

The New York Waterfront Commission: a command center for organized crime

by J. F. Cooper

When Sen. Harrison Williams put up a courageous fight against his frameup by the FBI's Abscam earlier this year, it allowed Americans to take a close look at a particularly ugly aspect of what the postwar United States has become. The fact that in the Abscam sting operation, the tail—professional con-man Mel Weinberg—could wag the dog of the FBI was only possible because for at least the last 40 years the main “organizer” of organized crime in the United States has been a section of the U.S. government itself. The FBI, the Williams hearings showed, had no effective control over Weinberg. The reason is that the Bureau does not merely use such criminal garbage, it *makes alliances* with it. Each partner in this “special relationship” has his own dirty end; the only common denominator is the history of how British intelligence and American anglophile networks shaped U.S. law enforcement.

An early chapter in this story is the Office of Naval Intelligence's Operation Underworld, the ostensible purpose of which was to employ the Sicilian Mafia for protection against sabotage during World War II and in the invasion of Italy (see *EIR*, April 20, 1982). One of the fruits of this collaboration was the New York-New Jersey Waterfront Commission.

The Waterfront Commission came to the public's attention most recently on May 22 in a *New York Post* editorial which urged the New York State Legislature to watch a re-run of the 30-year-old film *On the Waterfront*, that they might recall the “pervasive corruption and gangsterism that long dominated the New York-New Jersey waterfront under the joint auspices of the mob-ridden International Longshoremen's Association and shipping interests,” and not succumb to the latest annual effort of the “unholy ILA-industry combine” to shut down the Waterfront Commission. The pro-British, Rupert Murdoch-owned *Post* went on to recommend that the ILA and the New York Shipping Association bring their proposals to the Commission itself, and lauded the latter for “curbing” organized crime on the waterfront.

Were the truth about the Commission known, the public would join the ILA/industry campaign to shut it down.

The history of this operation—along with much else that *EIR* will detail in future articles—begins with the first big success of “crimebuster” Thomas E. Dewey in

the prosecution of Salvatore “Lucky” Luciano on prostitution charges in 1936. Although Luciano was worse than anything that these charges might imply, Dewey's case was a thoroughly synthetic frameup complete with hired floozies who were packed off to Europe after testifying against him. The two major results of the case were to make the political reputation of Thomas Dewey, and leave Luciano's good friend Meyer Lansky in control of the Eastern syndicate.

Dewey and Lansky are connected through a lawyer named George Z. Medalie. Dewey was the protégé of Medalie, who also had worked for Lansky's mentor in crime Arnold Rothstein. The nascent alliance they represented—between an East Coast anglophile power elite and organized crime—was put on a firmer footing during World War II.

When Operation Underworld was launched, Dewey fished Luciano out of the Dannemora, New York penitentiary for the project. A special unit of the Office of Naval Intelligence (ONI) called B-3, was created to run the project. ONI recruited Dewey's “crimebuster” staff into the B-3 unit. Meyer Lansky, along with his lawyer Moses Polaskoff, served as the interface between the B-3 unit and the Eastern syndicate, handling all liaison between the government and the imprisoned Luciano as well. This placed Lansky in an unprecedented position vis-à-vis the government and the mob.

Modern times

In the changing character of organized crime in the post World War II period, “business genius” Meyer Lansky played a major role. While not precisely an equal-opportunity employer, the syndicate became much more professional in matters of investment and finance, and joined Uncle Sam in a number of limited partnerships. Improved money-laundering techniques enabled the mob to systematically integrate its operations with legitimate businesses as well as trade unions.

Lansky extended his legitimate gambling enterprises beyond Cuba in the Caribbean into the development of the Bahamas as a gambling capital. The flagship effort in the Bahamas was the creation of Paradise Island, owned by Resorts International. The parent company to Resorts was the Mary Carter Paint Company—in which Thomas E. Dewey was a major stockholder.

Lansky in particular directed the Eastern syndicates into gambling and narcotics; those families are today identified with the so-called Sicilian Connection responsible for bringing into the United States the bulk of the heroin affecting the Eastern seaboard and the Midwest. The waterfront and the airports became crucial transshipment points along the international heroin trail.

On the waterfront

Dewey, meanwhile, had not remained inactive on the "law enforcement" side of the partnership. In the late 1940s a major campaign had been led by Father John M. Corridan, S.J., to expose the horrors of New York waterfront operations. The media lent their voices. This paved the way for the establishment of the New York State Crime Commission by then-Gov. Thomas Dewey. The Crime Commission was to investigate allegations of degrading work conditions, union corruption, and the impact of millions of dollars in pilfering on the New York-New Jersey economies.

The Crime Commission's investigation concluded in 1953. As expected, it recommended the creation of an agency to license and regulate dock labor and to continue investigation into union corruption and organized crime activities in the bi-state ports. According to the Waterfront Commission's first annual report, Dewey's Crime Commission also concluded that a continuation of waterfront crime threatened a "catastrophe" to the port's economic supremacy, which would be a "crippling" blow to the New York-New Jersey metropolitan area and in fact the entire Eastern seaboard. The Waterfront Commission of New York and New Jersey was signed into law by President Eisenhower on Aug. 12, 1953.

The Commission was given the power of life and death over every man and agency that worked on the waterfront, for in order to work or operate a company on the docks it was necessary to hold a license from the Commission. The Commission was armed with the power to hold licensing hearings, grant witness immunity, conduct criminal investigations, compile intelligence files, and exercise police powers in both states.

The staff of the Waterfront Commission was drawn extensively from the Crime Commission itself, which in turn had absorbed not only the ONI's B-3 unit but also the remnants of Dewey's special "racket-busting" squads in the District Attorney's office, as well as their files and informant networks.

Crimefighters

Despite its high-powered crew of crime-fighters, the Commission's record has been dismal. With the continuing collaboration of New York and New Jersey law enforcement agencies, district attorneys, federal agencies such as the FBI, Customs, and the Coast Guard,

the Commission's targets have been primarily low-level union officials.

The Commission appears to be more interested in union-busting than crime-busting. The agency's efforts increased noticeably when it was officially incorporated into the Justice Department's Organized Crime Strike Force. The Commission is credited with having lent invaluable assistance to the FBI's Unirac ("union-racketeering") investigation which later branched out into Brilab. The Commission is said to have provided intelligence on criminal activities along the entire Atlantic seaboard and in the Gulf ports!

Grab for metropolitan airports

In 1970, the Waterfront Commission attempted to extend its jurisdiction to include the metropolitan airports in the bi-state area. The move was made based on the Commission's assertion that it could do for the airports what it claimed to have done for the docks: eliminate organized crime. The Commission's grab for the airports was accompanied by a press campaign concerning mob-domination of predominantly Teamster unions at the airports. Although the legislation enabling the takeover was passed in both states, the Airport Compact remains stalled in the U.S. Congress, where it is considered an issue "too hot to handle."

In a strange twist of events, the man credited with putting the Airport Compact on hold was assistant to the executive director of the Waterfront Commission, James J. Davitt. Davitt testified just one day before the close of the congressional hearings because, he said, "many pressures both subtle and blatant would have been exerted" on him.

Davitt's testimony was a shock to all. He had been one of the four-man team from the Commission which wrote the enabling legislation. Davitt claimed that he had "lost faith" with the Waterfront Commission; he charged that of 100 major theft cases, "not one had been solved." He accused then-Commissioner Joseph Kaitz of conflict of interest for practicing law while at the same time being a law enforcement agent. Davitt testified that the Commission had "naively" helped a Mafioso obtain a Certificate of Good Conduct from the New York State Parole Board, thus enabling the convicted criminal to hold union office.

Ironically, Davitt's charges led then-Rep. Edward Koch (D-N.Y.) to tell his congressional colleagues that it was "clear that unless and until the present executive director William Sirignano and Commissioner Joseph Kaitz are removed, we cannot expect the New York-New Jersey Waterfront Commission to do an adequate job."

Since becoming Mayor of New York City, however, Koch has had precious little to say on the subject, and, not surprisingly, has done even less.

A rogue's gallery of Dewey operatives

The roster of officials and associates of the New York-New Jersey Waterfront Commission tells much about the "special relationship" between federal agencies, the Commission, and organized crime:

- **"Mr. Waterfront" Joseph Kaitz.** More than any other member of the Waterfront Commission, Joseph Kaitz represented the Dewey-ONI-mob alliance transition from wartime into a new civilian vehicle. Known as "Mr. Waterfront," Kaitz served for five consecutive terms (1962-1978) as the New York commissioner of the agency.

He began his career in 1936 as an investigator under New York City Special Rackets Prosecutor Thomas E. Dewey, helping to put Lucky Luciano behind bars. Kaitz then worked with Dewey in the District Attorney's office until 1942 when he, like so many others in the Dewey staff, joined the ONI. Until his discharge in 1946, Kaitz was in the B-3 unit functioning as the case officer and liaison to Meyer Lansky lieutenant Joe Adonis. He later served as a confidential investigator in occupied Germany.

After the war, Kaitz was appointed Deputy Commissioner of the New York State Liquor Authority and then served as assistant director of the state's civil defense commission. Once Dewey was able to establish the Crime Commission, Kaitz was brought on as its chief investigator, and quickly reassembled the key operatives from the old B-3 unit into the Crime Commission, and thence into the Waterfront Commission. Accompanying Kaitz were:

- **Paul Alfieri**, an early B-3 operative who specialized in "black-bag" jobs and handled the delicate on-line coordination between government agents and waterfront mobsters;
- **William Sirignano**, who served under both Dewey and Frank Hogan in the District Attorney's office;
- **Thomas Jones**, who left the Federal Bureau of Investigation—along with several others—to join Alfieri and Kaitz at the Commission.

In addition to the Dewey-Dulles "spooks" network, were the political hatchetmen for whom the Commission was a stepping stone or safehouse between deployments. These included:

- **Justin Finger**, assistant counsel to the Waterfront Commission in its early years, now head of the Anti-Defamation League's Civil Rights Division.

- **Whitman Knapp**, who prior to joining the Commission as a special consultant, was a deputy assistant D.A. in New York City and then joined the law firm of Donovan, Leisure, Newton and Lombard. Knapp was also a member of the D.A.'s staff from 1942-50 and as such undoubtedly had dealings with the ONI's B-3 group. Following his stint with the Commission, he was a member of the state commission revising penal and criminal codes and then became the chairman of the Knapp Commission to Investigate Allegations of Police Corruption in New York City. The Knapp Commission "reformed" the New York Police Department, primarily by crippling its ability to engage in traditional law enforcement.

- **Whitney North Seymour**, partner in the law firm of Simpson, Thatcher, and Bartlett, Seymour served as a special consultant to the New York State Attorney General during the waterfront controversy in the 1950s and provided advice to the Commission in its early years. He is a board member of the cold-war-promoting Freedom House, the oligarchic cult-society the Order of St. John of Jerusalem, and was appointed U.S. Attorney for New York during the Nixon administration. From the post he effectively blocked investigations into the Lansky-Dewey-Resorts International gambling operations in the Bahamas.

- **Myles Ambrose**, executive director of the Commission in the early 1950s, Ambrose later became the head of the Office of Drug Abuse Law Enforcement, which is credited with more botched narcotics cases than any other agency. He had also served as U.S. Commissioner of Customs and is rumored to have been a political angel to the careers of Abscam prosecutor Thomas Puccio and John Fallon. The latter was forced to resign from the DEA's regional office after being implicated in a number of heroin shipments smuggled through Kennedy International Airport.

- **Nicholas Scoppetta**, presently the New York representative to the Commission, formerly the assistant New York City D.A., Scoppetta made his reputation when as associate counsel to the Knapp Commission, he successfully "turned" Detective Robert Leuci to set up his fellow police officers and then testify against them. As a reward Scoppetta was made special assistant U.S. Attorney, then Commissioner of Investigations for the City of New York under two mayors and the Deputy Mayor of New York City Criminal Justice. He is currently a professor at the New York University School of Law and Executive Director of the Institute of Judicial Administration.