance - modified, presents fairly, in all material respects, the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, on our consideration of the Waterfront Commission of New York Harbor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Commissioners and management of the Waterfront Commission of New York Harbor and is not intended to be and should not be used by anyone other than these parties.

Bollam Sheedy Torani & Co LLP

New York, New York
June 23, 2011

WATERFRONT COMMISSION OF NEW YORK HARBOR

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED (NOTE 1b)
For the Fiscal Year Ended June 30, 2009**

RECEIPTS

Assessments (regular)	\$ 10,842,073
Interest and penalties	102,264
Subtotal	10,944,337
Dividend and interest income	28,667
Overtime reimbursements	50,086
Total receipts	11,023,090

DISBURSEMENTS

Personal service	
Regular payroll	6,304,440
Overtime payroll	89,367
Group health, life insurance, dental	779,856
Workers' compensation insurance	117,368
Employer taxes	477,769
Pension costs	625,474
Subtotal, salaries and benefits	8,394,274
Outside auditors and counsels, administrative judges, scopists, and other	496,924
Total personal services	8,891,198

Other than personal service	
Office rentals	643,755
Utilities	111,425
General insurance	314,159
Travel and auto	268,140
General office	76,719
Communications	123,784
Special supplies	109,328
Information system	302,494
Repairs and maintenance	48,713
Alteration and renovation	1,847
Printing	43,989
Furniture and equipment	70,284
Total other than personal service	2,114,637
Total disbursements	11,005,835

Excess of receipts over disbursements **17,255**

Transfers from other funds 86,952

NET CHANGE IN FUND BALANCE **104,207**

FUND BALANCE, July 1, 2008 1,436,959

FUND BALANCE, June 30, 2009 **\$ 1,541,166**

The accompanying Notes to Statement of Cash Receipts and Disbursements and Changes in Fund Balance – Modified are an integral part of this statement.

WATERFRONT COMMISSION OF NEW YORK HARBOR

**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED**

June 30, 2009

NOTE 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: longshoremen, pier superintendents, hiring agents, and port watchmen.

NOTE 2 - NEW JERSEY PENSION PLAN

City employees who are eligible for pension coverage are enrolled in one of three 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 three State administered pension funds are: the Consolidated Police and Firemen's Pension Fund (CPFPPF); the Public Employees' Retirement System (PERS); and the Police and Firemen's Retirement System (PFRS). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities 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 municipality in the state and, therefore, the actuarial data for the City is not available.

The Division of Pensions 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 the State of New Jersey, Division of Pensions.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997, and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution for the fiscal year ended June 30, 2009, excluding the contribution for postretirement medical benefits in the PERS.

WATERFRONT COMMISSION OF NEW YORK HARBOR

**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED**

June 30, 2009

NOTE 2 - NEW JERSEY PENSION PLAN - Continued

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 4.5% and 8.5% through December 31, 1999 and 3.0% and 8.5% thereafter, 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. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Commission's contribution for pension expense for PERS, PFRS, and CPFPF combined, for the years ended June 30, 2009, 2008, and 2007, amounted to \$24,454, \$29,897, and \$7,795, respectively.

NOTE 3 - NEW YORK RETIREMENT PLANS

Plan Description

The Commission participates in the New York State Employees' Retirement System (ERS), the New York State Policemen's and Firemen's Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). 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 after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, will contribute 3% 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:

2009	\$ 599,922
2008	745,814
2007	650,598

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**

June 30, 2009

NOTE 4 - LEASE COMMITMENTS

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$643,755 for the year ended June 30, 2009.

The future minimum lease payments are as follows:

For the year ending June 30, 2010	\$ 739,435
2011	763,091
2012	783,134
2013	803,702
2014	844,856
2015 and thereafter	2,108,301
	<hr/>
	\$ 6,042,519
	<hr/> <hr/>

WATERFRONT COMMISSION OF NEW YORK HARBOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED
and
INDEPENDENT AUDITOR'S REPORT

June 30, 2010

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT

The Commissioners
Waterfront Commission of New York Harbor
New York, New York

We have audited the accompanying statement of cash receipts and disbursements and changes in fund balance - modified (Note 1b) of the Waterfront Commission of New York Harbor (Commission) for the year ended June 30, 2010. This statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the statement of cash receipts and disbursements and changes in fund balance - modified based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements and changes in fund balance - modified is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements and changes in fund balance - modified. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of cash receipts and disbursements and changes in fund balance - modified presentation. We believe our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the statement of cash receipts and disbursements and changes in fund balance - modified, the Commission prepared the statement of cash receipts and disbursements and changes in fund balance - modified using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the statement of cash receipts and disbursements and changes in fund balance - modified of the variances between the modified cash basis of accounting and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In our opinion, the statement of cash receipts and disbursements and changes in fund balance - modified, presents fairly, in all material respects, the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 2010, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, on our consideration of the Waterfront Commission of New York Harbor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Commissioners and management of the Waterfront Commission of New York Harbor and is not intended to be and should not be used by anyone other than these parties.

Bollam Sheedy Torani & Co LLP

New York, New York
June 23, 2011

WATERFRONT COMMISSION OF NEW YORK HARBOR

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN FUND BALANCE - MODIFIED (NOTE 1b)**

For the Fiscal Year Ended June 30, 2010

RECEIPTS

Assessments (regular)	\$ 10,129,773
Assessments (additional)	707,727
Interest charges	76,373
Penalties	112,097
Subtotal	<u>11,025,970</u>
Dividend and interest income	3,190
Overtime reimbursements	55,470
Other	19,782
Total receipts	<u>11,104,412</u>

DISBURSEMENTS

Personal service	
Regular payroll	6,925,451
Overtime payroll	68,792
Group health, life insurance, dental	916,462
Workers' compensation insurance	121,560
Employer taxes	550,023
Pension costs	476,633
Subtotal, salaries and benefits	<u>9,058,921</u>
Outside auditors and counsels, administrative judges, scopists, and other	706,850
Total personal services	<u>9,765,771</u>

Other than personal service

Office rentals	733,323
Utilities	109,651
General insurance	367,785
Travel and auto	287,357
General office	70,402
Communications	123,795
Special supplies	134,602
Information system	85,032
Repairs, maintenance and alterations	47,450
Printing	11,482
Furniture and equipment	4,875
Continuing education	2,930
Total other than personal service	<u>1,978,684</u>

 Total disbursements 11,744,455

 Deficiency of receipts over disbursements **(640,043)**

Transfers from other funds 277,598

NET CHANGE IN FUND BALANCE (362,445)

FUND BALANCE, July 1, 2009 1,541,166

FUND BALANCE, June 30, 2010 **\$ 1,178,721**

The accompanying Notes to Statement of Cash Receipts and Disbursements and Changes in Fund Balance – Modified are an integral part of this statement.

WATERFRONT COMMISSION OF NEW YORK HARBOR

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED

June 30, 2010

NOTE 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: longshoremen, pier superintendents, hiring agents, and port watchmen.

NOTE 2 - NEW JERSEY PENSION PLAN

City employees who are eligible for pension coverage are enrolled in one of three 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 three State administered pension funds are: the Consolidated Police and Firemen's Pension Fund (CPFPPF); the Public Employees' Retirement System (PERS); and the Police and Firemen's Retirement System (PFRS). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities 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 municipality in the state and, therefore, the actuarial data for the City is not available.

The Division of Pensions 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 the State of New Jersey, Division of Pensions.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997, and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution for the fiscal year ended June 30, 2010, excluding the contribution for postretirement medical benefits in the PERS.

WATERFRONT COMMISSION OF NEW YORK HARBOR

**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN FUND BALANCE - MODIFIED**

June 30, 2010

NOTE 2 - NEW JERSEY PENSION PLAN - Continued

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 4.5% and 8.5% through December 31, 1999 and 3.0% and 8.5% thereafter, 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. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Commission's contribution for pension expense for PERS, PFRS, and CPFPF combined, for the years ended June 30, 2010, 2009, and 2008, amounted to \$49,410, \$24,454, and \$29,897, respectively.

NOTE 3 - NEW YORK RETIREMENT PLANS

Plan Description

The Commission participates in the New York State Employees' Retirement System (ERS), the New York State Policemen's and Firemen's Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). 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 after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, will contribute 3% 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:

2010	\$ 427,223
2009	599,922
2008	745,814

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**

June 30, 2010

NOTE 4 - LEASE COMMITMENTS

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$733,323 for the year ended June 30, 2010.

The future minimum lease payments are as follows:

For the year ending June 30, 2011	\$ 763,091
2012	783,134
2013	803,702
2014	844,856
2015	830,490
2016 and thereafter	1,277,811
	<hr/>
	\$ 5,303,084

WATERFRONT COMMISSION OF NEW YORK HARBOR

Ronald Goldstock
Commissioner for New York

Jan Gilhooly
Commissioner for New Jersey

Walter M. Arsenault
Executive Director

Phoebe S. Sorial
General Counsel

Jeffrey Schoen
Director of Law, Licensing and EIC

John J. Hennelly
Chief of Police

Richard Carbonaro
Director of Administration and Audit

Adam Cheung
Comptroller

Daniel Ramirez
Director of Intelligence

PRINCIPAL OFFICE

39 Broadway, 4th Floor, New York, New York 10006
Telephone (212) 742- 9280

LICENSING & EMPLOYMENT INFORMATION CENTERS

Main:

39 Broadway, 4th Floor, New York, New York 10006
Fax (212) 905-9249

Port Newark Office:

189 Corbin Street, Port Newark, New Jersey 07114
Telephone (973) 344-1803 – Fax (973) 344-1801

Edison, New Jersey Office:

(Telecommunications Hiring Center)

333 Thornall Street, 3rd Floor, Suite 303, Edison, New Jersey 08837
Telephone (732) 321-9293 – Fax (732) 321-0301

POLICE FIELD OFFICES

New York:

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

New Jersey:

189 Corbin Street, Port Newark, New Jersey 07114
Telephone (973) 817-7798 – Fax (973) 817-8241

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