

# Port Automation and Payroll Fraud

January 13, 2025

East and Gulf Coast port workers were set to go on strike again on January 15, 2025, had an agreement not been reached with their employers over automated cargo handling equipment. The [January 9, 2025, agreement reportedly](#) will extend the current contract language concerning automation for another six years; details have not been disclosed publicly. Current language reportedly allows some automation equipment to be introduced as long as it is accompanied by paid job positions. In October 2024, a three-day strike [was resolved](#) with a 62% wage increase for port workers over the next six years. Congress has specified that a [new federal grant program for purchasing zero emission port equipment](#) can be used only for human-operated or human-maintained equipment (P.L. 117-169, §60102).

Several U.S. container ports are partially automated. [Automated equipment](#) refers to remote controlled cranes for loading and unloading ships, driverless vehicles that move shipping containers between a port's dock and staging areas, automated container stacking cranes, and unmanned gates where trucks enter and exit the port. Automated equipment is capital intensive. It is intended to speed cargo flow for the much larger container ships now calling at U.S. ports. In 2015, Panama finished constructing a wider, deeper canal that can accommodate ships with a 50-foot draft and has capacity to carry three times more containers than previously. Aided with federal funds, many East and Gulf Coast ports have since deepened their harbors, with some raising the height of bridges over the shipping channel to allow bigger ships to pass underneath. U.S. container ports are not ranked highly worldwide for their speed and efficiency of handling cargo. In response to the historic port congestion during the COVID-19 pandemic, [one recommendation](#) was to shift to 24/7 operation of U.S. ports.

The [International Longshoremen's Association](#) (ILA) represents over 47,000 longshoremen at East and Gulf Coast ports who handle containerized cargo and "car carrier" ships carrying automobiles. The [U.S. Maritime Alliance, Ltd.](#) represents the ocean carriers and port terminal operators, the employers. In 2022, [East and Gulf Coast seaports](#) accounted for 60% of the import and export containers shipped through U.S. seaports (West Coast seaports accounted for 40%). That year, East and Gulf Coast seaports accounted for 15 of the top 20 U.S. container ports. Containers carry a wide assortment of goods. Retail goods and manufacturing parts tend to comprise a large share of imported containers; U.S. exports often consist of intermediate goods and agricultural items.

A focus of recent negotiations, and likely of future labor negotiations on both coasts, is automation. ILA argues automation will reduce port jobs. Some others [cite](#) instances where automation increased jobs after automation increased the number of containers handled and therefore the number of workers needed.

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Whether trade volumes are growing or declining due to economic conditions when automation is introduced may [override its job effects](#).

Hiring is related to automation and the total number of jobs. At the Port of New York and New Jersey—the largest East Coast container port—there are long-standing concerns about the hiring and payment of individuals connected to union leadership or organized crime. [Annual reports](#) of the Waterfront Commission of New York Harbor indicate that payroll fraud has been an income stream for organized crime, at the expense of many workers. These commission reports, [made public](#) in 2021, indicate that special compensation packages have provided outsized salaries for certain ILA workers who may be connected to union leadership or organized crime. The commission estimated in its 2019-2020 report that “over 590 individuals continue to receive over \$147 million in outsized salaries not required by the industry’s collective bargaining agreement and for hours they do not even have to be at the Port.” For example, the report discusses a foreman who received a salary of nearly \$500,000 but appeared at the port for as little as [eight hours per week](#). Coworkers fraudulently filled out [his timesheet](#) indicating he worked 40 hours per week. In 2018, he was sentenced to two years in prison. In 2023, he was compensated for being a [sergeant of arms](#) at the ILA convention.

New Jersey has since pulled out of the joint commission, finding that it unnecessarily inhibited the port’s workforce needs. The state turned over the function to [the state police](#), which began operating a [port security section](#) in July 2023. The [New York Waterfront Commission](#) was then established to continue combating the influence of organized crime and corruption on the harbor’s less busy New York side.

Federal investigations over the past 15 years have examined organized crime’s potential influence. For example, Department of Justice [indictments](#) detail organized crime’s [control](#) and [influence](#) at the Port of New York and New Jersey. In 2021, [the Federal Bureau of Investigation \(FBI\) stated](#):

The FBI’s joint investigations with the Waterfront Commission of New York Harbor (WCNYH) over the past decade have highlighted the ongoing influence of organized crime and corruption at the Port of New York-New Jersey, and successful federal prosecutions have revealed the continued influence of the Genovese and Gambino organized crime families over the International Longshoremen’s Association and waterfront businesses. Organized crime does not respect state boundaries, and its presence in a central location of interstate and foreign commerce poses a significant security risk.

Also in 2021, the [Department of Labor’s](#) Inspector General stated:

the waterfront harbors of New York and New Jersey, as well as the International Longshoremen’s Association (ILA), have long been plagued by extortion, thievery, and fraud schemes. The ILA has exerted their power and influence over labor markets for criminal purposes, most often at the direction of an organized crime group.

Congress may be interested in how state port worker screening programs interact with the Transportation Security Administration’s Transportation Worker Identification Credential (TWIC)—a federal security screening of port workers against a list of disqualifying criminal offenses that Congress enacted in the Maritime Transportation Security Act of 2002 (46 U.S.C. §70105). The annual reports of the New York Waterfront Commission and the New Jersey State Police do not mention TWIC.

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