

## REPORT OF INVESTIGATION

K #: 11-007

Date Opened: Jan. 11, 2011      Date Closed: Feb. 8, 2011

Name of investigator: Karl Ross  
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**ALLEGATION:** The above-referenced case was opened at the initiative of the Independent Ethics Advocate pursuant to a published report (Miami Herald, Jan. 4, 2011) that the Seaport would be required to pay a \$4 million federal judgment for allegedly “doling out stevedoring permits illegally” to protect incumbent stevedoring firms and blocking outside firms from competing for business at the County-owned facility. The suit was filed by Ft. Lauderdale-based Florida Transportation Service (FTS).

**INVESTIGATION:** On or about Jan. 21, 2011, COE interviewed Mark Journey, an attorney representing FTS, who advised as follows:

Mr. Journey stated that Florida Transportation Service (FTS) did not make any allegations during the federal trial of any recent corruption or unethical conduct against Miami-Dade County employees at the Seaport. He said he believes the long-standing “monopoly” of incumbent stevedoring firms at the Port of Miami Terminal Operating Company (POMTOC) has been preserved mostly through legitimate means such as effective lobbying, campaign contributions and the “good old boys network.” He identified those companies as Eller ITO and Florida Stevedoring, both of which use union labor through the International Longshoremen’s Association (ILA Local 1922). FTS does not use union labor, he said. Journey said he does not believe Miami-Dade seaport officials are especially happy about the lack of competition for stevedoring services, but said he suspects they feel they are powerless to do anything about it.

Journey did say a deposition had been taken of former Seaport Director Chuck Towsley in connection with the case and that Towsley was asked about a visit he got from former ILA Local 1922 President Art Coffey concerning a permit granted to FTS back in 1999. (Note: Towsley reversed the administrative decision to award FTS a permit shortly after the meeting with Coffey.) He said Towsley claimed he could not recall much about that meeting, a claim that triggered speculation within the industry about whether Towsley felt intimidated. He said Coffey was subsequently charged and acquitted in a case involving [extortion, conspiracy] and racketeering in New York along with several other alleged mafia associates. He said Coffey was

acquitted along with one other person, while two others were convicted in connection with the case, which was widely publicized in New York. He said that while he could not provide any investigative leads, he recommended talking to the owner of FTS, John Gorman.

On or about Jan. 24, 2011, COE met with Seaport Director Bill Johnson and Assistant Director Juan Kuryla at the director's office to discuss, among other things, the lawsuit and the pending multi-million judgment. They advised as follows:

Director Johnson said the allegations about protecting incumbent stevedoring firms predated his tenure as ports director, which dates back to 2006. He said his administration has sought to promote competition among services providers in all areas, including stevedoring firms and that the incumbent firms have voiced displeasure at this. He said that the reluctance to award a permit to FTS to operate at Miami-Dade is a result of the firm's safety record in Ft. Lauderdale. He said FTS has been cited for 45 safety violations by OSHA, and that four employees have died in work-related accidents over the past 18 months. He said that only two stevedores have died at the Port of Miami since his tenure began. He said the Seaport has 417 full-time employees, plus another 60 to 80 part-time employees. He said that he has aggressively sought to improve the port's finances and to increase its market share in recent years. He said that the port is now considered one of the safest in the state as a result of improvements during this time. He said that the decision not to award a permit to FTS has nothing to do with the company's labor situation.

In a follow-up action, Assistant Director Kuryla invited COE to sit on and monitor ongoing contract talks surrounding POMTOC on Feb. 9, 2011.

**CONCLUSION:** After the preliminary inquiry described above, there do not appear to be any recent allegations (past three years) of improper conduct by Seaport employees in connection with the \$4 million federal judgment. Mr. Journey said that, in his view, "legitimate" means had been used to preserve the status-quo at the Seaport with respect to the stevedoring operations. The allegations surrounding former Seaport Director Chuck Towsley were never confirmed despite repeated depositions, and would be of a criminal nature if confirmed. No similar allegations have arisen since Towsley was succeeded by Bill Johnson as Seaport director. Mr. Johnson told COE that he had, in his view, valid safety-related concerns for failing to give a permit to FTS. He said the decision not to award the permit has nothing to do with the company's labor situation. (FTS is a non-union company, unlike the incumbent stevedoring firms.) In a sign of

openness, Johnson and his assistant invited COE to monitor ongoing labor talks with POMTOC, which houses the Seaport's stevedoring and cargo operations.

It is therefore recommended that this case be closed and that COE take a more active role in monitoring the contracting process at the Miami-Dade Seaport.

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