

# **WATERFRONT COMMISSION OF NEW YORK HARBOR ANNUAL REPORT 2012 - 2013**





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

Emerging from the scathing and well-deserved 2008 Report of the New York State Office of the Inspector General, the revitalized Waterfront Commission of New York Harbor has now been operational for five years. We are pleased to report that the Commission is no longer, as it once was in the previous decade, a regulatory body captured by the very same industry it was created to oversee. Now that the Commission has been brought back to its core missions, we are tirelessly working to effectuate a systemic change of the current hiring scheme in the Port, and to promote economic growth and competitiveness through every available statutory and regulatory means.

This year, we have continued to forcefully advocate that the union of waterfront workers should represent its membership rather than a privileged few. We have unyieldingly strived to safeguard the ability of employers to select their own workers and, consistent with their collective bargaining agreements, assign their responsibilities and hold them accountable without the threat of disruption in the Port. We have begun the process of removing those hiring agents whose loyalties have troublingly remained firmly implanted with their union roots, rather than with the stevedores by whom they are employed. We have assembled a ready supply of qualified labor immediately available to satisfy employers' needs, and have sent the industry the clear and mistakable message that it must employ a diverse workforce that reflects the makeup of the surrounding Port communities. We have begun taking regulatory measures to ensure equal training opportunities. And, working with our law enforcement partners, we have unrelentingly devoted our efforts to the removal of organized crime, corruption and other criminal influence in the Port.

However, this change in culture will not come easily to an industry with a long and intractable history of corruption and racketeering. Under the previous administration, the hiring, training and promotion practices of the industry led to 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 both on the competitiveness of the Port and on the morale and career prospects of decent, hard-working Port employees. Such no-show and no-work positions, generally characterized by outsized salaries of up to \$460,000, are overwhelmingly given to white males connected to organized crime figures or union leadership.

Through our administrative actions and public hearings, the Commission has begun to lead the industry away from work practices that they themselves describe as ones that they “can no longer explain, rationalize or justify.” Indeed, as the President of the New York Shipping Association, Inc., stated in response to the Commission’s 2012 Special Report, “[t]hese practices, many of which have been in place for more than fifty years, have made the port unnecessarily expensive and less competitive. Now is the time to address issues of excess staffing and hours of pay that are not commensurate with the work performed.”

During this year’s contract negotiations, the United States Maritime Alliance sought to include many of the Commission’s recommendations in its negotiated collective bargaining agreement with the ILA. Nonetheless, no-show and low-show jobs still exist today, and virtually every terminal within the Port has “special deals” with connected union employees. Employers have admitted that well over one-hundred employees collectively receive payments of millions of dollars each year for hours they never work. The Commission has pledged to aid any company in its efforts to fight the work practices and extortive behavior that would be unacceptable to any legitimate business.

Besides moving away from these practices, the new collective bargaining agreement calls for the implementation of a shift system, rather than the current relief system, in which at least forty-percent of the workforce being paid even though they are not working, or even required to be at the piers. The Commission stands firmly committed to improving the economic competitiveness of the Port by ridding the harbor of these wasteful practices.

This year, in addition to these challenges, the Commission also faced severe administrative challenges due to the devastating impact of Superstorm Sandy. The Commission’s Port Newark Field Office was totally destroyed, and its Battery Park Headquarters suffered significant flooding which resulted in the destruction of sensitive communication and data equipment. Additionally, almost one-third of the Commission’s motor vehicle fleet was destroyed. Despite this, as a result of the extraordinary efforts undertaken by management and staff, the Commission was operational just one day after the storm. Our swift return allowed us to play an integral role in the restoration of Port operations.

Sandy’s devastating impact on Port operations also resulted in a shortfall of approximately \$600,000 from what would have been the Commission’s second quarter assessments. Despite this, due to the Commission’s foresight and fiscal responsibility, our operations continued without interruption. We were able to carry out our essential responsibilities without appropriations from either state to balance the budget.

We are proud to present a summary of the significant activities of the Waterfront Commission of New York Harbor during the Fiscal Year 2012-2013. The Commission – though operating this past year with its smallest headcount in its history – has continued to effectively perform its designated responsibilities under the Waterfront Commission Compact between the States of New York and New Jersey, with particular concern for the improvement of the overall economy and well-being of the Port.

# ANNUAL REPORT

## FY 2012-2013



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 the 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, to some degree, on today's waterfront. Over the past year, the Commission and its law enforcement partners have made arrests and prosecuted organized crime members, union officials and members for a variety of crimes and criminal enterprises. The Commission continues to work with its law enforcement partners in both criminal and administrative actions.

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 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 has a number of investigations currently active in this area.

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 the illegal use of drugs, especially prescription medications, have been added to the enforcement picture.

While individual prosecutions and administrative and regulatory actions are required and necessary, these alone are insufficient to change a historically and presently corrupt industry. The Commission is hopeful that the new collective bargaining agreements are a sign that the industry is ready to attempt new, innovative approaches that will reduce the opportunities for criminal activity while strengthening the economic viability and competitiveness of the Port.

## **THE COMMISSION**

The Commission is headed by a New Jersey and a New York Commissioner, appointed by the Governors of their respective states. Unlike past commissioners, 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 (OCTF), where he designed and developed the Independent Private-Sector Inspector General (IPSIG) program. Under his leadership, OCTF became a model agency for the control of organized and white collar crime, playing critical roles in the Cosa Nostra Commission, Lucchese and Gambino Family prosecutions, Cali Cartel drug and money laundering cases, and producing highly acclaimed analytic reports on corruption and racketeering in the construction and carting industries. In addition to providing IPSIG, expert witness, and investigative services to corporate, union and individual clients, he is also on the faculties of the Cornell, Columbia and New York University Law Schools. Mr. Goldstock, a graduate of Cornell University (A.B. 1966) and Harvard Law School (J.D. 1969), served as Inspector General of the U.S. Department of Labor, Director of the Cornell Institute on Organized Crime, and Chief of the Rackets Bureau in the New York County District Attorney's office. He also served as the advisor to several Secretaries of State for Northern Ireland on matters relating to para-military groups and international organized crime. Mr. Goldstock is a Past Chair and current Finance Officer of the ABA Criminal Justice Section. He was Past Co-chair of the CJS Special ABA Ethics 2000 Committee, Chair of the ABA Criminal Justice Standards Committee and Past Chair of the Investigative Function of the Prosecutor Task Force. He is a member of the Board of Directors of the New York Convention ("Javits") Center Operating Corporation and was a member of the Advisory Board of Project Rise of the International Brotherhood of Teamsters. Mr. Goldstock serves as a referee for the NYS Commission on Judicial Conduct, and has lectured, consulted, written, and testified as an expert witness on subjects related to organized and white-collar crime, corruption, RICO, the inspector general program, the prosecution function, labor racketeering, money laundering and compliance programs. He is the author of numerous articles related to organized crime and corruption, including, "On the Waterfront: RICO and Labor Racketeering."



### **New Jersey Commissioner Jan Gilhooly<sup>1</sup>**

Jan Gilhooly is a 29-year veteran of the U.S. Secret Service. During his career, he was assigned to the NY Field Office and the Presidential Protective and Inspection Divisions. He was also Special Agent in Charge of the NJ Field Office and supervised "Operation Firewall," an international undercover organized crime cyber-investigation. Mr. Gilhooly worked in 55 countries and received 20 awards for performance and special acts. He served with the Dept. of Justice, and was also Inspector in Charge of U.N. 50, Inspector assigned to the White House Security Review, and the Law Enforcement Executive

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<sup>1</sup> Though Mr. Gilhooly is no longer Commissioner at the time of this Report's release and did not participate in its preparation, he is directly responsible for, and played an integral role in, the accomplishments described herein.

in Charge of OPSAIL 2000. In 2002, he supervised protective activities at Superbowl XXXVI and the Winter Olympics. As the NJ 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. He 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 US Intelligence agencies. Mr. Gilhooly was a security consultant to the FIFA games and the Site Coordinator at the 2012 Republican National Convention. He has lectured at 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 and interpretation of intelligence information, and is designated by the U.S. State Department as a subject matter expert in anti-terrorism matters. 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. He served as an Assistant Prosecutor in Bergen County, New Jersey from 1978 to 1984, where he was Chief of the Trial and Grand Jury Sections. Mr. Arsenault joined the New York County District Attorney's Office in 1984, where he served until 2003. He was the Chief of that office's Homicide Investigation Unit for most of his career there, and specialized in the investigation and prosecution of violent drug gangs. Mr. Arsenault also served as a Senior Trial Counsel in Trial Bureau 70 and investigated and prosecuted international narcotics smuggling and trafficking as a Senior Investigative Counsel in the Office of the Special Narcotics Prosecutor. In 2003, Mr. Arsenault was appointed First Deputy Commissioner of the New York City Department of Investigation. He oversaw that office's daily operations as well as leading high profile political corruption and organized crime investigations. He retired from city service in February 2008.

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

Phoebe S. Sorial was appointed General Counsel 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, 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 Southern District of New York, the Middle and Southern Districts of Florida, and the U.S. Court of Appeals for the Second and Third Circuits.

## THE COMMISSION'S DIVISIONS

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

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

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

Licensing and Employment Information Centers in Newark, New Jersey and New York, New York process applications filed by individuals and firms required to be licensed or registered. The Licensing Division 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, pursuant to statute, removes from the longshore register those dock employees who, without good cause, fail to work or apply for work on a regular basis.

**Police:** This Division is headed by Chief John 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 Compact; perform background checks of individuals and companies that have applied for registrations and licenses; review pier and waterfront terminal cargo protection and security procedures and maintain the Commission's investigative files. The Police Division has detectives serving on the following Task Forces: Federal Bureau of Investigation Organized Crime Task Force (Newark); 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 Heinsen 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 commands the New York office.

**Intelligence:** Formed in late 2009, this Division is led by Daniel Ramirez and staffed by two intelligence analysts. The Division retrieves, collects, analyzes and disseminates data at strategic, operational and tactical levels regarding organized crime and racketeering activities in the Port. Working closely in tandem with the Commission's IT Division, intelligence analysts have conducted hundreds of background checks on individuals and businesses, and telephonic record analyses central to ongoing investigations. They have initiated the arduous task of collecting and classifying years of police reports, surveillance photographs and other evidence. The Commission has established a network of analysts representing more than thirty law enforcement and intelligence agencies operating within the Port at the federal, state and local levels, to facilitate inter-agency cooperation and information sharing. This proactive networking has enabled the Commission to use its analytical capabilities to leverage the expertise of external agencies and keep pace with state of the art analytical tools and methodologies.

Additionally, the Intelligence Division now regularly attends weekly meetings hosted by the U.S. Coast Guard Sector New York, to identify and discuss with local, state and federal law enforcement agencies indications of security vulnerabilities and threats to the Port. In this forum, the Division reports estimations of organized criminal activity to port partners, while staying abreast of emerging port issues and best practices of operations security.

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



**Information Technology:** This Division is headed by Ariel Ventura. 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.

**IT Director Ariel Ventura**

## **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 two-percent assessment on the wages of such employees.

During Fiscal Year 2012-2013, the Commission operated with a \$12,328,365 budget for eighty-seven employees, as 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. An analysis of our personnel structure and comparison with any other administrative or law enforcement agency will reveal that the Commission has gone to great lengths to reduce expenses that would ordinarily be accepted as necessary. The police command structure has been compressed to eliminate redundancy in reporting. Unlike most, if not all, state offices and administrative agencies, the Commission currently functions without any executive, administrative, or secretarial support for the Commissioners, Executive Director and General Counsel. Our salary structure is well below market, which has resulted in employees with specialized skills, training and experience being routinely recruited by other agencies offering substantially more in salary and benefits.

In FY 2012-2013, the collected assessments reached \$12.9 million, more than meeting our anticipated rate of growth for the assessable payroll base at 9.5%. Additionally, the diligent collection of retroactive assessments, interest charges, and penalties led to total receipts of \$13.2 million - \$798,000, or 6% above budget. While the Port continued its slow recovery to pre-2008 levels, it should be noted that the double-digit increase in assessments was mainly due to the increase in the average hourly rate paid to longshoremen and other employees rather than any increase in cargo volume.

To mitigate the risks of uncertainty in cash collection and liquidity due to a predicted strike at the Port, and to conserve cash for the rebuilding of the New Jersey field office and the replacement of equipment and facilities destroyed during Superstorm Sandy, the Commission continued to delay filling open positions, and reduced or postponed other discretionary spending in order to bring the fund balance above the recommended level. Even though there were a number of contractual and other non-discretionary expenditures (e.g., \$74,000 increase in pension contributions and escalating rent; \$149,000 OTPS expenses resulting from Superstorm Sandy), the Commission's total spending before a transfer of \$1,500,000 to the Retiree Health Benefit Fund was \$1.1 million under budget. This was primarily achieved through attrition, resulting in over \$421,000 in savings from the budgeted payroll and \$471,000 in related benefits. The average staff size in FY 2012-2013 was seventy-six – the lowest staffing level on record. All non-essential, discretionary purchases were eliminated.

After the Retiree Health Benefit Fund transfer, the Commission ended the fiscal year with a positive Operating Fund balance of \$1.7 million, which represents a \$496,000 net increase. The Commission continues to responsibly and proactively operate with thrift, accountability and efficiency to cope with the unpredictable economic conditions and the challenge of rebuilding after Hurricane Sandy.

### **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 (MAGLOCLLEN), 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 National Association of Attorneys General and the International Association of Airport and Seaport Police. The Commission is also a voting member of AMSEC.

### **PORT STATISTICS:**

During calendar year 2012, the Port of New York-New Jersey, the Eastern seaboard's busiest port, handled 34.317 million tons of waterborne cargo valued at \$171,205 million. The tonnage increased by 1% and the dollar value increased by 2.9% over 2011.

For 2012, nearly 3.3 million container units passed through the port, an increase of 2.7% over 2011. For the same 2012 period, 519,000 vehicles were imported or exported, an increase of nearly 13% over the prior year.

The Port's leading waterborne general cargo exports for the year 2012 (as calculated in metric tons) were wood pulp, plastics, machinery and vehicles. The leading general cargo imports (also in metric tons) were beverages, plastics, and machinery. The largest containerized cargo volumes for import were furniture, beverages, machinery, and apparel. The largest containerized cargo volumes for export were paper, carbon, crepe, automobiles, scrap metal and household goods.

During FY 2012-2013, 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 \$438,638,590.87 comprising regular and overtime wages, vacation and holiday benefits.

The below chart reflects the average earnings of longshoremen, special craft and checkers during FY 2012-2013.

<b>EARNINGS RANGE</b>	<b># OF EARNERS</b>
Over \$450,000	<b>2</b>
\$400,000 to \$450,000	<b>6</b>
\$350,000 to \$400,000	<b>11</b>
\$300,000 to \$350,000	<b>47</b>
\$250,000 to \$300,000	<b>79</b>
\$200,000 to \$250,000	<b>340</b>
\$150,000 to \$200,000	<b>739</b>
\$100,000 to \$150,000	<b>1,070</b>
\$75,000 to \$100,000	<b>412</b>
\$50,000 to \$75,000	<b>270</b>
\$25,000 to \$50,000	<b>123</b>
Below \$25,000	<b>53</b>

On June 30, 2013, the conclusion of the Commission’s fiscal year, registered and licensed dock workers totaled 5962 broken down into the following categories:

<b>CATEGORY</b>	<b>#</b>
“Deep Sea” Longshoremen	<b>1994</b>
Special Craft	<b>435</b>
Checkers	<b>681</b>
Workers registered under authority of the 1969 amendatory legislation to perform services incidental to the movement of waterborne freight, such as warehousing and maintenance work.	<b>2104</b>
Port Watchmen	<b>344</b>
Hiring Agents	<b>78</b>
Pier Superintendents	<b>318</b>
Telecommunications System Controllers	<b>8</b>
longshoremen were decasualized by the Commission for failure to meet minimum work requirements in FY 2012-2013	<b>32</b>
Companies licensed as stevedores, (including 18 with permanent licenses), who have contracts or arrangements to move waterborne freight or to perform services incidental to the movement of waterborne freight.	<b>42</b>

## **ETHNIC/RACE AND GENDER INEQUALITIES**

The Commission continues 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 15% are of other minorities.
- Only 6% of licensed hiring agents are African American and only 9% are of other minorities.
- Although 40% of the “A”-type longshore register is minorities, only 10% of those minorities are African American.
- “A”-type longshore workers 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” longshore workers are African American, and 7% are of other minorities.
- African American “deep-sea” longshore workers 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 longshore workers, 6% of pier superintendents and 9% of hiring agents.
- Female “deep-sea” longshore workers earn on average 35% less than their male counterparts.

**THE YEAR**  
**(July 1, 2012 to June 30, 2013)**

Divisions within the Commission are now collaboratively involved in Commission matters and to re-establish a presence on the waterfront. No longer do divisions work in secret and apart from each other as they did under the previous Administration, but investigations are now jointly undertaken by teams consisting of Senior and Assistant Counsels, Police Detectives, Auditors and Intelligence Analysts.

Commission investigations with our law enforcement partners resulted in arrests of 104 individuals on state and federal charges as well as the seizure of 990 pounds of cocaine, over 26 pounds of heroin, 41 pounds of crystal meth, over \$3.4 million in proceeds from drug and gambling crimes and the recovery of 46 stolen vehicles about to be exported.

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

**July 10, 2012: Special Craft Longshoreman's Registration Revoked.** Special craft longshoreman Brian Howell's registration was revoked by the Commission in accordance with the recommendation of the administrative law judge, because of his conviction for aggravated assault with bodily injury and the finding that his continued presence at the Port constituted a danger to the peace and public safety. The judge found "particularly compelling that Howell would attack with such ferocity, a woman who had already borne him one child and who was pregnant with a second child" – relying on testimony and the facts underlying his aggravated assault conviction. Howell had been temporarily suspended by the Commission on March 20, 2012 following his arrest and pending his administrative hearing.

**July 10, 2012: Cleaning Company and its Owner Removed from Waterfront for Employing Unregistered Labor.** By Commission order, the cleaning company Have Broom Will Travel, Inc. and its owner Tina Diver who held temporary permits as a pier superintendent and a hiring agent were removed from working at the waterfront. Both Diver and her company were charged by the Commission with using unregistered labor to clean at Port Liberty Cruise Port. Diver was also charged with failing to cooperate with a Commission investigation and with lacking the requisite good character and integrity required for her licenses by lying under oath about using unregistered labor at the port. The Commission actions were the result of the Commissioners' approval of the request by Diver and have Broom Will Travel to withdraw their licenses with prejudice as set forth in their respective notices of hearing. A hearing on the charges had commenced in front of an administrative law judge when Diver indicated that she did not wish to contest the charges against her and her company.

**July 25, 2012: New Jersey Superior Court Denies Longshoreman's Motion to Quash Waterfront Commission Subpoena.** The New Jersey Superior Court, Law Division, denied a motion by longshoreman Arthur Capuano to quash the Commission's subpoena requiring his appearance for the purposes of taking a drug test. Capuano, who was represented by attorney George T. Daggett, Esq., argued that the subpoena was unreasonable because it required his



appearance the following day. Even though the Commission afforded him an additional day within which to appear, Capuano maintained that the subpoena violated his due process rights because he was denied the opportunity to consult with counsel regarding the subpoena. The Court rejected this argument, finding that there was no due process violation or other fundamental unfairness. The Court held that the Commission had provided Capuano with sufficient notice to appear, and adequate opportunity to consult with counsel. Accordingly, the Court refused to quash the Commission's subpoena compelling Capuano to appear for a drug test.

**August 2, 2012: Three Charged with Narcotics Trafficking and \$13 Million Worth of Cocaine Seized.** Three individuals, Eduardo Andino, Omar Aponte and Wilfredo Aquino were charged with conspiracy to distribute and possess with intent to distribute a controlled substance in connection with the seizure of approximately 350 kilograms of cocaine. The wholesale value of the cocaine is more than \$13,000,000. On August 1, 2012, law enforcement officers, including a Waterfront Commission detective were conducting surveillance in Bayonne, New Jersey. During their surveillance, they observed two cocaine transactions, both of which involved a warehouse in Bayonne. In the first transaction, Aquino's car was driven to the warehouse while he waited nearby. When his car was returned and he got back inside, Aquino was stopped by law enforcement officers who found cocaine in his car. In the second transaction, Andino drove a minivan away from the warehouse. A few blocks away, the minivan was observed near a Cadillac Escalade. The hatch of the Escalade was open and there were two men near the open hatch. Law enforcement officers stopped the minivan which was driven by Andino and the Escalade which was driven by Aponte. Cocaine was found inside the Escalade. A search of the warehouse and Aponte and Aquino's cars led to the seizure of 351 brick-shaped packages. In the warehouse, some of the packages were concealed in shipping palettes that contained bamboo flooring. Each of the brick-shaped packages contained approximately 1 kilogram of cocaine. The defendants face a maximum of life imprisonment, with a mandatory minimum of 10 years imprisonment and a maximum fine of \$10 million. The three defendants were detained without bail. The matter is being prosecuted by the United States Attorney's Office for the Southern District of New York.

**August 7, 2012: Two Arrested in Possession of Over 2 ½ Pounds of Cocaine in Vehicle Barged from Puerto Rico.** Angel Franco and Angel Mateo of Rhode Island were charged with criminal possession of a controlled substance in the first degree after over 2½ pounds of cocaine were discovered hidden in a Toyota they had barged into New Jersey from Puerto Rico. The office of the Special Narcotics Prosecutor for the City of New York is handling the prosecution of the matter.

**August 8, 2012: Former Checker Pleads Guilty To Forgery and Tampering with Public Records.** Decasualized checker Dante Cifelli pleaded guilty to forgery and tampering with public records in Essex County Superior Court. Cifelli was arrested on January 26, 2012, by detectives from the Waterfront Commission and the New Jersey Division of Criminal Justice. Cifelli had submitted a forged document, purportedly from the Waterfront Commission, to the I.L.A. Local 1235 Federal Credit Union in an attempt to regain possession of his BMW automobile, which had been repossessed for failure to make payments. Cifelli created and submitted a letter on Commission letterhead, signed by a fictitious Commission employee which falsely confirmed his employment on the waterfront in an attempt to defraud the Credit Union. Cifelli was sentenced to probation by the Court in Essex County. Cifelli immediately violated that probation by attempting an armed robbery of a pharmacy. His sentence on the violation of probation is pending.



**August 15, 2012: Superior Court of New Jersey, Appellate Division, Denies Longshoreman's Emergent Motion for a Stay of the Commission's Revocation of His Registration Pending Appeal.** The Superior Court of New Jersey, Appellate Division, denied



the emergent motion by Luis Santos, Jr., for a stay of the Commission's revocation of his registration to work as a maintenance man, pending his appeal. Santos's registration was revoked by the Commission on August 6, 2012, after he was determined to be a danger to the public peace or safety within the meaning of the Waterfront Commission Act, following a violent domestic altercation between Santos and the mother of his three children. He was also found to have committed various other offenses in violation of the Act, stemming from his lack of truthfulness when he testified during a Commission interview that he had not used cocaine, but later tested positive for cocaine use. Santos, represented by attorney George T. Daggett, Esq., argued that he and his family will suffer irreparable harm as a result of his registration being revoked because he is the sole

support for his children, and that his inability to work on the waterfront will prevent him from earning the income necessary to continue to do so. He also argued that his conduct did not constitute grounds for revocation of his registration because it does not rise to the level of severity required under the Act. The Court rejected both arguments, finding that a stay of Santos's registration "will burden the Commission with continuing appellant's employment pending an appeal that is not reasonably likely to be successful on the merits." The Court noted the administrative law judge's findings that Santos had assaulted the mother of his children in such a way that "was terrifying by any objective standard," and that Santos himself admitted that he caused the victim physical pain. The Court also reiterated the administrative law judge's findings that "simply because the altercation at issue occurred in a domestic setting, such "explosive anger and destruction of property . . . even with provocation, will never be tolerated in the workplace." Based on the foregoing the Court found that a balancing of the equities and hardships do not favor Santos, but instead favor the Commission, which has the statutory authority to maintain public peace and safety on the waterfront. Accordingly, the Court denied Santos's motion for a stay.

**August 27, 2012: Contractor Indicted for Embezzlement from ILA Local 1233.** A contractor who was hired to renovate and repair the International Longshoreman's Association-Local 1233 headquarters was indicted by a federal grand jury in Newark, New Jersey for stealing more than \$100,000 from the union. Raymond Norville, the owner of the construction company RLL Unique Homes Inc., was charged with conspiracy to embezzle and four counts of embezzlement from Local 1233. The indictment charges that Norville conspired with the then secretary treasurer of the local to steal Union funds by submitting more than forty fraudulent invoices for renovations at the Newark local. The invoices were for work that was never actually performed, that was double billed, or that had grossly inflated costs. The United States Attorney's Office for the District of New Jersey is prosecuting the matter.

**September 18, 2012: Ports America Hiring Agent Removed from Waterfront for Associating with Members of the Genovese Family.** Ports America Hiring Agent Pasquale



Pontoriero's license was revoked by Commission action after a 14-month hearing. The administrative law judge had found that the Commission had proved by clear and convincing evidence all of the charges against Pontoriero. Pontoriero had been charged with associating with Genovese capo Tino Fiumara and Genovese soldier Stephen DePiro – both of whom are also career offenders and convicted racketeers. Pontoriero was also found to lack the good character and integrity required for a hiring agent.

The administrative law judge recommended that Pontoriero's license as a hiring agent be revoked. The Commission agreed with his findings and recommendation. Fiumara died in September of 2010; DePiro, a former longshoreman who had his registration revoked by the Commission, is currently serving a federal prison sentence and awaiting trial on federal racketeering charges involving the extortion of ILA members in the Port.



**September 20, 2012: New York State Supreme Court Denies Longshoreman's Petition for Temporary Restraining Order.** The New York State Supreme Court

denied the petition filed by longshoreman Louis Gomez for a temporary restraining order for an immediate stay of the Waterfront Commission's temporary suspension of his registration. The Commission suspended Gomez's registration as a warehouseman after he was arrested for various third degree crimes, including misconduct by a corporate official, money laundering, theft by deception, financial facilitation of criminal activity and receiving stolen property. The Commission also issued a notice of hearing to determine whether Gomez's presence at the piers or other waterfront terminals in the Port of New York district a danger to the public peace and safety within the meaning of the Waterfront Commission Act. In denying Gomez's request for injunctive relief, the Court found that the Commission properly exercised its statutory discretion in temporarily suspending Gomez's registration pending an administrative hearing, and that doing so was not a violation of his due process rights.



**October 5, 2012: Longshoreman Sentenced to 15 Years in Prison for Role in Cocaine Smuggling through the Port.**



Longshoreman Shon Norville was sentenced in Federal District Court for the Southern District of New York to 15 years imprisonment plus 5 years supervised release. Norville was also ordered to forfeit \$180,000 in proceeds from the smuggling operation. Norville had pleaded guilty on May 18, 2012 to conspiring to distribute more than 5 kilograms of cocaine in violation of 21 USC 846. The investigation of Shon Norville arose out of an investigation of a Panamanian drug trafficking organization that was importing hundred-kilogram shipments of cocaine hidden inside shipping containers traveling through the Panama Canal, into secure areas of the Port of New York. The cocaine then was distributed in and through the Bronx and Manhattan, among other places. During the course of the investigation, law enforcement authorities identified a freight forwarding operation that removed the cocaine-laden containers from secure areas of the Port, and seized more than 1.3 metric tons of cocaine, valued at over \$34 million, from the Panamanian organization and at the Port itself. The investigation later identified a local drug trafficking operation, led by Norville, which received hundreds of kilograms of cocaine smuggled into the United States from Panama in shipping containers. Norville was a longshoreman who used his access to the Port, and his relationships with other longshoremen, to bribe longshoremen to remove the drugs from shipping containers upon the cocaine's arrival in the United States, while the containers were located in secure areas of the Port. An extensive wiretap investigation revealed that he smuggled or attempted to smuggle over 125 kilograms of cocaine, worth over \$3 million wholesale, into the United States in 2010 via shipping containers. Law enforcement agents recovered 2 guns and hollow-point bullets from Norville's residence when he was arrested for this conduct in October 2010. He was suspended from work at the waterfront by the Commission on October 12, 2010.

**October 10, 2012: \$550,000 in Drug Proceeds Seized.** A car stop resulted in the seizure of \$550,000 in bundled drug proceeds and the arrest of one individual.

**October 16, 2012: \$300,000 in Drug Proceeds Seized.** Members of the Waterfront Commission Police and the El Dorado task Force conducted a motor vehicle stop as part of the continuing Operation Triple Play which resulted in the arrest of two citizens of the Dominican Republic and the seizure of \$300,000 in bundled drug proceeds.

**December 11, 2012: Two Arrested in Cargo Theft Investigation by Waterfront Commission and Railroad Police.** Detectives from the Waterfront Commission and the Norfolk Southern and CSX Railroad Police arrested Robert Gorrie and David Sharky as a result of an ongoing joint investigation into the theft of merchandise from cargo trains operating in the Port of New Jersey District.

Gorrie and Sharky were charged with burglary conduct designed to aid another in commission of a crime, possession of burglar's tools, interference with transportation, and trespassing. The Hudson County Prosecutor's Office is prosecuting the matter.



**December 14, 2012: Three Arrested for Conspiracy to Distribute Cocaine.** Members of the Waterfront Commission and HIS Newark executed arrest warrants against three individuals in Jersey City as part of the continuing “Operation Big Rig.” Santiago Zelaya, Gilberto Zelaya and Euier Martinez were charged by federal complaint with conspiracy to distribute cocaine and conspiracy to commit money laundering. Operation Big Rig is an investigation into a drug trafficking organization operating between Mexico and New Jersey. The U.S. Attorney’s Office for the District of New Jersey is prosecuting the matter.

**December 17, 2012: Two Stolen Dump Trucks Recovered Before Export.** On December 17, 2012, members of the Waterfront Commission Police and Homeland Security’s Border Enforcement Security Task Force recovered two stolen Mack dump trucks valued at over \$58,000 at the Bayonne Auto Terminal. The trucks had been reported stolen in Pennsylvania and Seneca County, New York, and were about to be exported.

**December 18, 2012: Eight Arrested for Importation of Cocaine.** Members of the Waterfront Commission and HIS Newark Border Enforcement Security Task Force arrested Alfonso Castillo for importation of a controlled substance and narcotics conspiracy. Members of HIS Puerto Rico arrested 7 other individuals at different locations around Puerto Rico on the same charges. These individuals are all charged as members of the same drug trafficking organization that was connected to the August 2012 seizure of 302 kilos of cocaine in the Port.

**December 18, 2012: Longshore Registration Revoked for Association With Organized Crime.** The Commission revoked the longshore registration of Margaret “Margo” Dillin. The



Commission found that Dillin was expelled from ILA Local 1588 by the federally-appointed administrator for engaging in prohibited association with an organized crime figure, namely Nicholas Furina of the Genovese family in deliberate violation of the clear and unambiguous direction of the Local’s Administrator; that Dillin bragged about her relationship with Furina to co-workers and implied that she would and did benefit from this relationship and that Dillin received and



accepted certain preferential job assignments over more senior, qualified ILA local members. The Commission found that these actions and her expulsion from the union rendered her presence at the piers a danger to the public peace and safety. Additionally, the Commission found that Dillin violated the Waterfront Commission Act’s ban against association with organized crime figures under circumstances where such association creates a reasonable belief that her participation in any activity required to be registered under the Act would be inimical to the policies of the Waterfront Commission Act. Dillin’s hearing before an administrative law judge spanned over three months. In recommending the revocation of Dillin’s registration, the administrative law judge wrote, “considering the reason for the Waterfront Commission Act ... there could be no more serious violation than meeting with an organized crime figure.” The Commission agreed with the judge’s findings and recommendations and ordered her registration be revoked immediately.

**December 19, 2012: Two Stolen Vehicles Recovered Before Export to the Middle East.** Members of the Waterfront Commission and HIS Newark Border Enforcement Security Task Force recovered two stolen vehicles at APM Terminal prior to their export. A 2012 Toyota Camry valued at over \$21,000 bound for the United Arab Emirates, and a 2012 Toyota Tundra valued at over \$29,000 bound for Benghazi, Libya were recovered.

**December 19, 2012: Eight People Charged With Cargo Theft In Million-Dollar Cigarette Heist.** Eight people, including Gambino soldier Augustine “the Pirate” Guido, were charged in connection with a conspiracy to steal \$1 million worth of cigarettes, the result of two undercover sting operations. The defendants are charged with conspiracy to commit cargo theft and conspiracy to transport stolen property in interstate commerce. A ninth defendant was separately charged with distribution of cocaine. The charges stem from sting operations conducted by the FBI with the assistance of other law enforcement agencies, including the Waterfront Commission. The United States Attorney for the District of New Jersey is prosecuting the case.



**December 20, 2012: Three Arrested on Money Laundering Charges.** Detectives from the Waterfront Commission and the New Jersey Division of Criminal Justice arrested three men for money laundering - illegal investment. Domenick Pucillo, of Florham Park, NJ was arrested on December 4, 2012. Abel J. Rodrigues, of Bridgewater, NJ was arrested on December 6, 2012. Manuel Rodriguez aka “Manny Rod,” of Chatham, NJ was arrested on December 20, 2012. Rodriguez is a former Maintenance Man at the Port who had his registration revoked by the Commission. These matters are being prosecuted by the New Jersey Division of Criminal Justice.



**January 8, 2013: \$120,000 in Drug Proceeds Seized.** A motor vehicle stop in Queens by members of the Waterfront Commission and the El Dorado Task Force led to the arrest of one individual and the seizure of \$120,000 in drug proceeds.

**January 10, 2013: \$900,000 in Drug Proceeds Seized.** A motor vehicle stop in the Bronx by members of the Waterfront Commission and the El Dorado Task Force led to the arrest of one individual and the seizure of over \$900,000 in drug proceeds.

**January 13, 2013: Over 65 Pounds of Cocaine Seized from Container at Red Hook Container Terminal.** More than 65 pounds of cocaine were seized from a container aboard a ship at Red Hook Container Terminal. The cocaine was hidden in a duffel bag inside a container. The container came from Ecuador and was bound for Europe at the time it was intercepted. European authorities were alerted to the seizure.

**January 22, 2013: Checker Revoked by the Waterfront Commission for Promoting Gambling on Behalf of the DeCavalcante Crime Family.** Checker Kevin Latham had his



license revoked by the Waterfront Commission for promoting gambling. Latham and others were involved in an illegal gambling operation based on the New Jersey Pick-6 lottery involving thousands of bettors and jackpots ranging from \$30,000.00 to \$40,000.00. Latham was identified as a runner in the gambling operation, collecting money and bets from various bettors at the Port and receiving tips when a bettor won. Latham was also identified as the “moneymen,” paying off the winners and taking a portion of the money off the top. The betting ring was headed by Dennis Costello, who pleaded guilty to promoting gambling in Union County Superior Court. Testimony at Latham’s hearing indicated that the DeCavalcante organized crime family was involved with the ring.

**January 22, 2013: Longshoreman Suspended by Commission Action after Arrest for Unlawful Possession of a Loaded Handgun.** Longshoreman James

J. Sweigart was suspended by the Waterfront Commission after his arrest for unlawful possession of a firearm (a crime of the second degree). Sweigart was arrested at a diner in Newark, New Jersey after he was observed carrying a handgun in the waistband of his pants. Sweigart had no license for the Walther PPK 9 mm semi-automatic handgun which was found to be loaded. The criminal case is being prosecuted by the Essex County Prosecutor’s Office. The Commission temporarily suspended Sweigart’s registration as a longshoreman pending the outcome of an administrative hearing.



**January 25, 2013: Pier Superintendent Sentenced on Federal Gambling Conviction.** Maher



Terminal pier superintendent Joseph J. DiCosta appeared in the United States District Court for the Eastern District of New York and was sentenced to six months of twelve hours a day voice-verified residential curfew, three years of probation, attendance at a drug treatment program, and gambling and anger management counseling. DiCosta was also prohibited from any legal or illegal gambling and prohibited from owning a firearm. Additionally, DiCosta was prohibited from associating with known members of organized crime including avoiding any establishment known to be frequented by members of organized crime. DiCosta had pleaded to illegal gambling on June 6, 2012. DiCosta’s pier superintendent’s license had been suspended by Commission action since his arrest on December 9, 2011.

**January 29, 2013: Former Checker Highlighted in the Commission's Public Hearings for his No-Show Job and Mob Ties Sentenced to Federal Prison for Extortion Conspiracy.**

Former APM Terminals checker Edward Aulisi was sentenced to 30 months in federal prison, fined \$10,000, and additionally sentenced to two years of supervised release by the United States District Court for the Federal District of New Jersey. Aulisi had pleaded guilty to conspiring to extort Christmastime tributes from ILA Local 1235 members. Aulisi conspired with his father and co-defendant, Vincent Aulisi, the former President of Local 1235, and Genovese capo Michael Coppola in the scheme. Coppola was convicted in July of 2009 following a trial in the Eastern District of New York of racketeering and racketeering conspiracy, based in part on acts relating to extortion and wire fraud concerning Local 1235. Coppola is presently serving a 16 year sentence of imprisonment. Edward Aulisi admitted he participated in telephone calls in furtherance of the extortion conspiracy in March 2007 with Coppola – who was then a fugitive from a New Jersey state murder. Aulisi passed on information about the murder investigation and assured Coppola that the Christmastime extortion schemes would continue and in fact had almost doubled under his father's union presidency. Aulisi admitted that it had been his intention to deliver Christmastime tribute money extorted from Local 1235 members to Coppola had Coppola not been arrested shortly after the telephone calls. Edward Aulisi was highlighted in the Commission's Public Hearings and Special Report for his no-show job as a checker at APM Terminals. Commission detectives photographed Aulisi at home barbecuing and mowing his lawn at times he was being paid for working at the terminal. Aulisi's co-workers admitted they had not seen him at work in years. Additionally, electronically intercepted telephone calls between Aulisi and Coppola discussing the Christmastime extortions were played. Aulisi appeared under subpoena and invoked his Fifth Amendment right to remain silent rather than answer questions about his no-show job and mob ties. Aulisi was removed from the Port by Commission action November 18, 2009 after being charged with associating with members of organized crime and fraud in having a no-show position.



**February 6, 2013: Five Arrested for Smuggling Counterfeit Goods.** A long term investigation led to the arrest of Hua Fei Zhang, Chenglan Hu, Guan Jun Zhang, Jun Wu Zhang and Xiu Lan Zhang in Queens, NY. These individuals were charged by the United States Attorney's Office for the Eastern District of New York with conspiracy to import violative consumer products, illegal importation and distribution of violative consumer products, smuggling goods into the United States, criminal copyright infringement, trafficking in counterfeit goods, money laundering conspiracy and structuring conspiracy. This joint investigation with HIS NY Best and HIS NY Intellectual Property Rights Group was the result of 34 seizures connected to the arrested and included seizures of counterfeit toys, toys with excessive amounts of lead and small parts hazards and toys infringing upon registered trademarks including Disney, BMW, Monopoly, Nickelodeon and others.

**February 6, 2013: Former Secretary Treasurer of ILA Local 1233 Pleads Guilty to Embezzling Union Funds in Federal Court.**



Former ILA Local 1233 Secretary Treasurer Gregory “Ronnie” Taylor appeared in federal court in Trenton, New Jersey and pleaded guilty to issuing a vacation check for \$7,852 to himself without authorization. Taylor also admitted that between 2007 and 2010, while secretary-treasurer, he embezzled a total of \$71,000 by improperly cashing duplicate paychecks, as well as other checks from the union’s operating account, including for unauthorized credit card expenditures. The charge to which Taylor pleaded carries a maximum potential penalty of five years in prison and a \$250,000 fine. Taylor had been arrested on September 15, 2011 for stealing more than \$100,000 in union funds for his personal use.

**February 7, 2013: New York State Supreme Court Upholds Commission’s Denial of Longshoreman’s Petition for Restoration of Registration.**

The New York State Supreme Court denied an Article 78 Petition filed by Joseph Grosso to annul the Commission’s decision to deny the restoration of his longshoreman’s registration. Grosso was arrested with others in 1991 for stealing truck tires valued at over \$130,000 while employed as a maintenance man on the waterfront. After an administrative hearing, the Commission revoked Grosso’s registration effective, finding that he had participated in misappropriation of property. Grosso’s petitions for restoration, filed from 1995 to 2003, were all denied, and he worked as an unregistered maintenance man until he was laid off following his employer’s move to the waterfront, which therefore required that he be registered with the Commission. The Commission denied Grosso’s petition for restoration because he (1) was previously a participant in a misappropriation of property scheme, (2) failed to take responsibility when questioned by the Commission about his actions, and (3) failed to present any evidence of economic hardship. The Court found that the Commission’s denial of Grosso’s petition was made on a rational basis, noting that it was rational for the Commission to deny the subsequent petitions on the same ground for which his registration was initially revoked. The Court also upheld the Commission’s decision in light of Grosso’s failure to take responsibility for his actions 21 years later. Further, it ruled that Grosso had failed to challenge the Commission’s 1995 findings in an Article 78 action, and he was time-barred from doing so now. Accordingly, the Court denied and dismissed Grosso’s petition.



**February 8, 2013: Former Fugitive Appears in Court on Narcotics and Firearms Smuggling Case.**



Kujtim Lika aka “Timmy,” who had been on the run for three years before being arrested in Toronto, appeared in federal court to face multiple charges in connection with an investigation into several loosely connected Balkan criminal enterprises operating throughout New Jersey, New York, Chicago, Philadelphia, Canada and the Netherlands. In 2009, he was among 26 people charged by the U.S. Attorney’s Office for the District of New Jersey with narcotics and firearms trafficking, money laundering, interstate transportation of stolen property and criminal conspiracy. Lika, who was a fugitive from justice until his arrest in Toronto, was featured on the television show “America’s Most Wanted.”

**February 8, 2013: Former Police Officer and Organized Crime Associate Arrested for Extortion.** Stefano Mazzola, a former Passaic police officer and organized crime associate, was arrested and charged with using extortion to collect or attempt to collect a debt and to punish a person for non-repayment of a debt. The charge of extortionate collection of a debt is punishable by a maximum potential penalty of 20 years in prison and a fine of \$250,000. United States Attorney Paul Fishman credited the Federal Bureau of Investigation and the Waterfront Commission for the investigation that led to Mazolla's charge. The United States Attorney's Office for the District of New Jersey is prosecuting the matter.



**February 26, 2013: Florida Fugitive from Justice Arrested on Multiple Charges.**



Detectives from the Waterfront Commission and the New Jersey Division of Criminal Justice arrested Domenick Pucillo of Florham Park, New Jersey. Pucillo was charged as a fugitive from justice found in New Jersey, and lodged in the Morris County jail. The arrest was pursuant to an arrest warrant issued by the Circuit Court of the 11th Judicial District in and for Miami – Dade County, State of Florida for the crimes of uttering forged documents, unlicensed money service business, forgery, and fraud in connection with Pucillo's ownership of I and T Financial Service, LLC in Hialeah, Florida. Pucillo had been previously arrested on

December 4, 2012 by detectives from the Waterfront Commission and the Division of Criminal Justice for money laundering in connection with his check cashing business in Newark, New Jersey. That charge is still pending in Superior Court in New Jersey.

**February 26, 2013: Man Arrested for Importing Counterfeit Pharmaceuticals.** Shujah Syed of Iselin, NJ was arrested for importing counterfeit Libigrow from China. Syed had \$600,000 in a United States bank account seized as proceeds of his illegal scheme and was found to have wired more than a million dollars back to China. Almost 3 million dollars of counterfeit drugs were seized, along with \$71,000 in cash, and a vehicle.

**February 27, 2013: Checker Pleads Guilty to Conspiracy to Defraud in Federal Court.**

Suspended checker Vincent J. Fusella, Jr. appeared in the United States District Court for the Eastern District of New York and pleaded guilty to conspiracy to defraud the United States under the first count of his thirty-one count indictment. Fusella admitted to concealing wages and failing to pay FICA taxes to the IRS on behalf of workers at two trucking companies, the Fusella Group, LLC and Alpine Investment Group, Inc., owned by him and his brother, Gerardo Fusella. Gerardo Fusella pleaded guilty the same day to embezzling over \$1 million from their workers' pension funds. Vincent Fusella, Jr. faces up to five years in prison, a \$250,000 fine and has been ordered to pay \$161,637.99 in restitution. Vincent Fusella was arrested on December 22, 2011 and his license as a checker suspended that date by the Commission, pending an administrative hearing on the charges in the indictment.



**March 10, 2013: Arrest of Romanian Drug Fugitive as Stowaway on Container Ship.** Romanian national Costin Dascalu was discovered stowed away on a container ship at APM Terminals. Dascalu, who admitted prior convictions for attempted murder and weapons possession, was wanted by Romanian authorities for narcotics smuggling. Dascalu was placed under arrest for the Romanian charge and held in custody pending his extradition to Romania.

**March 12, 2013: Checker Revoked by the Waterfront Commission for Impersonation of a Commission Employee, Violating a Restraining Order, Lying Under Oath, and Failing to Notify the Commission of Arrests.** The Commission revoked the registration of checker Vincenzo Conte after finding that he lacked good character and integrity by (1) falsely pretended to be a Commission employee, (2) violating a restraining order, (3) committing fraud in connection with a Commission interview, and (4) failing to notify the Commission of seven arrests from 2001 to 2011. Conte's seven arrests were all related to the same victim, who received a temporary restraining order against him in 2004 after an alleged assault. Following an administrative hearing, the administrative law judge found that, on February 22, 2011, Conte falsely identified himself as an employee of the Waterfront Commission and attempted to bribe a taxi driver in an attempt to locate the victim who still had a restraining order against Conte. Later in 2011, Conte violated the restraining order by driving to the victim's home. Conte was charged with contempt for violating the restraining order and was convicted of the offense on August 6, 2012, in the Superior Court of New Jersey, Hudson County. When questioned at the Commission's offices during a sworn interview, Conte falsely testified that he had not offered money to the cab driver to determine where the victim lived. Following a hearing, the administrative law judge recommended the revocation of Conte's registration as a checker. The Commission agreed with the judge's findings and ordered the revocation.



**March 12, 2013: New York State Supreme Court, Appellate Division Upholds Commission's Revocation of Special Craft Longshoreman's Registration.** The New York State Supreme Court, Appellate Division unanimously affirmed the dismissal of the Article 78 Petition filed by special craft longshoreman Anthony Rispoli to overturn the Waterfront Commission's revocation of his registration. Rispoli was charged with operating a large-scale marijuana grow operation, thereby rendering his presence at the piers or other waterfront terminals in the Port of New York district a danger to the public peace and safety within the meaning of the Waterfront Commission Act. After an administrative hearing, the administrative law judge found that the Commission established the charges against Rispoli by a fair preponderance of the credible evidence. On appeal, Rispoli requested that the Court annul the Commission's determination due to various due process violations, which included the admission of certain hearsay testimony during the administrative hearing. The Court rejected Rispoli's allegations that there were due process violations, indicating that "the admission of hearsay statements at the administrative hearing did not violate petitioner's due process right to a fair hearing or cross-examination."



**March 14, 2013: \$100,000 in Drug Proceeds Seized.** Members of the Waterfront Commission and the El Dorado Task Force arrested an individual and seized over \$80,000 in illegal drug proceeds after a street encounter, then recovered an additional \$20,000 from his residence.

**March 26, 2013: Stolen Vehicle Recovered.** Members of the Waterfront Commission and the Homeland Security BEST recovered a 2008 Toyota Rav4 stolen from New York City and valued at over \$15,000 on Port Terminal Blvd. in Bayonne, New Jersey.

**March 26, 2013: \$125,000 in Drug Proceeds Seized.** A car stop by members of the Waterfront Commission and the El Dorado Task Force in the Bronx resulted in the arrest of one individual and the seizure of over \$125,000 in cash of drug proceeds.

**April 3, 2013: Longshoreman Sentenced to Prison on Federal Weapons Conviction.** Longshoreman Arnold E. Rogers was sentenced in the United States District Court for the Southern District of New York, to a term of eighteen months in federal prison to be followed by a two-year period of supervised release. Rogers was one of 22 individuals, including 8 other longshoremen, arrested on October 5, 2010 following an investigation into cocaine importation through the Port. Rogers pleaded guilty in July 2012 to illegally selling a nine millimeter semi-automatic handgun and ammunition knowing that it would be used in furtherance of drug trafficking. He was suspended from working at the Port by Commission action following his arrest.



**April 25, 2013: Over 18 Pounds of Cocaine Seized at Maher Terminal.** Members of the Waterfront Commission and Homeland Security BEST seized eight bricks of cocaine weighing over 18 pounds from a container at Maher Terminal. The container had come from Ecuador.



**April 23, 2013: Port Watchman Suspended by Commission Action after Indictment for Aggravated Manslaughter.** Port Watchman James Roman, Jr. has been suspended by the Waterfront Commission after his indictment and arrest for Aggravated Manslaughter and Endangering the Welfare of a Child. The indictment was returned by the Grand Jury investigating the death of Roman's 4 week old infant. The child was discovered in the Belleville home with multiple injuries and later died. The criminal case is being prosecuted by the Essex County Prosecutor's Office.

**May 7, 2013: Longshoreman Removed From Waterfront After Plea in Gambling Case.** After a joint investigation by the Waterfront Commission and the Kings County District Attorney's Office, longshoreman Salvatore G. Gregorio was arrested and subsequently indicted for promoting gambling in the first degree and two counts of conspiracy. Gregorio was taking bets from other longshoremen at the piers and receiving a percentage of the proceeds. Pursuant to a plea agreement, Gregorio pleaded guilty to disorderly conduct and surrendered his longshoreman's registration with prejudice. Gregorio had been suspended from working at the waterfront since his arrest.



**May 20, 2013: Warehouseman Suspended by Commission After Indictment for Aggravated Assaults and Other Crimes.** Warehouseman Jose Hernandez was suspended by the Commission and a notice of hearing issued after his indictment by an Essex County grand jury for two counts of Aggravated Assault; Endangering the Welfare of a Child; Terroristic Threats and Criminal Restraint. The indictment charges that on December 22, 2012, Hernandez did attempt to cause or caused significant bodily injury to a female victim purposefully or knowing or recklessly under circumstances manifesting extreme indifference to the value of human life. He is also charged with purposefully, knowing or recklessly under circumstances manifesting extreme indifference to human life causing or attempting to cause serious bodily injury to that same female victim on December 23. Hernandez is further charged with Endangering the Welfare of a Child by assaulting the victim in the presence of her minor child. The grand jury also charged Hernandez with threatening to kill the victim and unlawfully restraining her under circumstances exposing her to the risk of serious bodily injury. The criminal case is being prosecuted by the Essex County Prosecutor.

**June 4, 2013: Checker Removed from Waterfront for Association with Genovese Soldier.** The Commission revoked the registration of checker Leonard Moravek after finding that Moravek associated with Joseph Queli, a convicted racketeer and a soldier in the Genovese crime family. Queli was convicted of racketeering in 1999 and, more recently, in 2011 he was convicted of conspiracy to commit criminal usury and filing a false tax return after an investigation by the Waterfront Commission and the New Jersey Attorney General's Office. Queli's license as a longshoreman was revoked by the Commission in 2007. The association was based upon a loan that Moravek obtained from Queli. The administrative law judge found that obtaining a loan from an organized crime figure was directly inimical to the policies of the Waterfront Commission Act. Based upon these actions, the judge also found that Moravek lacked the requisite good character and integrity necessary to be registered as a checker.

**June 6, 2013: Longshoreman Convicted of Five Counts of Perjury.** After a four-day trial in Manhattan Supreme Court, a jury found longshoreman Dominick Dinapoli guilty of five counts of perjury in the first degree (Class D felonies). Dinapoli, a crane operator at Red Hook Container terminal, had committed perjury during a sworn Article IV interview before the Waterfront Commission in connection with an investigation of Dinapoli's relationship with Mario Gallo, an associate of the Lucchese and Bonanno Families, and prison inmates who had been at the same prison facilities as Mario Gallo. Dinapoli falsely testified about whether he knew that other longshoremen had interacted with Gallo. He also falsely testified regarding whether he knew William Brown, a prison inmate, when Dinapoli had, in fact, sent seven postal money orders and Western Union



money transfers to William Brown's commissary account. Dinapoli has been suspended by the Commission from working on the waterfront since his arrest on August 1, 2012. Dinapoli faces up to seven years in prison on each count of his conviction when sentenced.



**June 11, 2013: Three Stolen Vehicles Recovered Before Export From Port.** Members of the Waterfront Commission and Homeland Security BEST and US Customs and Border Patrol recovered three stolen vehicles valued at over \$140,000 at APM Terminal before their export to western Africa. Recovered were two Range Rovers and a Toyota Venza. The vehicles had been reported stolen to the New Jersey State Police and the Mahwah, NJ Police.

**June 20, 2013: Dominican National Arrested for Conspiracy to Import 182 Kilos of Cocaine through the Port.** Dominican National Victor Guzman aka “Vito” was arrested and charged with conspiracy to violate the narcotics laws of the United States. Guzman and three others conspired to import 182 kilos of cocaine from Ecuador through Red Hook Container Terminal in Brooklyn. The cocaine was intercepted in Ecuador and seized by authorities there. Three other individuals have been charged by arrest warrant and are currently fugitives from justice. The matter is being prosecuted by the United States Attorney’s Office for the Southern District of New York.

**June 28, 2013: Brooklyn Woman Convicted of Shipment of \$1 Million Worth of Stolen Luxury Vehicles to Africa.** A federal jury convicted Hope K. Kantete for her role as the leader of a ring that was responsible for shipping dozens of stolen and carjacked luxury cars and SUVs worth more than \$1 million from New Jersey to Africa. After a three-week federal trial, Kantete was convicted of 10 counts of transportation of stolen vehicles in interstate or foreign commerce and a single count of conspiracy to transport stolen vehicles in interstate or foreign commerce. After the jury returned its verdict, Kantete’s bail was revoked in anticipation of her sentencing date on Oct. 3, 2012. As a result of the conviction, Kantete faces up to 15 years in prison. Evidence presented at trial proved that Kantete employed other individuals who were responsible for purchasing stolen and carjacked vehicles from thieves operating in Northern New Jersey and New York. Kantete then had individuals “re-tag,” or place new vehicle identification numbers, on the stolen cars and create fraudulent title documents so that the cars could be shipped out of the country. After the documents were created, Kantete arranged to have the cars loaded onto shipping containers and sent to ports in West Africa. The cars could be re-sold in West Africa for at least twice their retail value in the United States.

## **THE ONGOING EFFORTS OF THE NYSA AND ILA TO REPEAL SECTION 5-P OF THE WATERFRONT COMMISSION ACT**

The controlled register statute, or Section 5-p of the Waterfront Commission Act, empowers the Commission to open and close the deep-sea longshoremen register as dictated by labor needs and to ensure that hiring is done in a fair and non-discriminatory manner.

It is uncontroverted that an overabundance in labor leads to corruption, and therefore, the Commission needs to regulate the size of the available labor pool. History has clearly shown that when there is a surplus of labor, organized crime is able to assert control over who will work and under what conditions, resulting in “job-selling” schemes and related forms of racketeer exploitation. The deep sea register, which is currently closed, serves as a buffer between the employers and the organized workforce to ensure that the workers are protected against unfair hiring and employment practices.

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

Last year, antiquated work rules and the union’s concern with protecting jobs against advancing automation loomed at the forefront of the ILA’s labor negotiations. The Commission will steadfastly utilize its statutory powers under Section 5-p to protect the industry against an overabundance of labor that could one day also seek a guaranteed income in the wake of advancing automation. Using its statutory powers under Section 5-p, the Commission will continue to determine the need for additional labor in the Port and to open the labor pool to meet the immediate needs of the industry. As detailed below, the Commission will be able to meet this need rapidly, as a result of its prequalification program.

Section 5–p(4) of the Act requires that employers who sponsor those individuals for inclusion in the register must certify that selection was made on a non-discriminatory basis. The legislation currently in place is the Commission’s only means of ensuring that the composition of the ILA’s locals is representative of their cities’ demographics. However, instead of welcoming a diverse workforce and a balanced labor pool, the ILA and NYSA – as they have done year after year – again vigorously advocated for the repeal of Section 5-p.

This year, the New York State Legislature once again determined that the continued need for 5-p is critical, in order to safeguard the workforce from mob exploitation and to ensure diversity in the Port. And again, the NYSA’s efforts were dealt a serious blow largely as the result of the various arrests and indictments charging various individuals, including union members and officials, with racketeering, extortion and related offenses in the Port.

## **THE COMMISSION'S CONTINUED COMMITMENT TO DIVERSITY**

With regard to its own internal hiring practices, the Commission has taken extensive measures to ensure maximum employment opportunities for minorities and women. As a result, nearly half of our division directors and senior staff are minorities, much higher than in the past.

However, notwithstanding Section 5-p's requirement that the selection for employment be made on a non-discriminatory basis, there remains an incredible lack of diversity in waterfront employment as well as an income gap among those few minorities that are employed there. By way of example, in the beginning of FY2012-2013, the composition of the three New York International Longshoremen's Association (ILA) locals did 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 NYSA has not been committed to diversifying the workforce in the Port.

### **The Commission's Ongoing Efforts to Diversify the Port Through Its Prequalification Program**

The Commission has continued to demonstrate its deep commitment to diversifying the workforce in the Port and to balancing the supply of labor with available work. As first reported two years ago, 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 has assembled a racially diverse, prequalified group of men and women to work in the Port.<sup>2</sup> These pre-qualified candidates were first introduced to the Port workforce last year, and were employed on a temporary basis as baggage handlers. As we detailed in our last Annual Report, the ILA's reaction was staggering. The overwhelmingly white male locals at the Brooklyn and Manhattan cruise terminals simply stopped working when the minority workers were put to work. The Commission immediately took appropriate action to ensure that there would not be any similar incidents.

Since then, the Commission's pre-qualified workers have been allowed to work in the Port without further incident. Notably, those previously unemployed and underemployed individuals living in areas near the Port would not have historically had access to employment opportunities on the waterfront. However, through the Commission's insistence, these new longshorepersons (comprised of 29% Black, 26% Hispanic, 39% White and 6% Asian or other ethnicities) received the training necessary to become productive members of the longshore workforce, and were permanently included in the longshoremen's register.

In 2012, their first full year of work eligibility, this new group of longshore workers averaged \$59,000 a year in total earnings. For most, this was a marked increase in income. Through training and hard work, the vast majority of these new longshore workers earned positions as regular company employees as car drivers and operators of container handling equipment. This movement to regular company employee lists has assured that these individuals will earn well over \$100,000 per year in the coming year.

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<sup>2</sup> Notably, the Commission itself has also sought applicants to fill available positions within the Commission from the very same workforce centers that supplied the labor pool in the prequalification program.

Since then, the Commission has continued to actively implement its pre-qualification process, which has allowed 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. This is not only to ensure that there is an immediate pool of qualified labor, but also to combat the prevalent discriminatory hiring practices. It is the Commission's only means of ensuring that the composition of ILA locals is representative of their cities' demographics. The Commission's 5-p authority is critical in ensuring continued progress.

### **The New York State Division of Human Rights and The Port Authority of New York and New Jersey Join in the Commission's Efforts**

As is well documented by the Commission's annual reports, written position statements to New York and New Jersey legislators, referral letters to the ILA Ethical Practices Counsel, Milton Mollen, and in our numerous letters to the NYSA and ILA, the Commission has vociferously advocated for a systemic change of the current hiring scheme in the Port. We have publically criticized the disparate hiring practices and the concomitant lack of diversity in waterfront employment, as well as the income gap among minorities employed in the Port.

On August 7, 2012, the New York State Division of Human Rights filed a complaint echoing these allegations against the ILA, various ILA locals, NYSA, MMMCA and various terminals and warehouses. The DHR has alleged violations of New York State human rights laws for failing to employ individuals on the docks and for the exclusion of applicants from union membership because of their race, color, national origin or sex. The DHR's complaint presents the industry's employment statistics in the Port of New York-New Jersey, and alleges:

- the ILA workforce lacks racial diversity and does not reflect the racial composition of the surrounding communities;
- the ILA workforce lacks diversity as it relates to sex because the number of women working on the docks is minimal;
- ILA referral practices and the employer sponsorship system have caused a disproportionate number of minorities and women to be excluded from ILA membership and employment opportunities with NYSA and MMMCA; and
- NYSA, ILA and various ILA locals have refused to integrate their workforce to allow minorities and women to be union members.

Among its requests for relief, the DHR has demanded outreach and advertising to local communities regarding the availability of jobs, and the requirement that respondents certify that their employment practices are done in a fair and non-discriminatory manner. That complaint is currently pending.

Just a few months later, just shortly after the appointment of The Port Authority of New York and New Jersey's new administration in November 2012, Executive Director Pat Foye announced that the Port Authority would make diversity on the waterfront a priority, and that it would lever its leases as a means by which to end deliberate discrimination in Port hiring. Citing Commission statistics, he indicated that, "The Port Authority, a public entity, cannot enable racial and gender discrimination or stand quietly as it occurs on our property."

The Commission has readily cooperated with the DHR and the Port Authority in this regard and, notwithstanding the industry's strenuous objections, will continue to do so.

## **REMOVAL OF HIRING AGENTS**

This year, the Commission discovered that the waterfront employers' deep sea hiring agents – who are almost exclusively former members of the International Longshoremen's Association – continue to pay a form of dues to the ILA, and to participate in and receive benefits from a number of collectively bargained for labor-management programs. Though they are no longer active union members, a number of benefits that they receive are the same as those to which they were entitled when they were ILA members.

In particular, they participate in and receive: (1) health care benefits through the Management-ILA Managed Health Care Trust; (2) holiday and vacation benefits through the NYSA-ILA Vacation and Holiday Fund; (3) container royalty benefits through the NYSA-ILA Container Royalty Fund; and (4) the crediting of years of service for purpose of pension accrual in the NYSA-ILA Pension Trust Fund. Notably, those hiring agents continue to pay to their locals an annual withdrawal fee amount equivalent to their former locals' requisite annual membership fee.

This runs afoul of the basic principle that a hiring agent – whose duty extends to the stevedore for which he or she is employed – must be impartial when hiring longshoremen, without any loyalty to or influence from a union that represents longshoreman. The Commission has determined that, under the circumstances, the participation of these hiring agents in the bargained-for union programs enumerated above, and their continued payment of annual fees to their respective union locals, constitutes membership by these hiring agents in a labor union representing longshoremen. This is in direct violation of the Waterfront Commission Act, which specifically prohibits a hiring agent's membership in a labor organization which represents longshoremen or port watchmen. Under the Act, any temporary permit or license issued to a hiring agent may be revoked or suspended for violating this provision.

Accordingly, the Commission advised the stevedores that, through their employment of hiring agents who are participants in the ILA's bargained-for benefits and programs, are also in violation of the Act. The Commission has given them time to take corrective action. The Commission will take appropriate administrative measures not only against the individual hiring agents, but also against any individual stevedore for their continued employment.

## INTERNSHIP/FELLOWSHIP PROGRAMS:

The Law and Intelligence Divisions run year-round internship and fellowship programs for college and law school students, and fellowship programs for post-graduates.



**Fall 2012 Law Interns and Post-Graduate Law Fellows:**  
Back row: Tracy Golden, Jaime Perrone, Boudewijn Bolhaar, Jake Reinus, and Michael Konicoff  
Front row: Gina Paglia, Akiva Schonfeld, Ashley Rajakaruna



**Winter 2013 Law/Intelligence Interns and Post-Graduate Law Fellows:**  
Back row: Jaime Perrone, Tracy Golden, Adam Wolk, Shelby Prue, and Jake Reinus. Front row: Kristen Dufour, David Fernandez, Danielle Guida, Brandee Schindler, Angelica Wittstruck



**Spring 2013 Law Interns & Post-Graduate Law Fellow:**  
Clockwise, from left: Jurianne Brown, Brent Bouma, Holly Artz, Jason Goldman, David Fernandez, Mathieu Reno, Jessica Laredo, Jacob Dorfman



**Summer 2013 Law/Intelligence Interns and Post-Graduate Law Fellows:**  
Back row: David Fernandez, Imar Iyamu, Jessica Laredo, Dora Georgescu, Sara Friedman, Serhan Cem Kotiloglu  
Front row: Taleen Aiazian, Patrick O'Connor, Afrodite Fountas, Abigail Reich, Victoria Gionesi, Angelica Wittstruck

**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,

A handwritten signature in black ink, appearing to read "W. Arsenault", with a long horizontal flourish extending to the right.

Walter M. Arsenault  
Executive Director

**COMMISSION DETERMINATIONS**

Year Ended June 30, 2013

**APPLICATIONS AND REVOCATIONS PROCEEDINGS**

	Revoked				Suspended			<u>Totals</u>
	<u>Denied</u>	<u>Granted</u>	<u>Revoked</u>	<u>L/R</u>	<u>Suspended*</u>	<u>Reprimanded</u>	<u>P/H</u>	
Longshorepersons	1	1	2	6	9	0	3	22
Checkers	0	0	5	2	2	0	0	9
Hiring Agents	0	0	1	0	0	0	0	1
Security Officer	0	0	0	0	2	0	0	2
Pier Superintendents	0	0	0	0	1	0	0	1
Stevedores	0	0	0	0	0	0	0	0
Maintenance/Warehouse	4	2	3	2	5	0	2	18
Telecommunications System Controllers	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>5</b>	<b>3</b>	<b>11</b>	<b>10</b>	<b>19</b>	<b>0</b>	<b>5</b>	<b>53</b>

\* Includes summary proceedings and informal hearings

**PETITIONS**

	<u>Denied</u>	<u>Granted</u>	<u>Totals</u>
Petitions for Reconsideration	1	0	1
Petitions for Leave to Reapply	0	2	2
Petitions for Rehearing	0	0	0
Petitions to Withdraw	0	3	3
Petitions to Remove Ineligibility	0	0	0
Petitions for Restoration of Registration/License	8	1	9
Petitions to Vacate Temporary Suspension	0	5	5
Petitions for Retention or Reinstatement	3	0	3
Petitions for Stay	0	0	0
Petitions to Surrender Registration	0	4	4
Petitions to Amend Determination	0	0	0
<b>Totals</b>	<b>12</b>	<b>15</b>	<b>27</b>

**ADDITIONAL COMMISSION DETERMINATIONS**

Recommendations to Authorize an Informal Hearing	0
Recommendations Licensing Required (Stevedore)	2
Section 5-p Resolutions/Determinations	2
Recommendations for Permanent Registration/License	4
Recommendations for Permanent License (Stevedores)	1
Recommendations to Continue Temporary Permits/Registrations	3
Recommendations to Continue Temporary Permits/Registrations (Stevedores)	1
Recommendations to Issue Notice of Hearing	6
Recommendations to Amend Notice of Hearing	0
Recommendations to Rescind Notice of Hearing	0
Recommendations to Issue Temporary Permit	2
<b>Totals</b>	<b>21</b>

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# ANNUAL FINANCIAL REPORT

## WATERFRONT COMMISSION OF NEW YORK HARBOR

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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, 2013**

	<u>Actual</u>	<u>Budget</u>	<b>Favorable / (Unfavorable) Variance</b>
<b>RECEIPTS</b>			
Assessments (regular)	\$ 12,858,534	\$ 12,404,000	\$ 454,534
Assessments (additional)	141,901	-	141,901
Interest charges	1,073	-	1,073
Penalties	195	-	195
Subtotal	<u>13,001,703</u>	<u>12,404,000</u>	<u>597,703</u>
Dividend and interest Income	2,145	600	1,545
Overtime reimbursements	64,218	-	64,218
Hurricane Sandy insurance recovery	108,402	-	108,402
Other	25,713	-	25,713
Total receipts	<u>13,202,181</u>	<u>12,404,600</u>	<u>797,581</u>
<b>DISBURSEMENTS</b>			
<i><u>Personal Services</u></i>			
Regular payroll	6,059,833	6,480,873	421,040
Overtime payroll	78,092	46,498	(31,594)
Group health, life, dental and optical insurance	1,150,386	1,367,800	217,414
Workers' compensation insurance	101,767	116,500	14,733
Employer taxes	473,439	516,000	42,561
Pension costs	1,075,502	1,271,400	195,898
Retiree Health Benefit Reserve	1,500,000	-	(1,500,000)
Subtotal - salaries and benefits	<u>10,439,019</u>	<u>9,799,071</u>	<u>(639,948)</u>
Outside auditors, consultants and counsels	33,327	112,000	78,673
Administrative judges, transcript and other	28,377	39,500	11,123
Subtotal - professional services	<u>61,704</u>	<u>151,500</u>	<u>89,796</u>
Total personal services	<u>10,500,723</u>	<u>9,950,571</u>	<u>(550,152)</u>
<i><u>Other Than Personal Services</u></i>			
Office rent	859,665	874,943	15,278
Utilities	87,530	111,740	24,210
General insurance	416,627	434,900	18,273
Travel and automobile	246,719	324,032	77,313
General office	64,434	76,700	12,266
Communications	160,294	182,379	22,085
Special supplies	87,469	114,000	26,531
Information system	114,035	168,400	54,365
Repairs, maintenance and alterations	109,225	60,700	(48,525)
Printing	9,509	4,500	(5,009)
Automobile, furniture and equipment	44,487	14,000	(30,487)
Continuing education	5,777	11,500	5,723
Total other than personal services	<u>2,205,771</u>	<u>2,377,794</u>	<u>172,023</u>
Total disbursements	<u>12,706,494</u>	<u>12,328,365</u>	<u>(378,129)</u>
<b>Excess of Receipts over Expenditures</b>	<u><b>495,687</b></u>	<u><b>76,235</b></u>	<u><b>419,452</b></u>
<b>FUND BALANCE, July 1, 2012</b>	<u><b>1,212,963</b></u>	<u><b>1,212,963</b></u>	<u><b>-</b></u>
<b>FUND BALANCE, June 30, 2013</b>	<u><b>\$ 1,708,650</b></u>	<u><b>\$ 1,289,198</b></u>	<u><b>\$ 419,452</b></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, 2013

(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, 2013

(2) New Jersey Pension Plan

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

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

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS and PFRS provide for employee contributions based on percentages 6.64% and 10% through June 30, 2013, and increasing gradually through July 1, 2018, to 7.5% and 10%, respectively, of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and the PFRS. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

The Commission's contribution for pension expense for PERS and PFRS combined, for the years ended June 30, 2013, 2012, and 2011, amounted to \$77,006, \$76,384, and \$72,747, respectively.

Waterfront Commission of New York Harbor  
Notes to Statement of Cash Receipts and Disbursements and  
Changes in Fund Balance - Modified  
June 30, 2013

(3) New York Retirement Plans

Plan Description

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

Funding Policy

The Systems are non-contributory except for (1) employees who joined the New York State and Local Employees' Retirement System on or before July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and (2) employees who join on or after January 1, 2010, and police and fire personnel who join after January 8, 2010, will contribute 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:

2013	\$ 997,059
2012	955,439
2011	767,481

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, 2013

(4) Lease Commitments

The Commission leases building and office facilities under non-cancelable leases. Total costs for such leases were \$859,665 for the year ended June 30, 2013.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2014	\$ 955,408
2015	943,253
2016	929,210
2017	256,453
2018	210,839
2019 and thereafter	<u>758,404</u>
	<u>\$ 4,053,567</u>

## **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

**Meralis Lopez**  
Commission Secretary

**Jeffrey Schoen**  
Director of Law, Licensing and EIC

**John Hennelly**  
Chief of Police

**Richard Carbonaro**  
Director of Administration and Audit

**Daniel Ramirez**  
Director of Intelligence

**Ariel Ventura**  
Director of Information Technology

**Adam Cheung**  
Comptroller

\* As mentioned above, Mr. Gilhooly is no longer Commissioner at the time of this Report's release and did not participate in its preparation. However, he is directly responsible for, and played an integral role in, the accomplishments described herein.



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