

# HUNTS POINT FOOD DISTRIBUTION CENTER

## PLAN AND STRATEGY FOR EXPANSION AND DEVELOPMENT



City of New York  
Department of Ports and Trade  
October, 1989



**HUNTS POINT FOOD DISTRIBUTION CENTER**  
**PLAN AND STRATEGY FOR EXPANSION AND DEVELOPMENT**

**CITY OF NEW YORK**  
**DEPARTMENT OF PORTS AND TRADE**

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# ACKNOWLEDGMENTS

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William Vitulli  
Great Atlantic and  
Pacific Tea Company



**FARMER'S MARKET**  
Little West 12th Street, Gansevoort,  
West and Washington Streets,  
Manhattan C. 1898  
*"Courtesy of the New York Historical Society, New York City"*

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## PREFACE

New York City's food industry is a key sector in the region's economy. In 1987, the supply and distribution components together represented \$35 billion in retail sales. Consumers in the New York metropolitan region spent approximately \$30.3 billion in retail food stores and \$18.2 billion in dining-out establishments for a total expenditure of \$48.5 billion, approximately 10 percent of the total U.S. market.<sup>1</sup>

New York City's competitive advantage as a food distribution center lies in its access to the largest and most concentrated urban market in the United States. There are 15.5 million consumers within a 25 mile radius of New York City and over one million households with family incomes in excess of \$50,000 per year. Over 48% of the City's residents are between the ages of 18-49 and 31% of New York's 3.4 million homes are single-person households. It is these groups that are fueling the growth of the food industry.

New York City consumers comprise an especially dynamic market. Unlike the average U.S. consumer, New Yorkers do not buy entirely from large supermarkets but from small local produce and convenience stores. Thus, the Hunts Point Food Distribution Center in the South Bronx, the principal wholesale market for fresh food products and supplier to smaller food stores, is well-positioned to serve the expanding market for fresh and convenient food products.

At the present, New York is at a crossroads with regard to its food handling and distribution infrastructure. Much of the City's food industry operates at various market sites and food plants located throughout the five boroughs, many of which are too small and/or obsolete. Most of New York's food facilities were originally developed in or near old population centers in structures not specifically designed for their present use and without consideration for modern food handling features. Congestion, caused by an increasingly large number of vehicles using a system of streets that were not designed to carry that load or number, is another primary defect of the City's local markets. Time loss due to traffic delays and lack of loading and unloading space has increased the costs of doing business for local food companies.

Electrical service, sewage facilities, water, ventilation, air circulation and refrigeration in the older buildings are often not sufficient to meet the modern needs of food operators. For many food companies it is not economical to make the alterations necessary to meet these requirements at their present facilities. In fact, inadequate facilities contribute more to the cost of operation in the food business than any other single factor.

The quality of many of these market facilities and the limited availability of expansion space continues to constrict the growth of this vital economic sector. Without adequate expansion space, many New York City food firms will either go out of business or relocate out of the region. For these reasons, the New York City Department of Ports and Trade is proposing an expansion of the Hunts Point Food Distribution Center.

## INTRODUCTION

The City of New York has been involved in the development, management, and regulation of public food markets since the early 1700's. As the City grew, so did its food distribution network, resulting in the establishment of public markets throughout the five boroughs.

In the early 20th century, the City's Department of Markets began consolidating neighborhood-based food distributors into larger terminal markets which replaced deteriorated, individual market buildings with modern facilities for food distribution and processing. Some markets, however, such as the Washington Street Produce Market in lower Manhattan, remained in their original neighborhoods in buildings that were overcrowded, antiquated and lacking in proper facilities to handle the changing demand for food products. Business was increasingly hampered by congested local roadways, as the volume of delivery trucks mounted to serve an ever-growing population.

The City of New York, recognizing that the older public food markets were neither adequate nor efficient in serving the changing needs of the City's consumers, commissioned Bechtel Associates and Frederick R. Harris Associates, engineering firms, in 1965 to prepare reports that identified local market problems and recommend various ways of consolidating the different sectors of the food industry.

The conclusions of these engineering reports were consistent with the earlier findings of the U.S. Department of Agriculture, which in 1962, completed a comprehensive six-year study of the wholesale food distribution facilities in New York City. In this same year, the City acquired 329 acres of vacant marshy land in the South Bronx from Con Edison to develop a centralized market, the future Hunts Point Food Distribution Center. The studies ultimately proposed comprehensive plans for a centralized market, to be built as an industrial food in-place park, "maintaining the free-enterprise character of markets, with the land and buildings owned by the City and leased to the tenants."<sup>2</sup>

In 1967, the New York City Terminal Produce Market opened at Hunts Point, replacing the Washington Street Market in Manhattan. From 1971 to 1979, five more distribution and processing facilities were built at Hunts Point, providing new growth opportunities for New York's food industry. These facilities include the Fruit Auction Corporation Building, Daitch-Crystal, Inc. Building, KFI Building, Vita Foods Building and the Hunts Point Cooperative Market, Inc. Building.

The Hunts Point Food Distribution Center is now the largest such market in the world, serving over 15 million consumers in the New York metropolitan region. The entire Food Center facility occupies 232 acres on a site that has a total of 329 acres, and its businesses employ over 10,000 people and generate more than \$7 billion in annual sales.

Recent changes in the volume and variety of food products being distributed through the New York region have once again created a demand for new food warehousing, processing, and distribution facilities. The lack of expansion space at existing market facilities throughout the City and the slow pace of development for new facilities has hampered the growth of New York's food industry, resulting in the loss of 15 food businesses and 1,779 jobs to New Jersey and other parts of the region from 1985 to 1989.

In order for the City's food industry to remain competitive with domestic and international markets, and to continue to serve the local consumer efficiently and cost effectively, the remaining 97 acres of vacant land in the Hunts Point Food Distribution Center will need to be developed for additional food market facilities. Expansion space must be provided for existing market tenants and new facilities are urgently needed to accommodate older food markets scattered throughout the City.

Presently, meat, fish, flower, frozen foods, butter and egg products are received, processed, stored and distributed to retailers from facilities not specifically designed to accommodate modern food handling and storage methods. These older market facilities lack proper refrigeration, electrical service, sanitary and cleaning amenities, mechanical and computerized handling equipment. With the increase in the use of tractor trailer trucks for the distribution of food and agricultural products, the narrow streets surrounding the older market facilities are not adequate, causing delays in loading and unloading and vehicular congestion. All of these deficiencies result in higher handling costs for food companies and constrains their growth.

The plan proposed in this report consists of three major elements: the expansion of existing facilities within the food center; the construction of new processing, distribution and food-related facilities; and the expansion of the entire distribution center beyond its present boundaries. Expansion will focus on developing the 97 acres within the food center before any land outside of it is acquired.

The availability of newly constructed space will help to retain food companies and jobs in New York City and will create new opportunities for food industry growth at Hunts Point. The new space is urgently needed at Hunts Point to remain competitive with new wholesale food distribution and processing facilities planned for the Meadowlands and the 10-county area in Southern New Jersey. The new market facilities will be more efficient, employing the latest in modern design features, food handling procedures, and cold storage technology. These new facilities will help reduce the operating costs for local food companies, passing along cost savings to the consumer at the retail level. In addition, cost savings to local food companies can help to create an environment for business expansion and increased sales of U.S. food and agricultural products within the domestic and global markets. Local food companies will be better able to compete for opportunities created through the elimination of trade barriers with the members of the European Economic Community, Japan, Canada and other foreign countries.

Realizing the potential for job creation and business expansion within the Hunts Point Food Distribution Center, the City of New York is committed to mobilizing the necessary economic and business development resources to accelerate the growth of the food industry at Hunts Point. In view of the importance of this market as an outlet for farm products, the United States Department of Agriculture provided preliminary research and technical assistance to these efforts under its wholesale market development program. The primary research for this report was provided by the Wholesale Markets Development Unit of the New York City Department of Ports and Trade.

This expansion plan will be most effective if implemented in the context of the City's overall program to revitalize the Hunts Point Peninsula and the South Bronx. New housing, commercial and industrial development in the Hunts Point area can complement increased opportunities for industry growth within the food center. Improvements to local infrastructure and community services will benefit the food center tenants as well as the surrounding community.

# I. The Hunts Point Community

The Hunts Point Peninsula consists of 690 acres of land and includes a 20 block residential community to the north, a mixed commercial and industrial area to the south and west, and the Hunts Point Food Distribution Center to the east (See Figures 1 and 2).

## 1. Residential

The Hunts Point residential area is surrounded on three sides by the Hunts Point industrial area and on a fourth side by the Bruckner Expressway. This neighborhood is characterized by stable blocks of small homes located on quiet residential streets. Large multiple dwellings are concentrated along the main thoroughfares and many are vacant. In 1980, one to four family homes represented 77% of the residential structures. By 1988, this figure had risen to 81% as vacant small homes were reoccupied.<sup>3</sup>

Historically, the Hunts Point peninsula has received fewer funds for housing rehabilitation or new construction than other parts of the Bronx. In the last decade, city supported projects administered by community-based organizations in conjunction with the Department of Housing Preservation and Development (HPD) and the Housing Authority have rehabilitated close to 700 vacant and occupied units. Additionally there are 443 units of housing currently funded under four separate programs and an additional 496 units scheduled to be rehabilitated under the Mayor's \$5.1 billion 10 year Housing Plan (See Addendum A).

## 2. Commercial

The main concentration of commercial and retail establishments in the Hunts Point area are along Hunts Point and Longwood Avenues, with an assortment of convenience grocery stores and eating establishments scattered throughout the peninsula. A thriving shopping center at East 163rd Street and Southern Boulevard anchors one end of the commercial strip at the northern end of Hunts Point Avenue. Most of the commercial businesses in the southern end of the peninsula serve the industrial users in that area. Many residents of the community do their main shopping in the Crames Square area, immediately on the other side of the Bruckner Expressway because of the lack of large department, discount, appliance stores and supermarkets in the peninsula.

## 3. Industrial

Industrial uses occupy 245 acres exclusive of the Hunts Point Food Distribution Center. The most prevalent uses are food companies, trucking companies and auto repair/spare parts establishments. Although the automotive and trucking businesses provide a vital service, they also cause traffic congestion and noise, and contribute to the unpleasant appearance in parts of the peninsula. Manufacturing (i.e., metal, chemical, wood, plastic, machinery equipment and apparel) and building construction businesses are the third and fourth largest industrial uses in the peninsula. Warehousing, the next largest use, primarily serves the storage and distribution of perishable food products. However, durable goods (i.e., finished woods, metal and plastic products) are also warehoused throughout the industrial area.<sup>4</sup> The Oak Point Rail Yards, one of the major rail facilities in New York City operated by Conrail is also located on the peninsula. The City's Department of Environmental Protection has a sewage treatment plant adjacent to the Food Center which serves Bronx County.

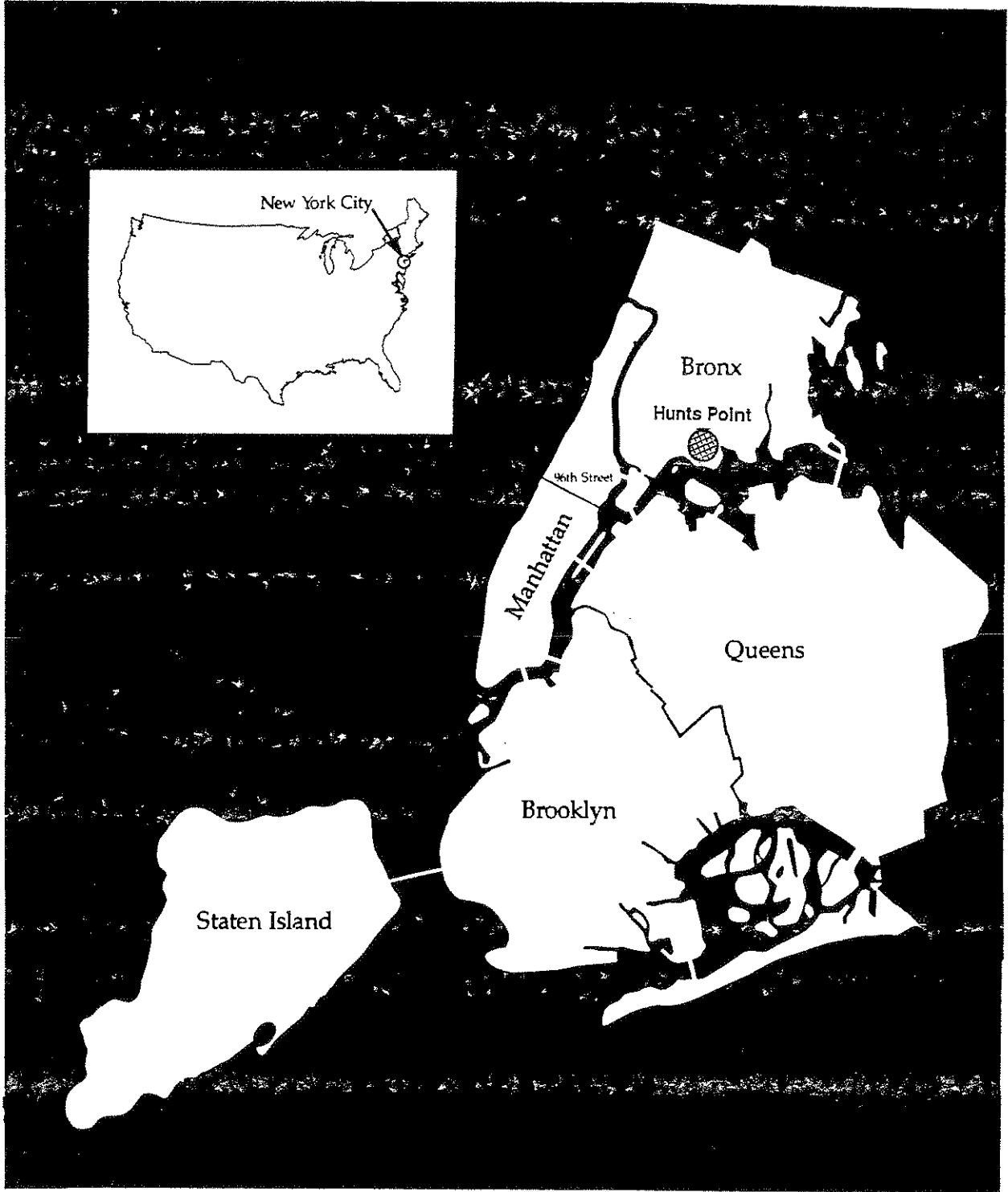


Figure 1 - Hunts Point Peninsula Location Map

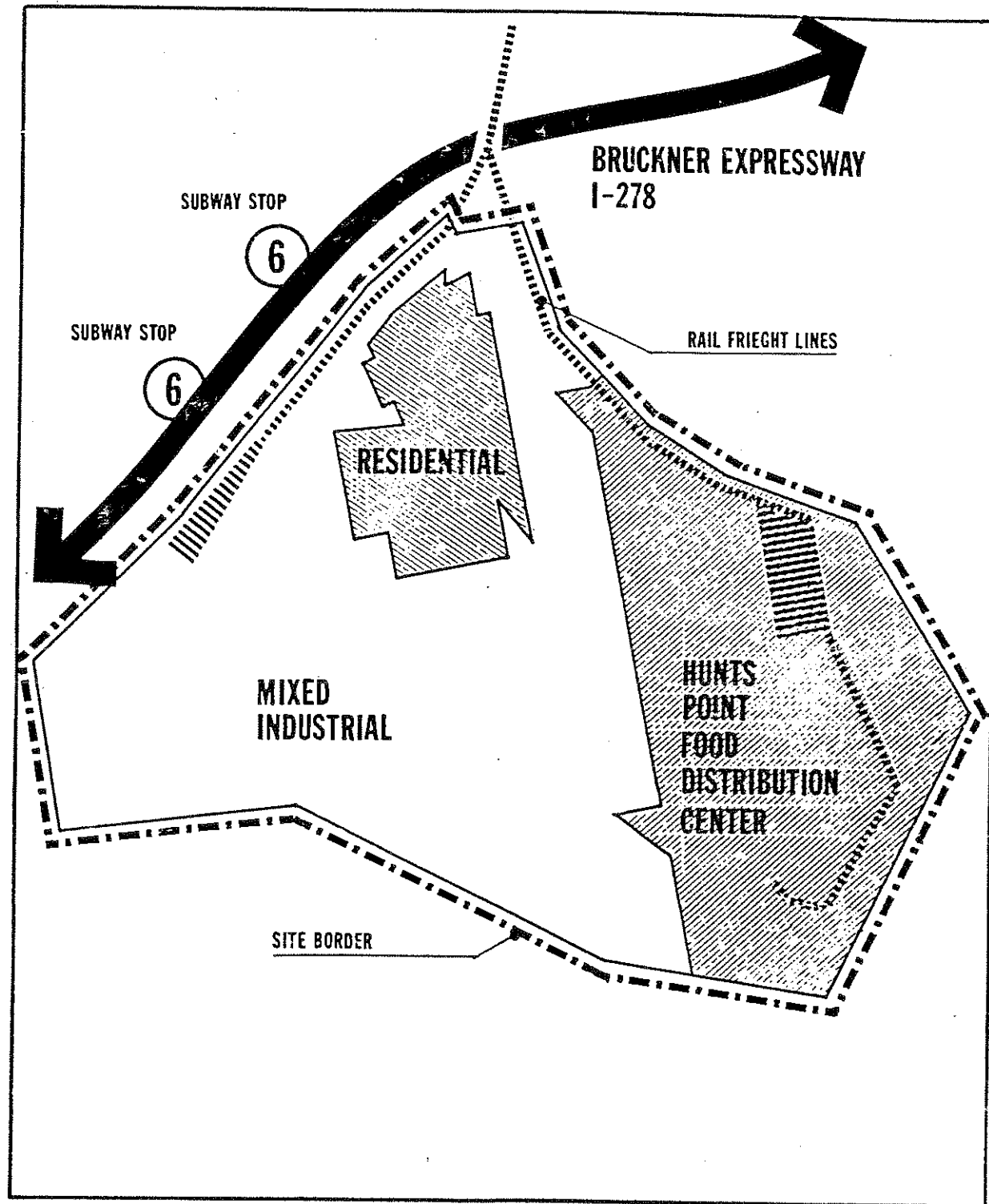


Figure 2 - Land Use Map

#### 4. Area Zoning

The Hunts Point peninsula is primarily zoned for manufacturing with the residential core zoned R6 bound by Garrison Avenue to the north and Randall Avenue to the south (See Figure 3). The entire Hunts Point Food Distribution Center zoned M3-1 is also designated market property under the jurisdiction of the Department of Ports and Trade. Market property is inalienable, and therefore it can not be sold. Under authority vested in the City by the State, the Board of Estimate has the power to designate land as market property. Market designation includes... "any land, building, structure or place, the property of the city under lease or in the possession of the city, used as a public market for the buying, selling or keeping for sale of food, flowers or ornamental plants."<sup>5</sup>

Besides the Hunts Point Market, the M3-1 zoning designation covers the blocks south of Oak Point Avenue and east of Longfellow Avenue. Both sides of Randall Avenue and the west side of Longfellow Avenue between East Bay and Lafayette Avenues outlines the M1-1 zone which extends from Bruckner Boulevard east to Lafayette Avenue and from the Bronx River south to Longfellow Avenue.

The uses permissible under both an M3-1 and M1-1 zoning designation are the following: Use Group 17 allows for wholesale produce and meat markets operation, excluding slaughtering or food preparation. Agricultural establishments including greenhouses, nurseries or truck gardens are also allowable. Use Group 18 allows for meat or fresh products including slaughtering of meat or preparation of fish for packing. Refrigerating plants, sugar refining and storage of grain are allowable under this use group (See Addendum B).

The Bronx Office of the Department of City Planning is currently preparing an overall land use planning study of the entire Hunts Point Peninsula. The results of this study will help to integrate the proposed food center expansion into the context of the overall planning for the residential, commercial and industrial sectors of the peninsula. Ports and Trade will cooperatively review with the Bronx Office those blocks and lots in the area outside the Food Center for possible long term market expansion.

#### 5. Transportation

The entire Hunts Point peninsula is well served by a network of highways as well as by rail, bus and rapid transit facilities. Direct connection into the Bruckner Expressway and Bruckner Boulevard enables rapid movement to New Jersey via the Cross Bronx Expressway, to Brooklyn and Queens via the Cross Bronx and Clearview Expressways, and to New England and Upstate New York via the Major Deegan Expressway and the New England Thruway (See Figures 4 and 5). This road network is vital to the continuing viability of Hunts Point as most shipments in and out of the Food Center are trucked.

The existing road network on the peninsula represents a small block concept with east-west roads having a 100 ft. right of way and north-south roads having a 60 ft. right of way. Garrison Avenue, which parallels the railroad tracks, serves as a frontage or collector road to the peninsula. The peninsula is linked to the Bronx by bridges which span the railroad line.

Freight service is provided by Conrail to Hunts Point through a rail spur from the mainline tracks. The spur enters the peninsula at the Eastern Boulevard bridge, passes under the Bruckner Expressway and connects to several rail lines in the New York City Terminal Market. At the present time, ten to fifteen rail cars bring produce to the market from California every day. A side track that connects to rail lines at the Terminal Market runs along Food Center Drive to the other market facilities and vacant land sites.



Two navigable waterways, the Bronx River and East River surround the Food Center on the north, east and south. The East River is the waterway that serves the peninsula and links the Food Center with New York Harbor and the Atlantic Ocean through the Long Island Sound. A 1,000 ft. wide channel adjacent to the distribution center is maintained at sufficient depth to serve ocean-going vessels. Presently, a small fishing fleet and garbage barges are the only form of water transport that serve the Hunts Point peninsula.

Bus routes serving the area are routes 5, 6, 19 and 54 linking the peninsula to the rest of the Bronx. The number 6 bus is the only public transit line that enters the Food Distribution Center and connects with the IRT Pelham Bay number 6 train. Subway stations in the area are located at East 149th Street, Longwood Avenue and Hunts Point Avenue. A significant portion of the Food Center employees use public transportation to travel to and from work.

The New York City Department of Transportation is targeting approximately \$10 million for the reconstruction of ten streets in the Hunts Point peninsula (see Addendum C). A complete topographic survey of conditions, development of a composite underground utility plan, roadway treatment and special design elements were completed as part of the Preliminary Design Investigation Report. Construction is expected to begin in June, 1990. Improvements to the streets will provide truckers with better access to the market streets and reduce the breakage of food products enroute to wholesalers and retail stores.



Figure 4 - Transportation Maps

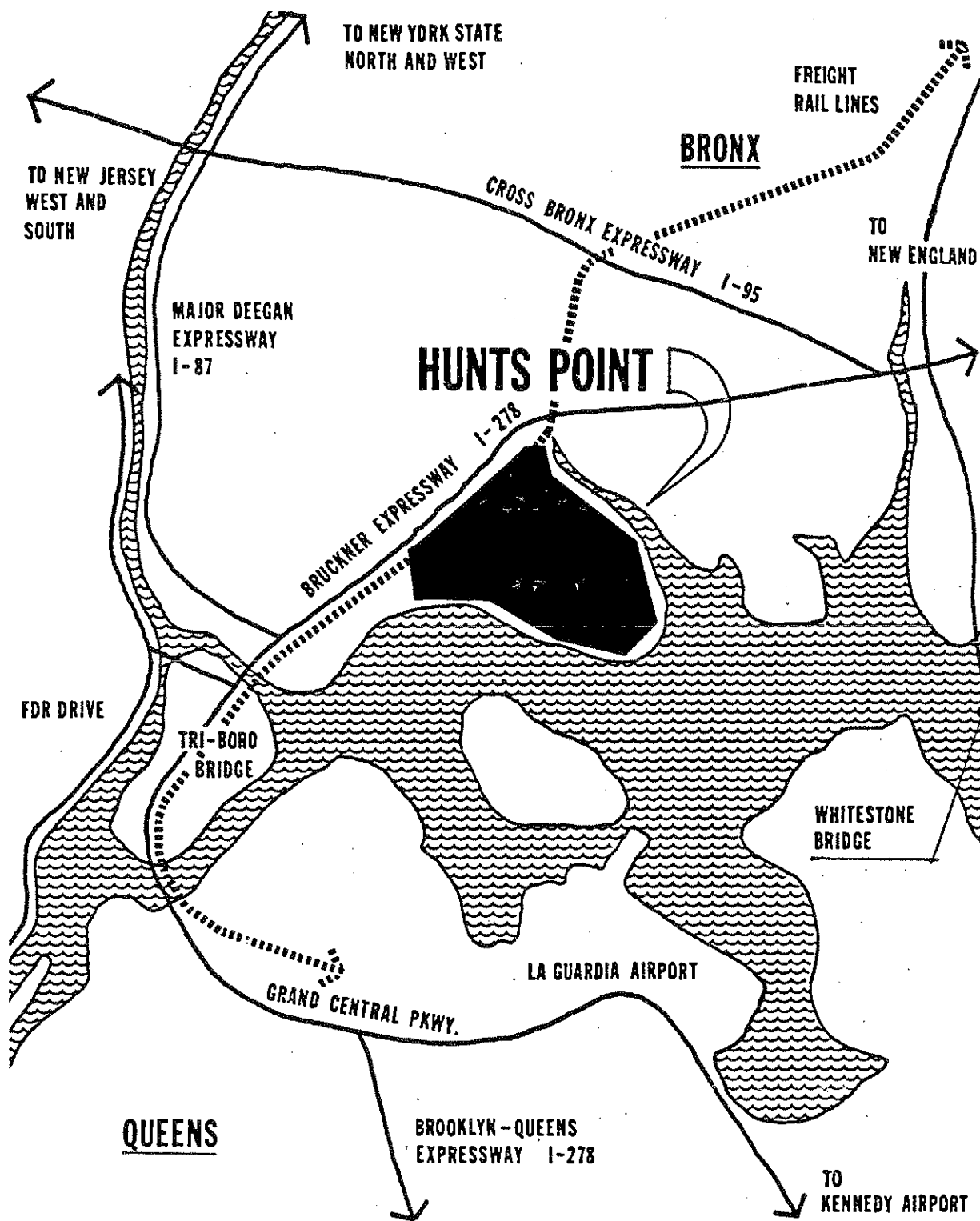


Figure 5 - Transportation Maps

## II. HUNTS POINT FOOD DISTRIBUTION CENTER

The Hunts Point Food Distribution Center, located on 329 acres, is the largest food market complex in the world, employing approximately 11,175 people, and generating over \$7 billion in annual sales (See Figure 6). The Food Distribution Center was conceived in the early 1960's as an efficient, food oriented industrial park, through which would move virtually all of the unpackaged food consumed in the New York metropolitan region. The complex was designed to consolidate New York City's food market industries in a central location, providing food companies with spacious, modern facilities and shared support services.

The comprehensive plan for the center completed by Frederick R. Harris Associates in March, 1967 called for the establishment of produce, meat and fish markets; a butter, egg and cheese market; a flower and fish market; processing and distribution facilities; refrigerated warehouses and several market support centers. The plan also called for the construction of berthing facilities along the East River shoreline (See Figure 7).

While the bulk of the city's produce operations, and many of its meat companies, relocated to the newer facilities at Hunts Point, the butter and egg, flower and fish markets remained in their original Manhattan neighborhoods or moved out of New York in the case of the butter and egg industry. Most of the butter, egg and dairy companies moved to New Jersey. Only a few remain at the original site of their market, located in the Hudson Street area of lower Manhattan. The flower market also remains in Manhattan along 6th Avenue and the side streets from 25 to 28th streets. According to the 1967 Master Plan, this industry was slated to be moved to Hunts Point. Given real estate pressures in Manhattan, the need for newly constructed space to accommodate the flower businesses must be examined. The Fulton Fish Market located near Pier 17 in the South Street Seaport area of Manhattan has remained at this site since the early 1700s. Although refrigerated slabs were built at Hunts Point to accommodate this market, the merchants chose to remain at the Manhattan site.

The intent of this report is to re-examine the needs of the City's food industry in looking at existing facilities and what new market operations should be located at Hunts Point. The focus of the report is the ninety seven acres that remain vacant and available for wholesale market development. The remainder of this report details the possible uses for this land and suggests a strategy for development.

### A) Market Facilities

The Hunts Point Food Distribution Center currently consists of six city-owned wholesale market facilities (See Table 1 and Figure 6).

1. New York City Terminal Produce Market
2. Hunts Point Cooperative Meat Market
3. Fruit Auction Building (Nick Penachio & Co.)
4. Daitch-Shopwell Building (A & P)
5. KFI Food Distributors, Inc. (Krasdale)
6. National Foods, Inc.

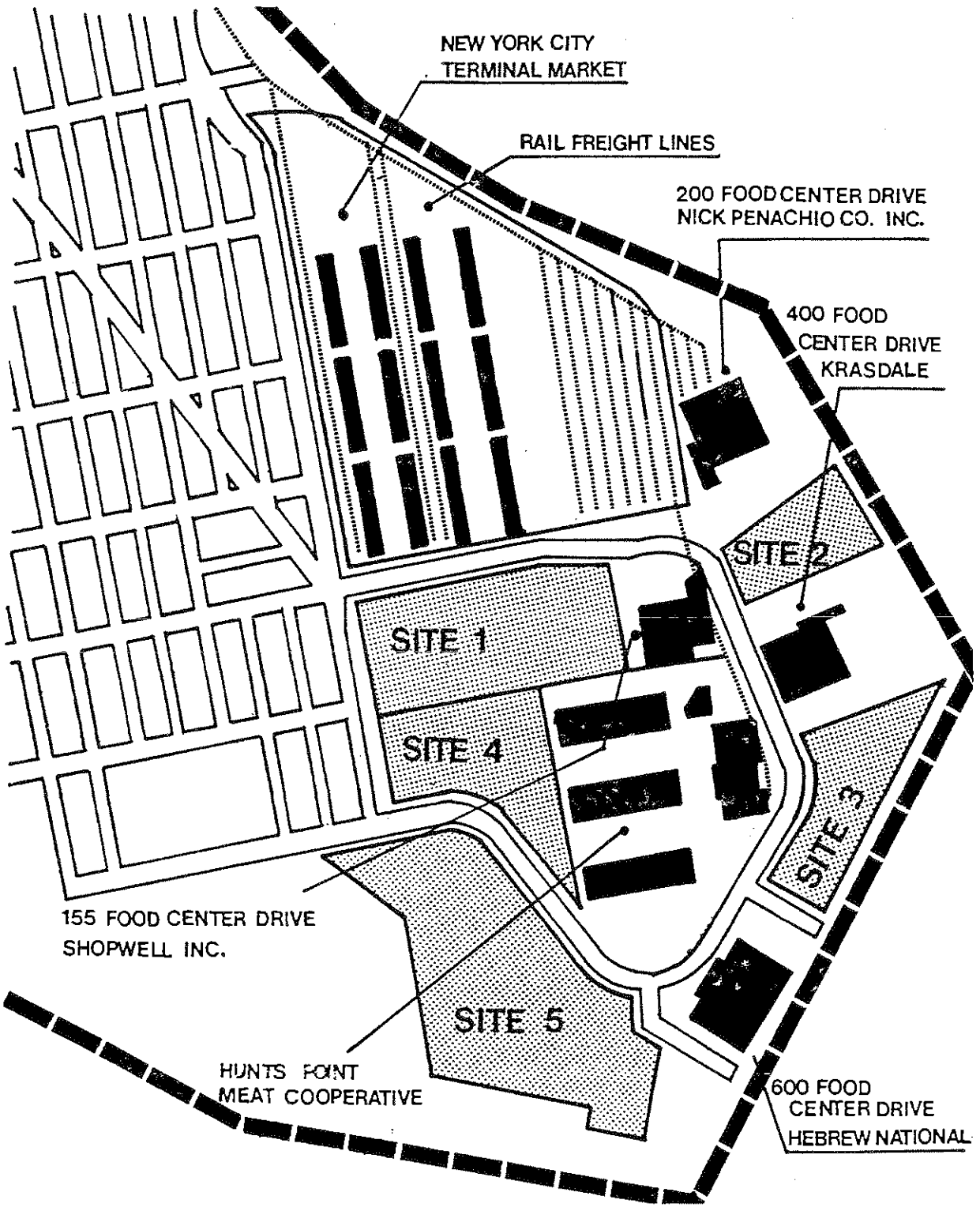


Figure 6 - Hunts Point Food Distribution Center Map

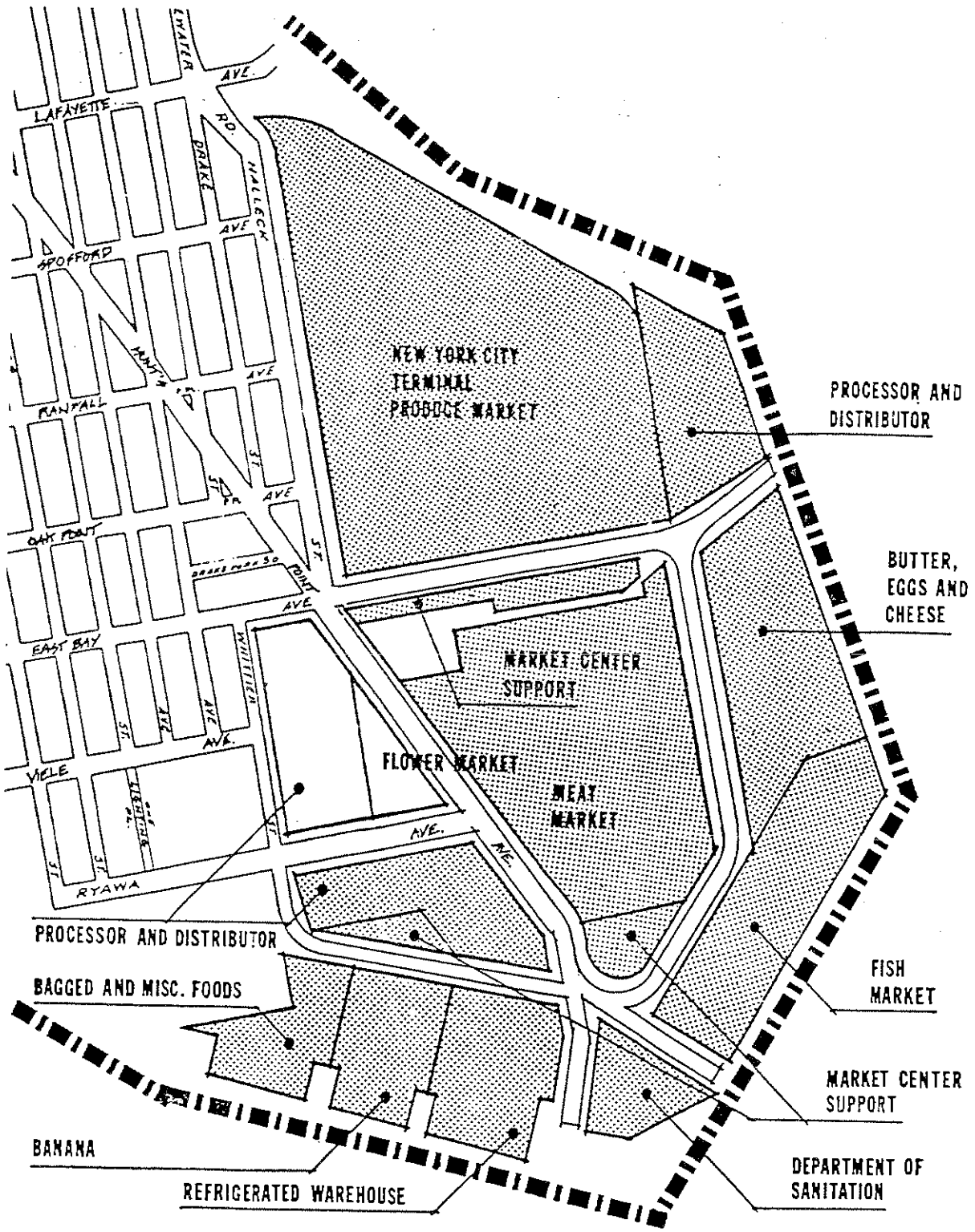


Figure 7 - 1967 Master Plan Concept Map

**Table 1**  
**HUNTS POINT FOOD DISTRIBUTION CENTER**  
**BUILDINGS AND TENANTS**

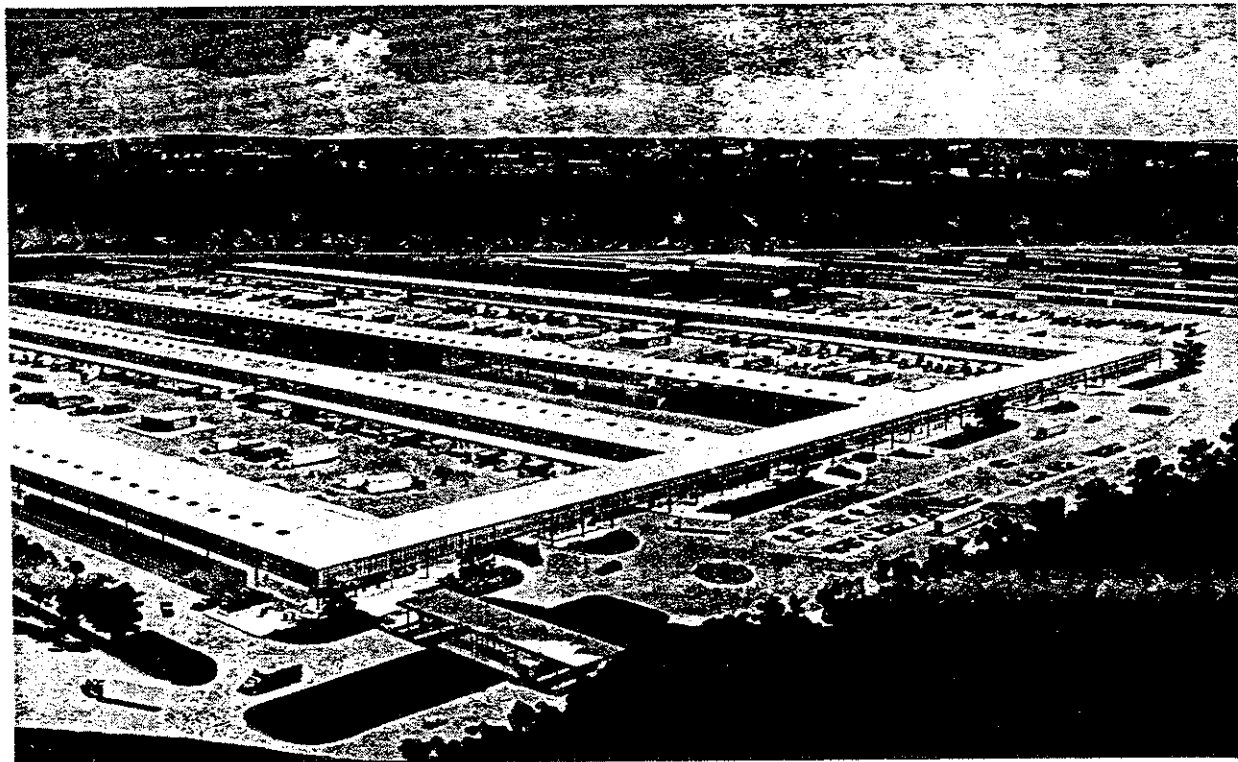
TENANT	USE	ACREAGE	BUILDING SQUARE FEET	CONSTRUCTION COST#	EMPLOYEES
1. New York City Terminal Produce Market	Fruit & Veg. Distribution Center	126.0	420,000 s.f.  + 25,200 s.f.	\$28.6MM (1967)  \$ 3.6MM (1980)	6,000+
2. Hunts Point Meat Coop.	Wholesale Meat Market	37.17	528,166 s.f.	\$33.4MM (1976)	3,200
3. Nick Penachio Co., Inc.	Institutional Food Service Distributor	15.0	175,400 s.f. 66,000 s.f. is occupied (40% of bldg.)	\$ 7.8MM (1971)	200
4. Daitch-Shopwell (A&P, Food Emporium & Freshtown)	Food Warehousing	8.768	200,000 s.f.	\$ 7.7MM (1973)	250
5. Krasdale Foods, Inc. (KFI)	Food Processing Warehousing	16.92	200,000 s.f. + 135,000 s.f. expansion	\$ 3.5MM (1972) \$ 4.2MM (1979)	625
6. National Foods, Inc. (One FCD)	Food Manufacturer & Distributor	11.0	200,000 s.f.	\$ 7.8MM (1969-73)	900
Totals:		214.86 Acres	1,883,766 s.f.	\$ 96.6 Million	11,175

## 1. New York City Terminal Produce Market

The New York City Terminal Produce Market was the first facility built at Hunts Point. It opened in March 1967, replacing the congested Washington Street Market in lower Manhattan. It consists of 126 acres, with 275 store units in 10 buildings. Nearly \$37 million was expended by the city to acquire the property and construct the market. An additional \$16.2 million has been spent on repairs since 1969.

According to the United States Department of Agriculture (USDA), the New York City Terminal Produce Market is the largest produce distribution center in the United States and Canada, handling about 75% of all fruits and vegetables that enter the metropolitan region. Over 4 billion pounds of fresh fruit and vegetables move through the New York region each year. More than half of that comes through Hunts Point, which sells over \$3 million worth of produce each day. Since 1967, the food companies in the produce terminal have seen their volume of business grow to annual sales of \$1 billion, based on moving fifty-two million packages of produce through the market. The inbound shipments of produce come from 49 states, Puerto Rico and 35 foreign countries.

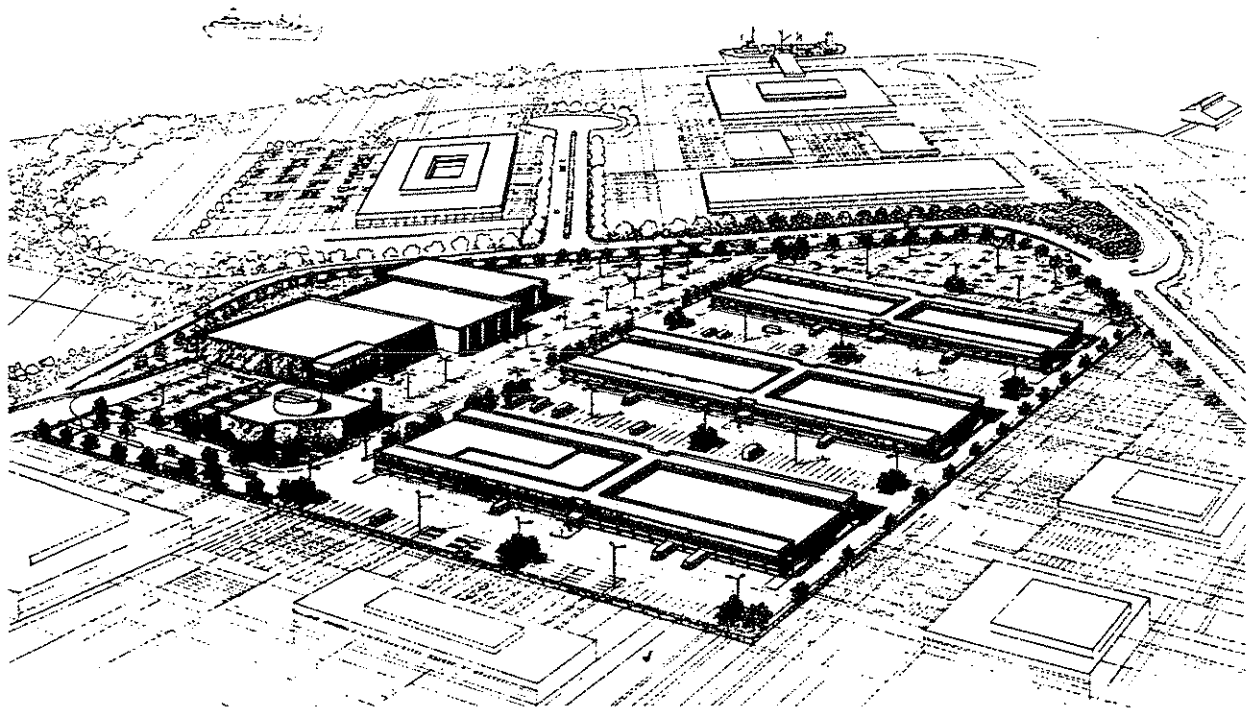
In 1986, the City of New York executed a new lease with the Hunts Point Terminal Produce Cooperative Association, Inc. and transferred the operation and the maintenance of the produce terminal to the cooperative. The membership of the cooperative consists of 72 member produce companies that employ more than 6,000 skilled and semi-skilled workers. Currently, the 275 stalls in the market contain approximately 475,000 sf of warehouse space and 330,000 sf of office space. All 275 stall units are fully occupied.



## 2. Hunts Point Cooperative Meat Market

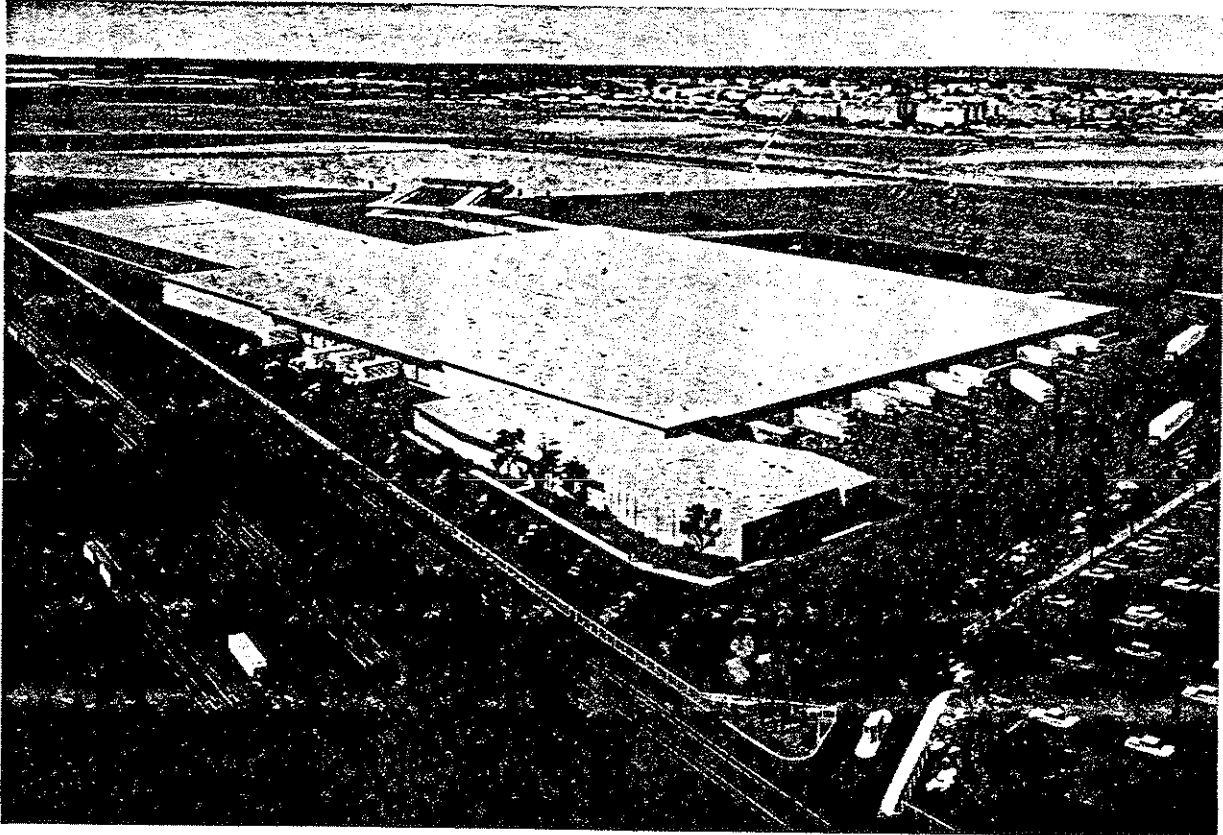
The Hunts Point Cooperative Market, Inc. runs the meat market under a master lease executed in 1979. The facility consists of six buildings totalling 528,166 sf of space on 37 acres of land. It was completed in 1979 at a cost of \$33 million. The facility, which is 94% occupied, provides space for 42 meat, fish and frozen food distributors, purveyors and processors. The market distributes approximately 40% of all meat coming into the region and employs 3,200 skilled and semi-skilled workers.

The Hunts Point Cooperative Meat Market has approximately 24,500 sf of vacant space, which can accommodate the space needs of three to four smaller meat businesses. The vacant space is unrefrigerated and requires extensive renovation in order to attract new meat companies to the market.



### 3. Fruit Auction Building

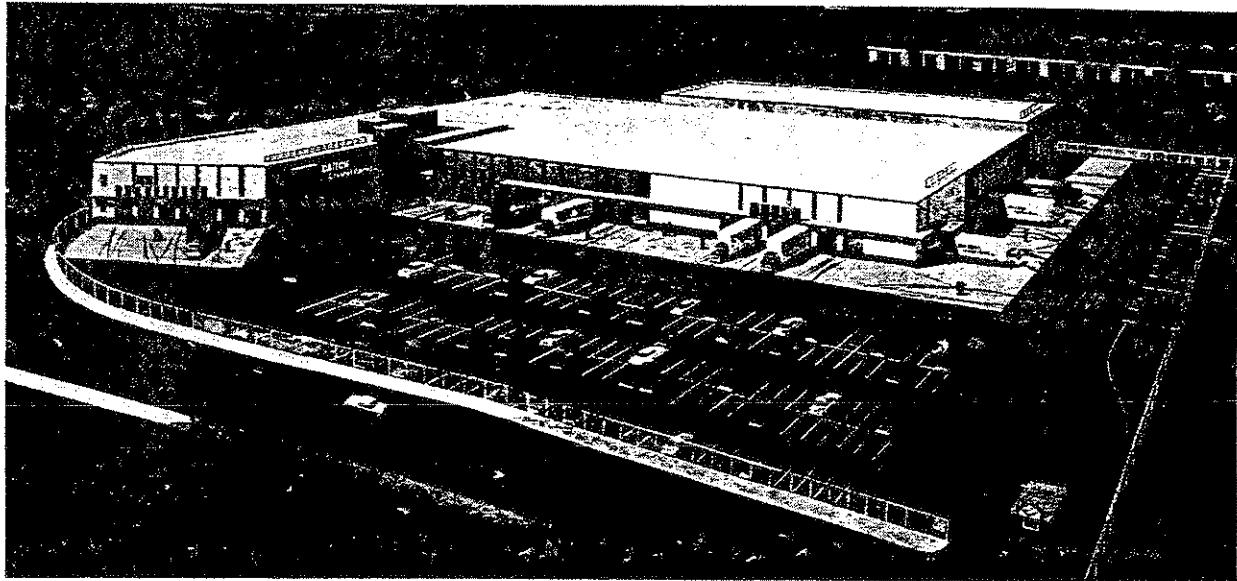
The Fruit Auction Building is located on a 16 acre site adjacent to the produce market. The facility was built in 1971 for the New York Fruit Auction Corporation and is now occupied by Nickolas Penachio and Company, one of the largest food purveyors in the region. The company distributes more than 6,000 varieties of food products to restaurants, hotels, food stores and the Board of Education food programs. Nickolas Penachio and Company employs approximately 200 workers and utilizes 66,000 sf of the 175,400 sf building. The company intends to expand its operations into the remaining 109,400 sf of building.



#### 4. Daitch-Shopwell Facility

Atlantic and Pacific Tea Company (A & P) which operates and maintains the Daitch-Shopwell facility, is the largest grocery chain within the distribution center at Hunts Point. The facility was built with city funding in 1973, at a cost of \$3.3 million.

This 115,000 sf facility was originally leased to Daitch Crystal Dairies, Inc. and later taken over by Shopwell for processing, storage and distribution of perishable foods to supermarkets and food chain stores. The facility now serves the food distribution needs of Food Emporium, Freshtown and A & P supermarkets. A & P is currently considering improvements to this facility.

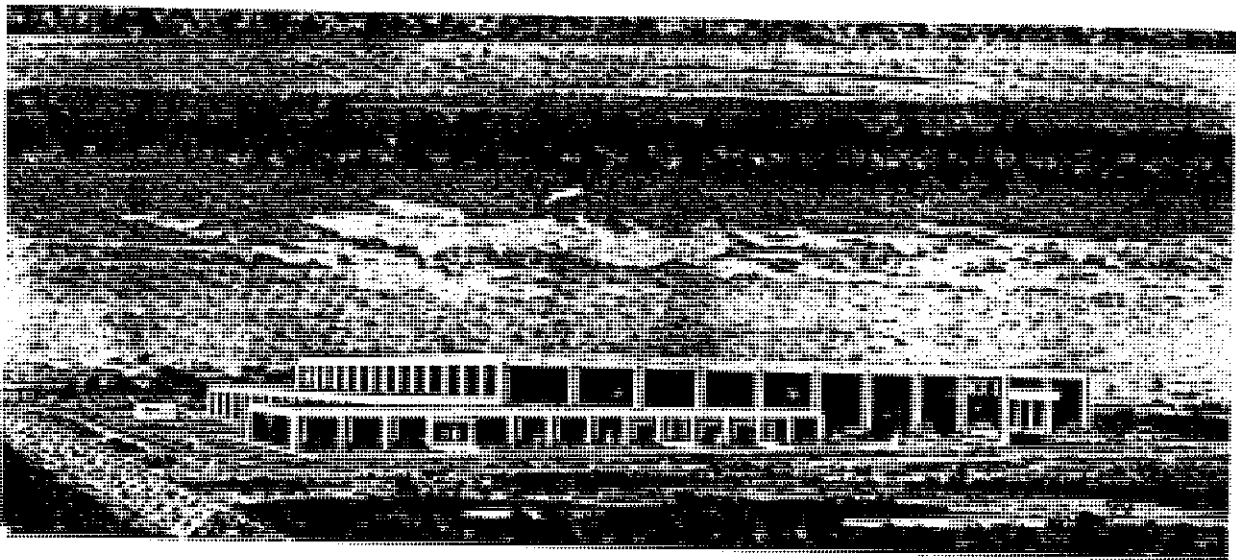


## 5. KFI Food Distributors, Inc.

The largest building in the Hunts Point Food Distribution Center houses KFI Food Distributors, Inc. (Krasdale), which is the city's largest distributor of food products for independent retail markets, serving supermarkets in Connecticut, New Jersey, Pennsylvania and New York.

Built in 1972 with city financing, the original building consisted of 200,000 sf. The leased area was increased from 11 to 17 acres allowing for expansion of the warehouse to 335,000 sf. Today Krasdale provides work for 625 people and has annual gross sales in excess of \$275 million.<sup>6</sup>

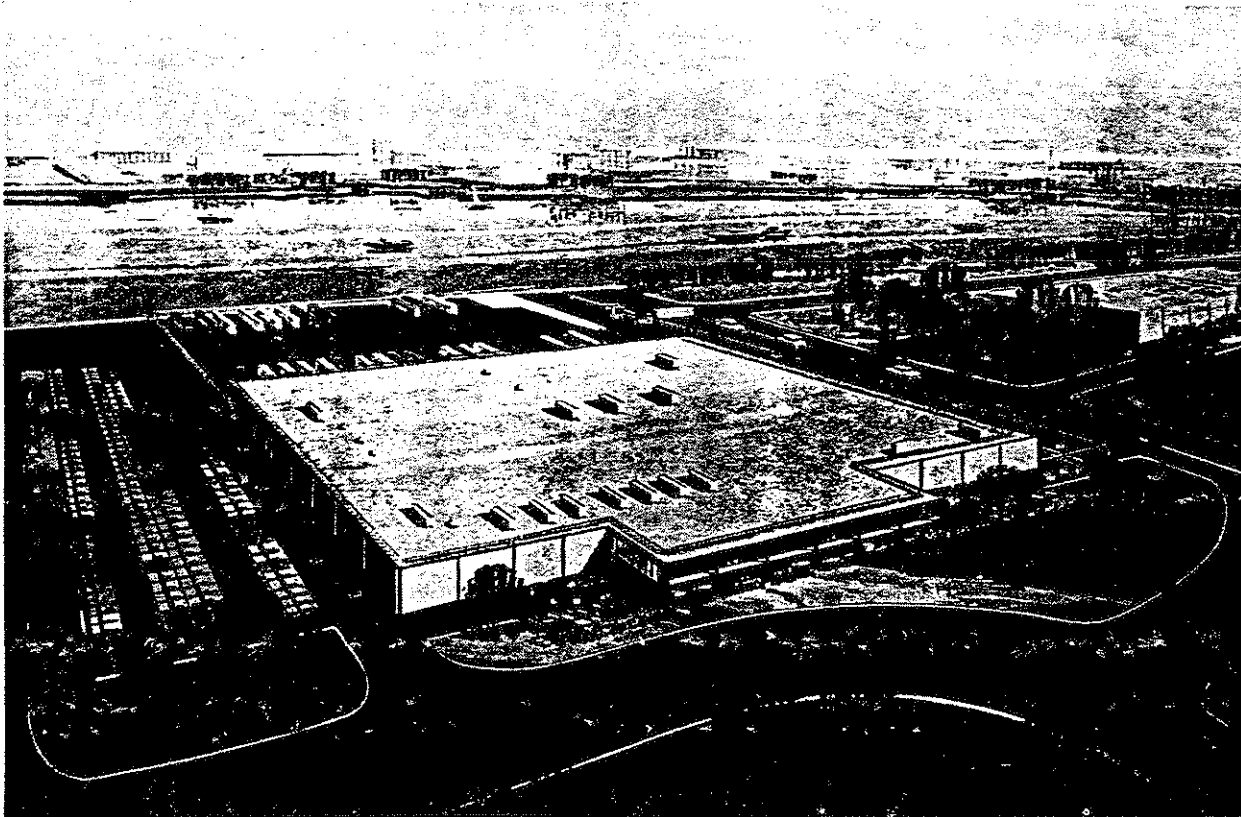
Krasdale operates a canned and packaged food warehouse and distribution facility at the site. The company is considering plans to expand its operations increasing the amount of space for the warehouse, parking and repair shop.



## 6. National Foods, Inc.

National Foods, Inc. (Hebrew National) occupies a 200,000 sf building originally constructed by the City in 1968 for Vita Foods. The company employs 200 workers at the Hunts Point facility and an additional 700 employees nationally.

The company manufactures kosher beef delicatessen products (hot dogs, salamis, etc.), poultry products, pickles and related products. The Hunts Point facility houses the company's regional distribution center, corporate offices and its processing operations. The company's meats, poultry and other kosher products are shipped in from its Midwest and upstate plants, and stored at the Hunts Point facility for distribution to consumers in the Northeast region. National Foods also subleases space to a produce company, a candy packaging company, a deli-restaurant operation (Pastrami Factory), and the first New York-based potato chip manufacturing company (Empire Specialty Foods), which produces Saratoga Potato Chips. National Foods has an option in its lease to use the site north of its building for future expansion.



### III. EXPANSION PLAN

To maintain its competitive edge, the Hunts Point Food Distribution Center must expand to realize its growth potential and respond to the critical operational difficulties and space needs of the food industry in New York City. The 97 acres of vacant land now designated as market property must be developed for new market facilities.

Such development would provide much needed expansion space for existing market tenants and new space for food companies interested in relocating to Hunts Point. This effort would not only retain and create jobs but will also increase the tax base and provide improved service to consumers.

The proposed expansion plan for the Hunts Point Food Distribution Center consists of three major elements:

- Expansion of existing market facilities;
- Construction of new food processing, distribution and refrigerated warehouse facilities; and
- Expansion of the food center beyond its present boundaries.

The plan also recommends improvements to the food center's infrastructure system. A detailed architectural/engineering plan must be undertaken to identify infrastructure needs, to design the new market facilities, to prepare site layouts and recommend improvements to the food center's roadways, underground utilities, street lighting, rail network, bulkhead and shoreline. USDA has offered to work in partnership with the City of New York on market studies and the preparation of food plant building and site layout designs to meet modern food handling requirements.

#### A. Expansion of Existing Market Facilities

##### 1. New York City Terminal Produce Market

Given the current U.S. trend toward increased consumption of fresh and convenience food, and the fact that produce merchants in the terminal produce market are operating at capacity, the expansion and modernization of this facility is essential to the survival and growth of New York City's produce industry. Realizing the potential for growth in the produce industry, the New York City Office of Business Development commissioned at the request of Ports and Trade a study of the "Distribution Network for Fresh Fruit and Vegetables Sold in Small Retail Establishments in New York City", November 1988, to identify the characteristics of the wholesale and retail industry and opportunities for business expansion. This study further confirmed the need to expand the produce terminal market and called for a distribution facility to accommodate the increase in imported fruits and vegetables from Chile, Mexico, and other foreign countries.

The existing warehouse and office space in the market are not sufficient to accommodate the increasing volume of produce being handled by the 72 produce companies now occupying the unit stalls. Produce merchants have already begun storing their products in refrigerated trailers in the parking areas because of the lack of available refrigerated and storage space in the market buildings. The produce cooperative has been forced to expand the parking area at the northern end of the market to alleviate congestion in the loading and unloading areas. According to a survey conducted by the Hunts Point Terminal Produce Cooperative, the existing produce businesses require an additional 295,000 sf of refrigerated and warehouse space for expansion. Another 300,000 sf of space will be needed to accommodate the space needs of produce businesses that have requested space from the Produce Cooperative (See Table 2).

**TABLE 2**  
**LIST OF PRODUCE BUSINESSES AND SPACE NEEDS**

<b>Existing Produce Businesses NYC Terminal Market</b>	<b>Expansion Space Needs</b>
1) D'Arrigo Brothers Produce Co.	30,000 sf
2) M & R Tomato Co.	10,000 sf
3) K & H Produce Co.	30,000 sf
4) Prevor Marketing Co.	50,000 sf
5) Post & Taback Co.	50,000 sf
6) Fiermon Produce Co.	20,000 sf
7) Ven-Co Produce Co.	20,000 sf
8) Hquanai Putan	35,000 sf
9) T.M. Kovacevich	25,000 sf
10) Point Produce	15,000 sf
11) Finest Fruit	15,000 sf
12) L & P Produce Co.	<u>25,000 sf</u>
	Sub Total: 295,000 sf
13) Various Produce Businesses that have applied for membership to the Cooperative:	<u>300,000 sf</u>
	<b>Total: 595,000 sf</b>

*Note: The sf in this table represents only warehouse space*

*Source: 1988 Survey conducted by the Hunts Point  
Terminal Produce Cooperative Association, Inc.*

Modernization of the produce terminal has been an ongoing process since the market was built in 1967. Approximately \$16.2 million has already been spent on capital repairs. An additional \$5.2 million is projected to be spent by the City of New York in the next two years for the installation of a new sprinkler system throughout the entire facility.

The produce cooperative has spent approximately \$300,000 of its own funds to install a new exit gate for trailer trucks, to improve and designate new parking areas for cars and mid-size trucks, and to make improvements to the entrance gate and signage. Additional infrastructure improvements will be needed, particularly to the underground utility lines and railroad tracks. Under the lease the costs for these infrastructure improvements are the responsibility of the market up to \$150,000 and the city will assume any additional costs above this amount.

The expansion of the produce terminal can be accomplished with three different strategies:

- a. First, all of the space within the existing produce market must be utilized completely. A portion of the underutilized parking areas east of Row D can accommodate the construction of an additional row of three buildings (See Figure 8), which would provide 119,000 sf of warehouse space and 83,000 sf of office space, thus relieving some of the demand. The Produce Cooperative is currently seeking funding from the State to determine the feasibility of constructing an additional row of buildings to accommodate a re-packaging and ice production operation.
- b. Expansion on the present site of the produce terminal could also be realized by constructing smaller buildings within the market complex in the area now designated for car and mid-size truck parking adjacent to the market entrance. Up to an additional 100,000 sf could possibly be built here. However, the construction of any buildings in this area would have to be examined closely because of possible impact on traffic and parking within the existing terminal market facility, (See Figure 8).
- c. The last option to expand the produce terminal is in the area west of the market now occupied by the wrecking and spare parts establishments. (See Figures 8, 9 and 10 – “Market Expansion Area”). With this additional land, facilities could be built that would provide 357,000 sf of warehouse space for the remaining produce tenants and the new businesses. This approach could only be accomplished through the acquisition of privately-owned land and after a plan has been developed to relocate the on-site businesses.

The expansion of this market and the other Food Center facilities must be accomplished by utilizing the vacant land adjacent to existing facilities to take advantage of the shared facilities, security and infrastructure. This is why it will be necessary to acquire privately owned land adjacent to the Food Center. However, it is important to understand that no acquisition will occur until the 97 acres of land currently available is completely utilized.

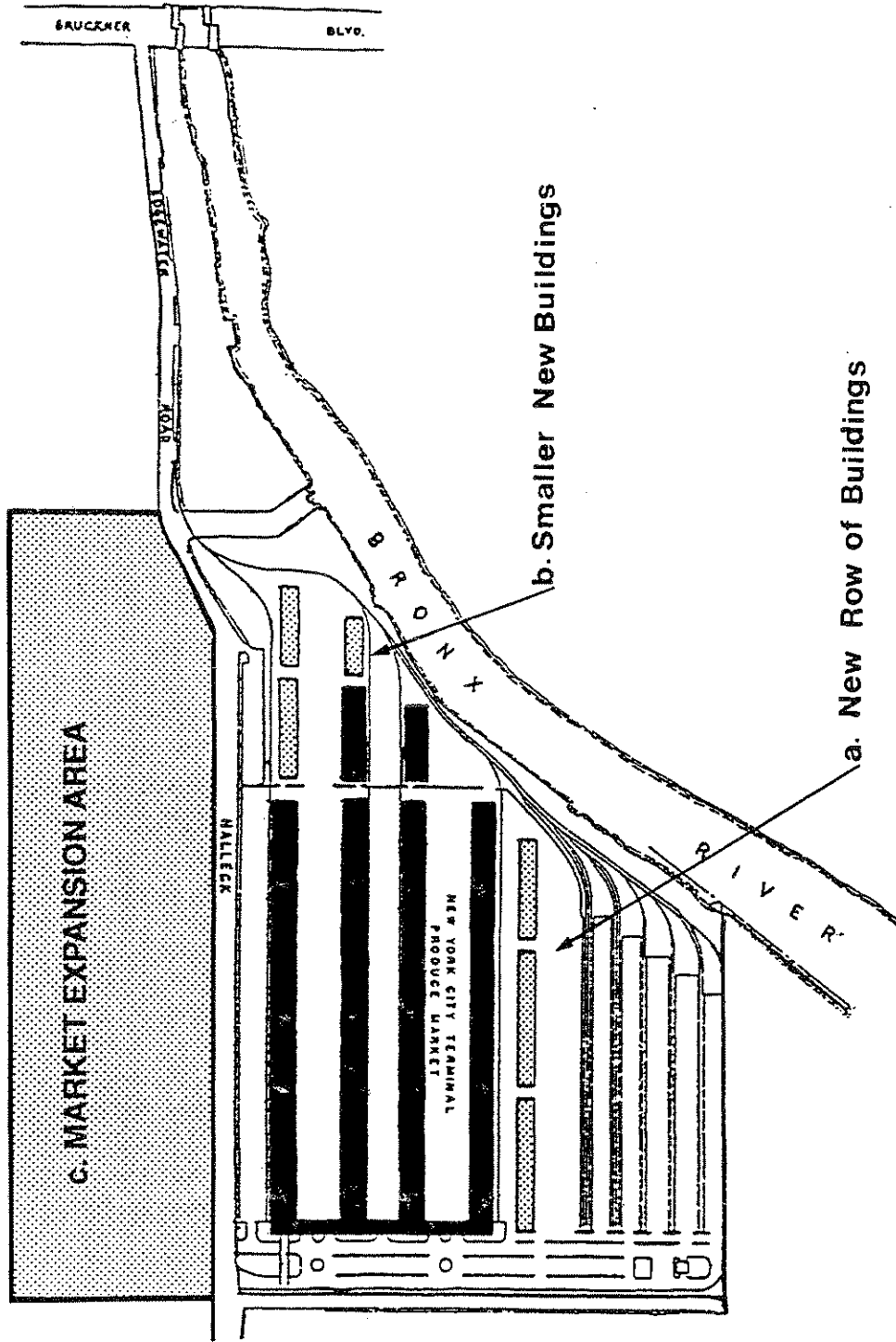


Figure 8 -- New York City Terminal Produce Market--Site Plan

## New York City Meat Markets

Meat and poultry needs in the metropolitan area are currently served by several major wholesale meat districts (Hunts Point, Gansevoort/14th St., Harlem, and Brooklyn Meat Markets) as well as a variety of smaller neighborhood establishments. Many buildings used for meat handling in Manhattan's meat markets are generally 50 to 100 years old. Besides technological changes, real estate redevelopment projects are among the pressures affecting New York City's meat companies. Increased competition from larger Midwest meat firms whose costs are lower due to technological advances has also driven many local meat companies out of business. Because of these pressures, it is important that the City of New York provide expansion space at the Hunts Point Food Distribution Center to meet the current and future needs of these meat companies. Failure to respond to their needs will result in more company move-outs to New Jersey and other parts of the region.

The Gansevoort/14th St. Meat Market which has experienced the greatest loss of meat companies due to the age of the market currently consists of 80 firms on 35 acres of land located on the west side of Manhattan. Close proximity to Manhattan's hotels, restaurants and small retail establishments has helped to keep these meat companies in business and maintain the viability of this market.

Although many of the meat companies prefer to remain at their present location, the age and condition of the market buildings, streets and area development may convince them to move out of the city, unless new facilities are built at the present site. The City of New York is committed to undertake a redevelopment study of the Gansevoort/14th Street Meat Market to develop a plan for the existing facilities and the construction of modern meat plant facilities.

The Harlem Meat Market, located on 12th Avenue between 125th and 134th Streets in Manhattan, is currently threatened by the proposed "Harlem-on-the-Hudson", a redevelopment project sponsored by the Harlem Urban Development Corporation, which plans to use the existing meat handling area for a mixed use of retail, commercial and new housing.

If the Harlem project moves forward, the 9 businesses at this market will have to be relocated. They will need a total of 200,000 sf of cooler, freezer, office and dry storage space. These businesses are interested in moving to Hunts Point providing that the City builds suitable modern facilities to accommodate their operations. The Wholesale Market Development Program of USDA has offered to work with Ports and Trade to define the space requirements and to design a new meat market facility for the Harlem businesses at Hunts Point. In addition, the Public Development Corporation and the NYS Urban Development Corporation have jointly funded a feasibility study to analyze the redevelopment components of the Harlem-on-the-Hudson project and the relocation costs for the Harlem Meat Market.

**TABLE 3**  
**LIST OF HARLEM MEAT BUSINESSES AND SPACE NEEDS**

<b>Harlem Meat Businesses</b>	<b>Space Needs</b>
1) A. Salmon & Sons	80,500 sf
2) F. Strassburger	16,000 sf
3) West Harlem Pork Center	75,000 sf
4) Newman Meat Corp.	2,000 sf
5) Angela Meat	2,500 sf
6) Alpine Beef Company	5,476 sf
7) Ace Packing Company	9,500 sf
8) A & N Pollack, Inc.	2,500 sf
9) Yankee Meat Company	<u>10,000 sf</u>
	<b>Total: 203,476 sf</b>
Total SF Vacant - Hunts Point Meat Coop.	<u>24,500 sf</u>
Total SF needed for Harlem Meat Market	<b>178,976 sf</b>

*Source: Survey conducted by the Wholesale Markets  
Development Unit, New York City Department  
of Ports and Trade, October 1988.*

## 2. Hunts Point Cooperative Meat Market

Ports and Trade has committed \$1 million in capital funds and received approval for a \$1 million grant from the U.S. Department of Commerce, Economic Development Administration, to improve the refrigeration system and make needed infrastructure improvements. An additional \$3 million, to be financed by the City and re-paid by the meat cooperative, is earmarked to complete the infrastructure and market improvements. The total \$5 million capital improvement program will make the cooperative eligible for the city's energy cost savings program, which grants a 30% reduction in electric rates and a 20% reduction in gas rates over a 12 year period. This will save the market approximately \$700,000 per year in utility costs.

The Hunts Point Cooperative Meat Market has approximately 24,500 sf (6% of total space in the market) of vacant space, most of which is currently unrefrigerated and requires extensive renovation. This is insufficient to meet the needs of the City's meat industry.

Only three or four of the smaller meat businesses from the Harlem Meat Market can be accommodated in the available vacant space. An additional 178,000 sf of new space will be needed to absorb the Harlem Meat Market at Hunts Point (See Table 3). Brookhill Frozen Meat Company in the Bronx, must also relocate from its present Westchester Avenue site in preparation for the construction of a new city juvenile detention center. Brookhill will need approximately 20,000 sf of space at Hunts Point.

The expansion of the Hunts Point Meat Cooperative Market can be accomplished in three phases:

- a. First, the vacant space in the market will be renovated. The established capital improvement project is financed and plans and specifications are underway to make the improvements. This work will begin in 1990 and will take approximately 18 months to complete.
- b. In the second phase the meat market can be expanded into Site IV, an 18 acre site in the Hunts Point Market immediately adjacent and to the west of the existing buildings (See Figures 9 and 10). This site could take advantage of a common refrigeration system; however, because of its odd configuration, only 8 acres of this land can be used to build new facilities. There are additional limitations on construction because of an existing underground sewer line. It is estimated that the eight acres will support only 170,000 sf of new cooler, processing and food handling space, which will not address the total space needs of the Harlem Meat Market.
- c. An additional 10 acres of land would be needed to totally absorb the Harlem Meat Market, provide new space for other meat, fish and frozen foods companies who have expressed interest in relocating to Hunts Point.

This expansion can only be accomplished through the acquisition of additional land adjacent to Site IV and Halleck Street in the area currently occupied by the automotive establishments (See Figures 9, 10 and 11 - "Market Expansion Area"). A detailed survey of the proposed site, including an analysis of land ownership and land use will need to be done.

### **3. KFI Food Distributors, Inc.**

KFI Food Distributors, Inc. (Krasdale), the largest distributor of food products for independent retail markets in New York City, is considering an expansion of their current operation at Hunts Point into Sites II and III (See Figures 9 and 10).

Krasdale has asked the City of New York to assist it in arranging an attractive financing package for the \$12.5 million project. Ports and Trade is currently working with the company to define the proposed expansion plans, and identify the necessary financing and business incentives that can be made available. The lease must be amended to add the additional land to the company's demised premises.

### **4. Fruit Auction Building**

Approximately 66,000 sf, or 40 percent, of the Fruit Auction Building and surrounding land is currently leased to Nick Penachio and Company, one of the largest food purveyors in New York City. Penachio is negotiating with Ports and Trade for the remaining 60% of the building (109,400 sf) and land for expansion. Additional expansion could be realized by rehabilitating an adjacent railshed to add 57,116 sf of warehouse space to the existing main building.

## **B. Construction of New Market Facilities**

The expansion of the existing market facilities within the Food Center would absorb approximately forty acres of undeveloped land. The remaining fifty seven acres are available for the construction of new market facilities. Ports and Trade has identified several facilities that would be appropriate to the Food Center to fulfill the pressing needs of the food industry. These include refrigerated warehouses, a minority business food facility, new food distribution and processing facilities and a park. Several other types of facilities may be appropriate to consolidate the different segments of the food industry at Hunts Point depending on the availability of land within the Food Center. Acquisition of additional land for wholesale market development will only be considered after the 97 acres have been fully utilized.

### **1. Refrigerated Warehouse**

The need for more refrigerated warehouse space to store and distribute food products is a direct response by food companies to consumers' preferences for fresh foods. New refrigerated space within New York City will not only attract new food tenants to the city-owned markets, but will retain present market tenants by providing them with modern cold storage and freezer facilities.

Unfortunately, refrigerated and freezer space in New York City has steadily declined. In 1940 there were 11 cold storage warehouses in New York City. Today there are only three: Bronx Refrigeration Co. (1,500,000 cubic feet); Brooklyn's National Cold Storage (3,500,000 cubic feet) and Hall Street Cold Storage in Brooklyn (1,500,000 cubic feet). In 1967, New York City had 16,876,000 cubic feet of refrigerated/freezer space. Today, only 9,489,335 cubic feet remain in the three private warehouses and six city owned wholesale market facilities.





Because of the lack of refrigerated space many food businesses at markets throughout the City have been forced to store perishable products in refrigerated trailers, which take up valuable space on market property and cause congestion in the parking and street areas. Other food businesses chose to move out of New York City to find available refrigerated and freezer warehouse space in other parts of the region.

The need to build refrigerated warehouses in New York City has become critical, particularly in light of the anticipated loss of another 1.5 million cubic feet of refrigerated warehouse space when the Bronx Refrigeration Company at 516 Westchester Avenue is demolished to clear the site for the new juvenile detention center proposed by the New York City Department of Juvenile Justice. Bronx Refrigeration Company currently stores frozen and prepared school lunches for the Board of Education which feeds the student population in 1,200 schools city-wide. It also stores food products for the New York State Office of General Services and for meat companies at the Hunts Point Cooperative Meat Market. In addition, because of the lack of available space at its present location, Bronx Refrigeration Company must transport a significant amount of food products to its New Jersey plant for storage. When these products are needed for distribution, the company must then transport the shipment back to New York City, incurring additional transportation and handling costs.

Bronx Refrigeration Company anticipates it will need approximately 4 million cubic feet, or 100,000 sf of refrigerated space 40 feet in height to accommodate its present and future needs. An additional 8 million cubic feet, or 200,000 sf will be needed to accommodate the needs of the Hunts Point produce and meat markets for refrigerated warehouse space.

Ports and Trade is proposing to issue a Request for Proposals for refrigerated facilities on Site V, a 38 acre parcel. The proposed facilities will include a total of 300,000 sf (12 million cubic feet) of refrigerated space, 50,000 sf for dry storage, and 4,000 sf of office space. This facility will contain a convertible freezer/cooler area to vary the size of the cold storage space depending on the need. The latest in cold storage and automated warehouse technology will be incorporated into the design of the facility. Other amenities such as loading docks and parking for cars and trucks will be accommodated in the building design and site layout. Site V appears to be sufficient to accommodate the construction of two refrigerated warehouse facilities, with direct access to an existing railroad side track and the Food Center Drive roadway (see Figures 9 and 10).

Ports and Trade is currently talking to the Wholesale Market Development Program of the USDA to obtain their assistance with the preparation of a preliminary site plan for the refrigerated warehouse facilities.

## **2. Truck Stop Facility**

Ports and Trade issued a Request for Proposals in 1988 offering a 20 acre site to the west of the Daitch-Shopwell and Meat Market Facilities for the construction and management of a truck stop and ancillary facilities. The department received one response from a truck stop developer and operator. Since the respondent to this RFP has not been able to move forward with its proposed plans, the department plans to use the site for other market related uses. The expansion of Hunts Point Cooperative Meat Market, and new food distribution and ancillary facilities are two uses being considered for the 20 acre site.

## **3. New Food Distribution and Ancillary Facilities**

There are several other types of facilities that would be appropriate to Hunts Point and would further consolidate the food industry in the Bronx. These uses, however, can not be completely accommodated within the existing Food Center area. Additional land would have to be acquired to accommodate the space needs of the different segments of the food industry.

and employees. The market complex should also include truck and car parking area built within a fenced area with security, high mast lighting system and a communication network linked to the airports.

A feasibility study must be implemented to determine recent trends in the industry, the space needs of the flower and allied businesses, a new site for the flower market and design features needed for the new market complex. The feasibility study must also examine the market management, operations, building structure and possible site layouts. The consultants hired to prepare the feasibility study should look at the Boston Flower Exchange, Inc., as an example of the country's oldest and highly successful flower markets. The Hunts Point Terminal Produce Cooperative Association, Inc. is currently seeking State funding to test the feasibility of relocating the flower market within the produce market.

#### **d. Farmers Market**

Upstate and Long Island growers and farmers experience difficulties in marketing and distributing their agricultural products through the wholesale markets in New York City due to inadequate distribution networks, packaging and lack of marketing campaigns to compete with growers from other states and foreign countries. The establishment of a farmers market at Hunts Point would provide New York State growers with direct access to wholesalers, distributors and the consumer market in New York City.

A new facility at Hunts Point could accommodate the wholesale operations and also offer a small retail component to service the residents of the Hunts Point Peninsula (See Figure 11).

#### **e. Park Area & Landscaping**

The tenants in the Food Center have expressed a strong desire for a park to meet the needs of their employees and the residents in the surrounding community. A possible site for the park is the 7 acre parcel currently occupied by the marine transfer station at Food Center Drive and the Hunts Point Avenue extension (see Figures 9 and 10).

Landscaping is urgently needed around existing market facilities, rail sidetracks and the main roadway loop. A landscaping design will be prepared in conjunction with the development of the vacant land sites and improvements to the roadbed and sidewalks along Food Center Drive. A Task Force consisting of Ports and Trade, Krasdale Foods, Inc., NYC Department of Cultural Affairs, Bronx Council on the Arts, Bronx Museum of the Arts and the Hunts Point Local Development Corporation has been formed to develop a sculpture art program and an overall landscape plan. The Task Force envisions a two phase sculpture art program. The first phase includes the temporary siting of six sculpture art works by prominent artists. These sculptures have been installed and will remain for one year until Fall, 1990. The second phase will include the preparation of an overall landscaping plan for the Food Center and the commission of permanent sculpture art installations which will be funded with the assistance of the Percent for Art Program administered by the New York City Department of Cultural Affairs.

### **4. Infrastructure**

Because of settling and heavy truck traffic, the existing underground utility lines in the Food Center have deteriorated. As a result, the wholesale market tenants along Food Center Drive have experienced numerous water main breaks and electrical line failures. In 1987-88, the Department of Environmental Protection repaired thirteen water main breaks along Food Center Drive. These utility line breaks have cost the markets thousands of dollars in capital repairs.

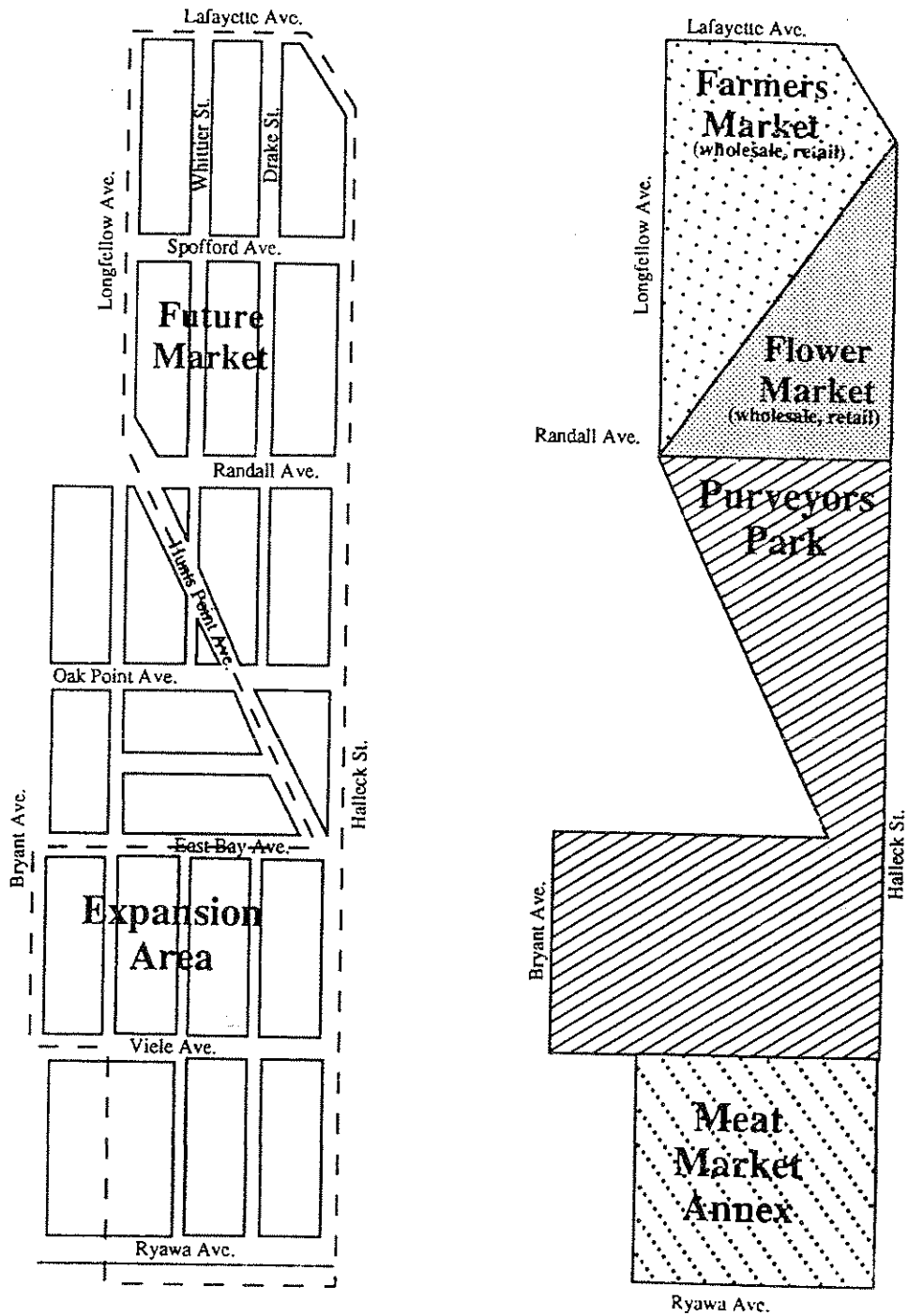


FIGURE 11 - MARKET EXPANSION AREA MAP

As new wholesale market facilities are built on the vacant land sites, additional water, sewer, electrical and telephone lines will be needed to tie into the existing utility lines that run along Food Center Drive. New water lines can connect to a 16 inch water main that runs along Food Center Drive and to an existing 20 inch line at Oak Point Avenue. Sanitary sewer lines also run along Food Center Drive, and empty into the existing combined sanitary/storm sewer which flows into the sewage treatment plant and East River. Providing new gas lines to the vacant land sites can be performed easily due to the presence of a Con Edison gas plant at Hunts Point. Electrical energy for the new market facilities can be supplied by means of underground feeders to transformer substations. Telephone lines, fire and police alarms and signal boxes should be extended and incorporated into the new market facilities as they are developed. Depending on the nature of the subsurface and soil conditions for the vacant land sites, spread footing and pile foundations must be used for the new market facilities (See Addendum D).

The marine transfer station occupies a seven acre site at the tip of the Hunts Point peninsula. As part of the original 1967 Comprehensive Plan, the current marine transfer station was to be demolished and incorporated into the resource recovery plant proposed by the Department of Sanitation for Barretto Point. The Food Center tenants still argue that this marine transfer station should be removed to eliminate an eyesore, garbage truck traffic, litter and possible contamination of food products handled by the companies in the Food Center. Ports and Trade will work with the Department of Sanitation on the long term planning issues associated with the relocation of the marine transfer station in an area outside of the Food Center.

## **5. Transportation Improvements**

For the Hunts Point peninsula to continue to grow as a successful and efficient market center, adequate vehicular access from the regional highway system as well as an efficient congestion-free network within the peninsula must be established.

The lack of direct access to the highway system results in traffic congestion and delays on local streets, increased accidents and security problems for truckers coming into the peninsula. The new Bruckner-Sheridan interchange ramp along Edgewater Road is designed to relieve the congestion problems encountered in the few blocks between the highway and the market. This ramp which is being designed and built by the N.Y.S. Department of Transportation will help alleviate the truck access problems and provide truckers with direct access to the Food Center from the Bruckner-Sheridan Interchange. This work will be completed in the early 1990's.

There is a lack of proper signage and detailed maps indicating directions from the highways to the Food Center, which often results in truck drivers losing their way in the surrounding neighborhoods. A map including the network of streets in the Hunts Point peninsula and Food Distribution Center would be useful to truck drivers who enter the market. It may be helpful to have the Food Center officially designated on all city maps and promotional maps. Local roadway lighting is also poor.

Stricter traffic enforcement is needed to keep the streets clear of double and triple parked cars and trucks. Local traffic laws, including speed restrictions, must be observed. The enforcement is especially needed during the markets' peak periods of 4 A.M. to 7 A.M. and 11 A.M. to 1 P.M.

Access to some of the Food Distribution Center's facilities (i.e. Nick Penachio, the Meat Co-op, Krasdale and National Foods) is difficult due to the required sharp turns, which in bad weather have led to serious mishaps. Left turn cuts in the center roadway meridian would facilitate better access to these market facilities. The installation of turns should be included in the proposed reconstruction work for the Food Center Drive roadway.

The deteriorated condition of the road surfaces of the peninsula streets and along Food Center Drive continues to plague truck and car transportation, and often results in down time for Food Center tenants and truckers. The Department of Transportation has earmarked capital funds for the reconstruction of the interior streets in the Hunts Point Peninsula which will alleviate this problem (See Addendum C).

Most Food Center employees arrive at work between 5 AM and 8 AM and depart between 2 PM and 5 PM. An expansion of the public transportation system in the peninsula is needed to provide the employees of the businesses in the Food Center easier access to their place of work. Better coordinated bus schedules and expansion of service would meet the needs of Food Center employees. A jitney service might be established to transport workers from the #6 and #2 subway lines to the Food Center facilities. The cost for the jitney service should be shared by all of the businesses in the Food Center.

The Hunts Point Terminal Produce Cooperative Association has asked CONRAIL for volume rates predicated upon seven day service from California. The Cooperative Association and CONRAIL are still in negotiations on the rate and expect an agreement in the near future. The new rate and service would guarantee the market seven day service from California to New York and increase the volume of products being shipped to the market by rail. The new rate would provide cost savings to the wholesalers. The Oak Point Link when completed will be able to accommodate the taller boxcars as well as TOFC (trailer mounted on flatcar) traffic. It will help to encourage rail utilization in the Food Center.

Most market tenants have reacted favorably to the potential use of the Bronx and East Rivers in transporting goods to and from the food distribution center. The East River parcels are more desirable for water-oriented uses since they have ready access to the deep water channel. The Bronx River parcels are restricted by channel location, depth and width. Potential water uses are limited to barges and shallow draft vessels. Dredging and the construction of berthing facilities should be studied based on the future demand of food companies for such facilities at the Food Center.

#### **6. Marketing and Promotional Programs**

The Department of Ports and Trade, Citibank, N.A. and the Bronx Overall Economic Development Corporation have prepared a logo and brochure to market the Food Center within New York City, to the rest of the U.S. and to foreign countries. This will supplement presentations and distribution of information at workshops, seminars and foreign trade shows. The logo will be used on new traffic directional signs to be placed on local streets in the vicinity of the Food Center, which the NYC Department of Transportation has agreed to fabricate.

One way to promote the Food Center businesses and the food industry in the City and State of New York is through a media campaign. Along with new food distribution and export promotion programs, a promotional campaign would facilitate a link between upstate producers, New York City distributors and international food manufacturers and distributors. Displays at food trade shows would also provide New York food companies with opportunities to present their products to foreign markets. Ports and Trade will work with the NYS Department of Agriculture and Markets, USDA and the Bronx Overall Economic Development Corporation to establish a promotional campaign.

# Summary and Recommendations for Action

## A. Short-Term Actions

The Department of Ports and Trade will work with:

- The N.Y.C. Terminal Market to plan new facilities for the under-utilized areas in the market and to explore financing mechanisms.
- The Hunts Point Meat Cooperative to begin construction of the \$5 million capital program in 1989.
- Krasdale Foods, Inc. on its expansion plans.
- Nick Penachio and Company to expand into the existing vacant space.
- USDA and the Office of Business Development on the site plan and technical needs for refrigerated warehouses with the intent of issuing an RFP in 1990 for prospective users and developers.
- An in-depth study will be done to identify the existing conditions of the utility, water and sewer lines, subsurface and soil conditions and extent and cost of improvements required to upgrade and expand the Food Center infrastructure (See Addendum D). Ports and Trade has earmarked \$250,000 in the agency's FY 90 capital budget to hire an engineering firm to perform this infrastructure study.
- Ports and Trade will be exploring federal funding to assist the agency's effort to expand the Food Center, such as Title I Public Works grant funds from the U.S. Department of Commerce, Economic Development Administration for the construction of new market facilities and technical and engineering assistance from the U.S. Department of Agriculture's wholesale market development to prepare wholesale market studies, site layouts and new building designs. Congressional support from the New York State delegation is needed to seek federal appropriations to ensure USDA assistance and sufficient public works funds to expand the Food Center. Ports and Trade will work with the City's Washington office to include these items in the legislative agenda.
- Ports and Trade will seek funding through the New York State Department of Agriculture and Markets for the farmer's market proposal. Industrial infrastructure grants, small and minority business low-interest loans, targeted investment funds and other state financing programs through the New York State Urban Development Corporation may be available to construct new market facilities and assist food companies to purchase equipment and expand their operations.
- Ports and Trade will coordinate all business and economic development assistance through the City's incentive programs by working with the Deputy Mayor's Office, Office of Business Development, Financial Services Corporation, Department of Finance and Department of Employment. Addendum E contains a capsule description of some of the incentive programs that may be available to assist food companies. Ports and Trade will explore with the Office of Business Development whether an "Economic Development Zone" designation for the Hunts Point Peninsula can be considered when the State makes eight new designations in 1990. This designation would help focus state and federal incentives to further develop the industrial and commercial core and encourage the expansion of food and other businesses in the peninsula.

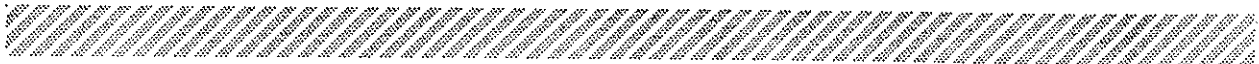
- Ports and Trade will work with the Department of Employment on job training as the Food Center is a source of both entry level and semi-skilled jobs and to building on existing programs. The Produce Market has already set-up a produce training school on the premises of the New York City Terminal Market to provide youth and adults with a comprehensive training in the wholesale and retail aspects of the produce industry. The school currently operates through Job Training Partnership Act funds from the Private Industry Council. However, additional employment and training funds are needed as an incentive to encourage employers in the food industry to expand their operations by training and hiring new employees.

The Department of Ports and Trade will also work with:

- The Department of Cultural Affairs (DCA) and the Sculpture Art Task Force on the landscaping plan and sculpture art program in FY 90. DCA has designated \$108,000 under the Percent for Art Program to initiate this program.
- The Police Department and market tenants on security problems in the Food Center and industrial park areas.
- NYC Department of Transportation on traffic enforcement, new signage and circulation issues to improve transportation in and out of the Food Center.
- BOEDC to finish the marketing brochure for the Food Center and to implement a promotional campaign.
- The Hunts Point Task Force on issues relating to the Food Center and the Peninsula.
- The State of New York to complete the Oak Point Link and the Harlem River Yard as intermodal facilities to better serve the market facilities.
- A Hunts Point lead track improvement program will be undertaken to make improvements to the rail tracks into the market. A consultant study examining the conditions of the tracks will be completed in FY 90.

## B. Long Term Actions

- Market studies of the food, flower, purveyors, minority food businesses and farm businesses will have to be completed to identify the need of each segment of the food, agricultural and floriculture industries. Ports and Trade will seek assistance from the United States Department of Agriculture's Wholesale Market Development Program on an extensive study of the facilities for the wholesale food, flower and purveyor businesses.
- A comprehensive study of the space needs of the city's minority-owned food businesses must be done in order to determine the requirements for constructing a new facility at Hunts Point. Ports and Trade will work with the Office of Business Development to define the scope of such a study and to identify funding sources.
- Ports and Trade will work with the City Planning Commission to cooperatively identify those blocks and lots outside the Food Center for possible market expansion. Ports and Trade will work with appropriate City agencies on a business relocation plan after the market studies and analysis have determined the need for additional acreage to accommodate the space needs of those food businesses that could not be provided space in the Food Center.

- 
- Ports and Trade will work with the Produce Cooperative to analyze market needs before in-depth planning outside of the market can occur.
  - Ports and Trade will work closely with the Department of Sanitation to identify the long term planning issues associated with the relocation of the marine transfer station.
  - Ports and Trade will continue to work with the Harlem-on-the-Hudson Task Force and USDA on an analysis of the relocation costs and building requirements for the Harlem Meat Market.
  - Ports and Trade will work with the USDA and N.Y.S. Department of Agriculture to develop new programs to promote food businesses, and food and agricultural products that are grown in New York State and distributed from the wholesale market facilities at Hunts Point.
  - In the food center, refrigeration is currently being provided to the existing market facilities through roof-top refrigeration units and large compressor units tied to a brine distribution system at the meat market. New technology in providing refrigeration and energy to food markets, such as the gas pressure-reduction systems, co-generation, thermal power, and computerization of building systems will be explored by Ports and Trade with the market tenants, the utility companies, local and national science research groups and state and federal government agencies.

## V. Conclusion

The Hunts Point Food Distribution Center, the largest wholesale market in the world, is a significant link in the food distribution chain for imported and domestic agricultural and food products. Products from 49 states, Puerto Rico and 35 foreign countries come through the Food Center on a daily basis.

Because of the importance of Hunts Point to food distribution in the region, the purpose of this report was to develop an overall plan and recommend strategies for new and improved wholesale food distribution, processing and refrigerated warehouse facilities. This report recommends the expansion of the produce terminal market, cooperative meat market, and the Krasdale Foods facility. Additional development will be accomplished through the expansion of the Nick Penachio and Company. The construction of refrigerated warehouses, general warehousing and a minority business food facility are also contemplated for the remaining vacant land in the Food Center.

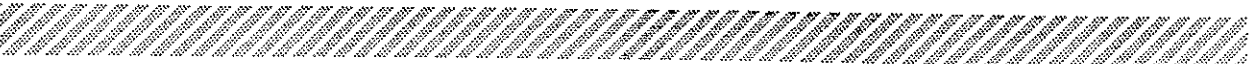
The creation of a flower and farmers market, purveyor park and meat market annex are being considered for the additional land that needs to be acquired by the City of New York. Improvements to the infrastructure for the Food Center must also be addressed along with the construction of new market facilities. Other recommendations contained in this report will aid in attracting the necessary resources to complete the proposed new facilities and improve the business and community climate for food companies and residents of Hunts Point.

The development of a new farmers' market facility in conjunction with the other food center facilities will provide benefits for both producers and consumers in the community. The new facility will provide the area's fresh fruit and vegetable producers with a more convenient and attractive place from which to merchandise their produce. This same convenience and attractiveness will also offer to customers an environment that is more conducive to shopping for the freshest products at reasonable prices.

The expansion of existing market facilities and the construction of new food market facilities outlined in this report will create a total of 134,000 sf of rehabilitated space and approximately 2,750,000 sf of new space. Benefits that result from the construction of new food center facilities accrue to both the wholesalers and the residents of New York City. One such benefit is the improved quality of the food moving through the distribution system as a result of improved health and safety standards. The ability to handle perishable products more expeditiously is also a shared benefit.

Better control of traffic patterns can be accomplished through improvements to the network of streets and the proposed Edgewater ramp. Such design considerations can relieve pressure on older, urban streets, and lessening traffic congestion for everyone. The combined effect of these benefits is reduced product spoilage and damage with reduced losses for wholesalers and improved quality for consumers. In general, however, the most immediate measurable public benefits of new wholesale market food facilities will arise from the construction of the new development tax and other revenues generated by a fully developed food center.

The Food Center is important to the economy of the City and the Bronx as one of the largest employers of blue collar workers in the City. The expansion of the Food Center will help to retain the more than 14,000 jobs in the wholesale food industry city wide and generate an estimated 1,500 - 3,000 new jobs in the Bronx. The construction of the proposed facilities will also create jobs—from engineering to labor—in the building trades. These jobs will in turn have multiple spin-offs in the City's economy. This level of investment will also provide significant increases in Federal, State, and City tax revenues.



The development of new food market facilities with modern food-handling systems will provide an atmosphere for increased competition in the local food industry. With increased competition, consumers can benefit through greater variety, higher quality, and lower costs for the foods they purchase.

The expansion program outlined in this report will solidify and strengthen the Hunts Point Food Distribution Center's position as the country's pre-eminent regional wholesale market and distribution outlet for products from around the world.

## TEN YEAR PROJECTIONS & PROGRESS PLAN

PROJECT NAME	NYD-NOT YET DETERMINED M-MILLIONS (000) ESTIMATED COSTS	NYD-NOT YET DETERMINED F-FEASIBILITY D-DESIGN C-CONSTRUCTION FUNDING	S-START C-COMPLETED PROGRESS SCHEDULE										
			1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
			S-----C										
1. Hunts Point Coop Meat Market A. Infrastructure Improvement B. New Facility (Harlem Market)	\$5 M  \$20 M \$105,000 Design (USDA)	\$5 M (EDA Grant City Capital Funds & Deferred Rent)  NYD- Design & Construction	S-----C   S-----C										
2. Krasdale Warehouse Expansion	\$12.5 M	NYD-Construction	S-----C										
3. Produce Terminal Expansion A. Repackaging & Ice Production Facility-Row E B. Flower Market  C. Building Improvements New Sprinkler System	\$10-13 M  \$3-10 M  \$5.2 M	\$60,000-Feasibility Study (Private & State) NYD-Construction \$80,000-Feasibility Study (Private & State) NYD-Construction \$5.2 M (City Capital Funds)	S-----C  S-----C  S-----C										
4. Refrigerated Warehouses A. Warehouse I B. Warehouse II	\$15-20 M  \$15-20 M	\$250,000 Design \$4 M - Construction (City Capital Funds) NYD-Construction	S-----C  S-----C										
5. Hunts Point Food Center A. Infrastructure Study B. Art Sculpture/ Landscape Program C. Food Center Facility Design & Site Layouts (USDA) D. Logo, Promotional Brochure & Campaign E. New Traffic Directional Signals F. Hunts Point Lead Track Improvements	\$250,000 \$108,000 \$436,000 \$60,000 NYD \$350,000	\$250,000-FY90 (City Capital Funds) \$108,000-FY90 (DCA)  NYD-Design and Site Layouts  \$60,000 (BOEDC, Citibank, NA. NY Telephone Co.) NYD-DOT  \$350,000 Construction (City Capital Funds)	S-----C  S-----C  S-----C  S-----C  S-----C										
6. Nick Penachio & Co. Expansion A. Roof Replacement	\$800,000	\$800,000 (City Capital Funds)	S-----C										
7. Minority Business Food Facility	\$6.5 M	NYD-Survey & Pre-Development	S-----C										
8. Purveyors Park	NYD	NYD-Survey & Pre-Development	S-----C										
9. Farmers Market	NYD	NYD-Feasibility, Survey & Pre-Development	S-----C										
10. Market Support Centers	NYD	NYD-Survey & Pre-Development	S-----C										

## FOOTNOTES

- 1- Sales and Marketing Management Magazine, "Survey of Buying Power, 1987, (1988), pp. 7-13, 29-30, 119.
- 2- Frederick R. Harris, Inc. Consulting Engineers, "Food Processing and Distribution Center at Hunts Point, A Comprehensive Plan", (1967), pp. 2.
- 3- City Planning Commission, "The Hunts Point Peninsula Study", (1989), pp. 7-12.
- 4- Ibid.
- 5- McKenney's Consolidated Laws of New York. "Agriculture and Markets Law", Section 259, pp. 204
- 6- Business Guides, Inc., "1988 Directory of Supermarket, Grocery & Convenience Store Chains" (1988) pp. 685.

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- Frederick R. Harris, Inc., "Food Processing and Distribution Center at Hunts Point, A Comprehensive Plan", (1967).
- Bechtel Associates, Inc., "Hunts Point Food Center", (1968).
- Food Institute, "Perspectives on Food Distribution Driving Forces Behind the Nation's Largest Industry" (1983).
- N.Y.C. Department of Ports and Terminals, "Food and Market Study", (1984).
- Inside, "Hunts Point Food Distribution Center, Development Prospects", (May, 1985).
- N.Y.C. Office of Business Development, "Refrigerated Space in New York City" (1987).
- N.Y.C. Office of Business Development, "Food Industry Trends and Opportunities", (1987).
- NYC Office of Business Development, "Space Bank List of Food Companies" (1988)

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United States Department of Agriculture, Richard Overheim and Larry Summers Wholesale Markets Development Unit, December 12, 1987, May 15, 1988, April 26, 1989.

New York State Department of Agriculture and Markets, Robert Lewis, Chief Marketing Representative, September 20, 1988.

Hunts Point Terminal Produce Cooperative Association, Inc., Steven Karsch, President, January 15, 1988, October 16, 1988.

KFI Food Distributors, Inc., Sigmund Balka, General Counsel, March 20, 1989.

Nicholas V. Penachio & Company, Anthony and Nick Penachio, Principals, February 23, 1988.

Hunts Point Cooperative Market, Inc., Arthur Fromann, Operations Engineer, February 23, 1989.

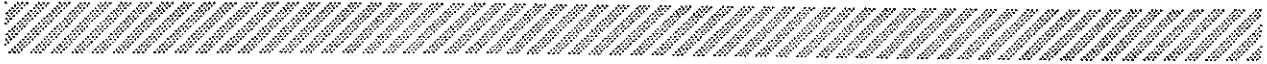
National Foods, Inc., Jonathan Bernstein, Vice President & Treasurer, March 20, 1989.

Atlantic and Pacific Tea Company, William Vitulli, Vice President, June, 15, 1989.

Bronx Overall Economic Development Corporation, Cecil Joseph, President, Jan 25, 1989.

Bronx Refrigeration Company, and National Cold Storage, Herb Keenan, Executive Vice President, February 23, 1988, May 20, 1989.

New York State Department of Economic Development, Ray Paolino, Director of Bureau of Business Research, August 23, 1989.



## **ADDENDA**

## ADDENDUM A

### FUNDED AND PROPOSED HOUSING PROJECTS

Funded Projects Address	Programs	Units
819-867 Hunts Point Ave.	NYCHA Rehab. Turnkey	131
875 Irvine Ave.		
750-70 Bryant Ave.	LISC Rehabilitation	145
1215, 1225 Seneca Ave.	HRA Rehab. Transitional	75
800-22 Hunts Point Ave.	Section 202 Elderly	
	New Construction	<u>92</u>
		443

### Potential Rehabilitation Program Sites

Address	Units
1150 Garrison Avenue	55
1274-6 Lafayette Avenue	58
737 Hunts Point Avenue	36
721 Faile Street	40
850 Bryant Avenue	60
1200 Seneca Avenue	22
1212 Seneca Avenue	21
1216 Seneca Avenue	26
1220 Seneca Avenue	32
866 Hunts Point Avenue	17
858 Hunts Point Avenue	22
663-7 Casanova Street	<u>84</u>
<b>Total</b>	<b>473</b>

*Source: NYC Department of Housing, Preservation and Development, 1988*

## ADDENDUM A

### PUBLIC INVESTMENT IN HOUSING (1970 - PRESENT) COMPLETED PROJECTS

Year	Project Name/Address	Units	Program
1978	1230 Spofford Ave.	62	TILL/DAMP
1980	Hunts Point I (Coster St.)	125	Section 8 Rehab.
1980	Hunts Point Penin. (Bryant Ave.)	165	Section 8 Rehab.
1981	876 Bryant Avenue	57	Article 8A
1982	735 Bryant Avenue	49	Pomp/DAMP
1982	770 Faile Street	43	Pomp/DAMP
1983	645 Barretto Street	48	Article 8A
1985	710 & 720 Hunts Point Avenue	75	Article 8A
1985	Longfellow-Lafayette	64	Homeless Housing Assist. Program
1988	831 Fox Street	4	Youth Employment Program
<b>TOTAL</b>		692	

*Source: NYC Department of Housing, Preservation and Development, 1988*

## ADDENDUM B

### HUNTS POINT DEVELOPMENT FACT SHEET

- Market Restrictions:
- land can be leased but not purchased by private companies
  - only food, flower and plant sales are permitted; interpreted broadly to permit uses associated with food preparation and distribution of paper goods
- Board of Estimate Action
- approval of lease terms and proposed capital construction and consultant contracts required

#### Uniform Land Use Review

- Process:
- not required for market-designated property

#### Zoning:

- M1, M3-1-light and heavy manufacturing
- Maximum floor-to-area ratio: 2
- Yard requirements: side - 8 feet; rear - 20 feet
- Loading dock requirements: 4 per 100,000 sf (an example)
- Parking requirements: 1 per 2,000 sf

#### Waterfront Regulation:

- Tidal Wetlands: There are wetlands on Site 5. The exact boundaries will require on-site inspection with the State Department of Environmental Conservation
- Flood Plain: portions of Sites I, II, III and IV are in the 100 year flood plain (US Federal Emergency Management Administration map nos. 360497-0021, 0027) but the sites have been filled to or above the levels which would require special construction measures
- Army Corps  
Permits: not required unless dredging, filling or bulkhead work are involved.
- Waterfront  
Revitalization: must meet coastal zone management requirements at the State level.

*Source: Hunts Point Food Distribution Center: Development Prospect Study, Inside May, 1985*



**ADDENDUM C**

**DEPARTMENT OF TRANSPORTATION  
STREET REHABILITATION  
LIST OF STREETS**

**CAPITAL PROJECT (HW-167C)**

Whittier Street from Garrison Avenue to Randall Avenue  
Drake Street from East Bay Avenue to Ryawa Avenue  
Whittier Street from East Bay Avenue to Ryawa Avenue  
Longfellow Avenue from Randall Avenue to Viele Avenue  
Bryant Avenue from Randall Avenue to Viele Avenue  
Faile Street from Randall Avenue to Viele Street  
Brunet Place from Garrison Avenue to Tiffany Street  
East Bay Avenue from Tiffany Street to Hunts Point Avenue  
Oak Point Avenue from Barry Street to Hunts Point Avenue  
Manida Street from East Bay Avenue to Ryawa Avenue  
Coster Street from East Bay to Ryawa Avenue

**CAPITAL PROJECT (HWX-167D)**

Lafayette Avenue from Edgewater Road to Pierhead Line  
Drake Park South from Hunts Point Ave. to Longfellow Ave.  
Longwood Avenue from Garrison Ave. to Truxton Street  
Worthen Avenue from Garrison Ave. to Truxton Street  
E. 156th Street from Garrison Ave. to Truxton Street  
Grinnel Place from Garrison Ave. to Truxton Street  
Truxton Street from Tiffany Street to Randall Ave.  
Barry Street from Tiffany Street to Randall Ave.  
Including the Corp. Fufidio Square

*Source: New York City Department of Transportation, 1988.*

## ADDENDUM D

### SOIL AND FOUNDATION CONDITIONS HUNTS POINT PENINSULA

#### GEOLOGY:

Subsurface conditions have been evaluated, utilizing generally available knowledge of the area in combination with the results of subsurface explorations conducted in the past by the City of New York, Department of Public Works, Subsurface Exploration Section, as well as the Consolidated Edison Company.

The project area is glaciated with deep troughs and holes which had been gouged out of the bedrock formation. These depressions were filled with glacial till. Subsequently, the combination of fluctuating sea level and the changing course of the Bronx River eroded the till and deposited alluvial materials.

The entire project area is underlain by a micaceous bedrock formation commonly called Manhattan Schist. Rock outcroppings are encountered within the confines of the project area and overburden depths range to 85 feet. As a result, foundation conditions are highly erratic and the depth to rock is quite irregular.

The bedrock elevations drop off sharply along the southern edge of the area within the shore line of the East River. The drop-off is toward the East River and also toward the northeast and the Bronx River confluence.

An exceptionally deep trough gouged in the bedrock, possibly an old channel of the Bronx River, traverses the project area in the north-south direction. This trough passes to the west of the old gas holder and traverses the western boundary of the site in approximately a north-south direction.

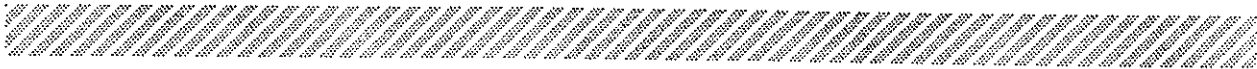
The trough has been filled almost entirely with natural deposits of very soft organic silts and clays.

Generally, where the overburden is deep, the soil profile consists of a thin layer of relatively compact man-made fill covering substantial thicknesses of very soft and compressible natural deposits of organic silts and clays. A layer of compact glacial till, averaging 10 feet in thickness, covers the weathered and fractured surface of the underlying bedrock formation. The soil profile for shallow overburden is similar except that the organic stratum is thinner and mixed with alluvial sands and gravel.

#### Soil and Foundation Conditions:

The foundations for the previous Consolidated Edison structures were variable, with spread footings used where rock was encountered at shallow depth, and piles used where extensive deposits of the soft clays overlie the deeper rock. Portions of the site which were used for stock-piling coal and coke to heights approximately 30 feet have been demolished.

The northeastern boundary, adjacent to the Bronx River, is delineated by a rip-rap and rubble dike. An existing bulkhead, part of a pile-supported relieving platform, establishes the southeastern boundary of the site. The Department of Sanitation's marine transfer station located at the southern tip of the project area consists of a barge slip and pier, with land fill retained by a cellular cofferdam which extends approximately 500 feet southwest of Farragut Avenue then turns northward and ties into the old concrete relieving structure along the southwest boundary of the site.



This relieving platform is intermittent, leaving some of the shore line unprotected. The structure ties into a sand and rock-filled dike, which was constructed as part of the City sewage treatment plant complex adjacent to the project site.

The portion of the site, southwest of Hunts Point Avenue, has never been heavily developed. Except for several pile-supported gas and oil storage tanks which occupied a small portion of this area at the time when the complex was in operation, this section has never been used.

The use and availability of land as controlled by foundation conditions is best divided into two main categories:

- (a) the use of existing land and
- (b) the development of new land by reclamation

Because of the past history of the site, a major portion of the existing land is available for almost immediate use. These portions of the site include the areas where rock is encountered at shallow utilities, roads and parking lots can be constructed without difficulty.

Structural foundations for new facilities will vary. Spread footings may be used for light structures where shallow rock is encountered; however, piles must be used throughout for heavy structures. Certain small structures may also be supported on spread footings in those areas where the stock piles had been located. Elsewhere, however, the overburden generally does not have sufficient bearing capacity to support structures on spread footings.

For those areas which have never been subjected to previous heavy loading, careful consideration must be given to the proposed use of the land before a recommendation can be made regarding the time required to make this land available for use. Should the proposed use of these areas require the placement of additional fill, settlement will occur and special foundation treatments may be necessary to develop the area within the required time schedule. This treatment may consist of surcharging, or pre-loading, and the installation of sand drains to accelerate the settlement process. If only nominal fill of two or three feet is required, the area should be available for use in a short time period. In these fill areas, all structures will require pile foundations.

The rubble dike located to the northeast and the existing relieving structure of the southeast can be integrated with the proposed site development. Since the stock pile loading previously applied to the relieving structure was far in excess of the proposed loading, it is reasonable to assume that this structure is generally adequate for future use. Site investigation has indicated that certain sections have yielded and will require repairs.

## 1. SUBSURFACE CONDITIONS

Four areas within the Hunts Point site are reviewed. A 1970 drawing titled "Site Development, Hunts Point Food Center" provided by INSITE is used to reference the four areas:

- a. AREA I. Northeast corner of Hunts Point. Referenced as "Proposed Peltz and Sons, Inc."
- b. AREA II. Eastern corner, between the "KFI Food" and "National Foods".
- c. AREA III. Southwestern corner, adjacent to the Water Pollution Control Plant, southwest of the intersection of Ryawa Ave. and proposed Hunts Point Ave., West of Farragut Street, and incorporating the new cellular cofferdam bulkhead.  
1910- Seventy-five year of Foundation engineering-1985.
- d. AREA IV. Northeast corner of Ryawa Ave. to proposed East Bay Ave. extension. The western limit is Halleck St., and eastern limits are the extension of Farragut St. north, incorporating the plot labeled "Gas Holder".

Available information used to evaluate subsurface conditions consists of borings provided by INSITE and boring information in MRCE files. Information provided by INSITE consists of borings made in 1969 for the NYC Department of Marine and Aviation, and the Department of Markets titled "Subsurface Soil Investigation, Hunts Point Food Center". These borings are scattered throughout the site, with an emphasis on offshore conditions, and were referenced to the BPB datum. Information taken from MRCE files consists of borings and test pits made in 1967 for the NYC Department of Marine and Aviation for the "Hunts Point Market Expansion". These borings concentrated on land conditions, and were referenced to a low water datum, approximately five feet below BPB datum. Subsurface conditions at each area as interpreted available information borings are:

- a. AREA I Bedrock may be encountered at Elev. -20 at the access street and at Elev. -35 at the bulkhead line. Only one boring was made within the land of Area I. Granular fill materials have been placed over the site. No organic clays are indicated on the boring log. Offshore, the river bottom consists of soft organic clay from Elev. -1 to Elev. -20. The soft clay overlies natural sand to bedrock.

### AVERAGE PROFILE, AREA I

Ground Surface Elev.	+ 10
Granular Fill Elev.	+ 10 to -25
Organic Clays	Not present
Natural Sands Elev.	-25 to -30
Bedrock (avg) Elev.	-30
Ground Water Elev.	+ 5

- b. AREA II Bedrock is at Elev. -20 in the NW corner, Elev. -30 in the NE corner, and drops to Elev. -50 in the SW corner and Elev. -70 in the SE corner of the site. Granular fill has been placed over soft organic clay on the south half of the Area II; 10 to 17 feet of clay was encountered under a surface fill 20 feet thick. One two borings on the north half of the area encountered granular fill to top of sand.

**AVERAGE PROFILE, AREA II**

	South	North
Ground Surface Elev.	+7	+7
Granular Fill Elev.	+7 to -12	+7 to -13
Organic Clays Elev.	-12 to -26	not present
Natural Sand Elev.	-26 to -40	-13 to -30
Bedrock (avg) Elev.	-40	-30
Ground Water Elev.	+5	

c. **AREA III** Bedrock may be at Elev. -15 to -20 at the intersection of Ryawa Ave. and Hunts Point Ave.. Bedrock drops south to Elev. -35 at the SE corner, to Elev. -65 at the south tip of the cellular cofferdam (new bulkhead), and to Elev. -55 at the SW corner of the site. Organic clays were encountered in most borings at the river edge perimeter.

**AVERAGE PROFILE, AREA III**

Ground Surface Elev.	+10
Granular Fill Elev.	+10 to 0
Organic Clays Elev.	0 to -28
Natural Sand Elev.	-28 to -35
Bedrock (avg) Elev.	-35
Ground Water Elev.	+3

d. **AREA IV** No borings are available on the north half of the area. Bedrock is probably at Elev. -35 at Halleck Street and Viele Ave. and Elev. -50 at the SW corner. Bedrock is possibly at Elev. -30 to -40 over the North and half of the site. Clay was encountered at Elev. +8 to -25 over much of the site except in the vicinity of the gas holder, where granular fill was apparently placed over natural sands.

**AVERAGE PROFILE, AREA IV**

	South	North
Ground Surface Elev.	+15	+15
Granular Fill Elev.	+15 to +8	
Organic Clays Elev.	+8 to -25	may not be present
Natural Sand Elev.	-25 to -40	
Bedrock (avg) Elev.	-40	-40
Ground Water Elev.	+5	

## 2. COST ESTIMATE SUBSURFACE PROFILE

Available information indicates extremely varied subsurface conditions are present at Hunts Point, and conditions at each of the areas considered in this report are no exception. Two basic profiles exist, one where granular fill has been placed directly onto natural sands, and the second where granular fill has been placed over organic clay deposits. Profiles used in cost estimates are:

### a. Granular fill on natural sand

This profile incorporates the basic conditions within Areas I, II north, and IV north. These subsurface conditions should be substantiated with adequate number of borings before detailed cost evaluations are performed.

#### AVERAGE PROFILE, AREAS I, II north and IV north

Ground Surface Elev.	+ 10
Granular Fill Elev.	+ 10 to -17
Organic Clays	not present
Natural Sand Elev.	-17 to -40
Bedrock (avg)	-40
Ground Water Elev.	+ 5

### b. Granular fill over organic clay

This profile conservatively incorporates the basic subsurface conditions at Areas II south, III, and IV south, for use in cost estimates and comparison of development costs. Organic clays covered with granular fill are present although they may not fully cover each area.

#### AVERAGE PROFILE, AREAS II, III, AND IV

Ground Surface Elev.	+ 10
Granular Fill Elev.	+ 10 to 0
Organic Clays Elev.	0 to -25
Natural Sand Elev.	-25 to -40
Bedrock (avg) Elev.	-40
Ground Water Elev.	+ 5

## 3. FLOOD ZONE SUMMARY

The perimeter of the site, from the bulkhead landward approximately to the access street, is in Flood Zone VII to A9 (100 year flood) (see flood plain map). Elevations of flooding in these zones applies to Areas I, II, and III. The site interior is within Flood Zone B (100-500 year flood) and Zone C (minimal flooding). Area IV is predominately within Zone B.

It may be advisable to place the elevation of finished warehouse floors at least one foot above the flood zone elevation.

#### 4. ESTIMATED LOADS

The loads estimated for use in this cost evaluation are 108 tons per column for live load on roof and dead load of roof and supporting structure, and 600 psf area floor loading. Wind load on the structure has not been considered in this analysis.

#### 5. FOUNDATION COSTS ESTIMATES

Costs are estimated for warehouse foundations, which includes support for columns and the warehouse floor. Shallow foundations will be possible if the organic clays are stabilized by surcharge filling and densification of the existing granular fill. If no organic clays are present, only densification of the existing fill is required. Shallow foundations may be six foot square footings at column locations, and the floor slab on grade. Deep foundations considered are piles driven to the bedrock surface.

Unit prices used for cost estimates do not include requirements to safeguard the construction site. Ten percent of the construction costs are added for mobilization and demobilization, ten percent for contractor overhead, and ten percent for profit. Unit prices, without burdens, are:

- Moving of granular fill available on site, \$4 per cubic yard
- Deep densification of granular fill in site by vibrating probe or like method, \$5 per cubic yard
- Compaction of granular fill available on site for \$2 per cubic yard. This figure should be added to any on site hauling costs, estimated at \$4 per cubic yard above.
- Imported soils and compacted for \$10 per cubic yard.
- Soil treatment costs include \$1.20 per lineal foot of vertical wick drains placed six feet on center.
- Ten inch square prestressed concrete piles installed for \$12.50 per lineal foot of pile, 60 ton capacity, end bearing. Downdrag forces are assumed to be applied to the piles.
- Concrete placed with minimal form work requirements is estimated at \$200 per cubic yard in place. Add \$50 per cubic yard for structural slab to be used with pile supported foundation.

Subsurface investigations and engineering analysis will be required before construction. Costs for these are not included. Additional borings are required by the NYC building code. Subsurface conditions which should be defined are the limits of the organic clay profile and strength and reconsolidation stresses for these clays, the density and gradation of granular fill and natural sands, the elevation and quality of bedrock, and the ground water table elevation. A study of the site history may prove useful as bulk products may have been stockpiled at various locations; the organic clay may not require stabilization in these areas.

Foundation schemes evaluated are described below. Costs are shown per square foot of floor area and per lineal foot of perimeter; these costs are additive. Other methods for supporting structures are available. These methods are not reviewed here, but should be evaluated in the final design.

##### a. Base Cost for Comparisons

Foundation subgrade is compacted and proofrolled. It is not necessary to raise the grade for flood protection. The base cost foundation consists of footings two approximately four feet below grade around the perimeter. The warehouse foundation slab is supported on grade.

#### **b. Densification of Granular fill**

The granular fill may be varied in material composition and in site density. This fill will probably require densification over the full layer thickness to provide a consistent subgrade material suitable for shallow foundations.

Treatment involves probing the full depth of the granular fill layer with vibrating or hydraulic densification equipment. For this densification method to work, the fill should be clean sand and gravel. Other methods such as dynamic compaction, where large weights are dropped from height, may prove successful in increasing density at less cost, but adjacent structures, operating businesses and underground utilities may be impacted. Shallow footings are placed on grade after proofrolling. Costs for the deep densification compaction are additive to those of the base cost foundation described above. The area is raised in grade to provide a warehouse finished floor one foot above flood level.

#### **c. Stabilization of clay and shallow foundations.**

Where the organic clays have not been surcharged under fill loads greater than those present, vertical drains should be installed and the area surcharged to consolidate the organic clay deposit. Granular fill should be densified as described above. After surcharge is removed and the subgrade is proofrolled, warehouse foundations may be constructed as shallow footings on grade. Costs for the clay stabilization and deep densification of the clay stabilization and deep densification of granular fill are additive to those of the base cost foundation described above. The area is raised in grade to provide finished floor one foot above flood level.

Surcharge loadings are limited adjacent to the bulkhead. The stability of the bulkhead should be evaluated, especially as a construction condition. Other methods for stabilizing the clay, such as the installation of stone columns should be evaluated. Stone columns would stabilize the clay and densify the granular fill.

#### **d. Pile Foundations.**

Pile foundations are assumed driven to rock for end bearing, and to provide a capacity of 60 tones per pile. Piles are assumed to be 53 feet long. Ten inch square precast concrete piles should prove economical at this site, assuming the granular fill materials are easily penetrated. Piles are concentrated at columns, and support the warehouse floor areas. A structural slab will be required for pile foundations. The grade is assumed raised to provide finished floor one foot above flood level. If clay materials consolidate under the additional fill loads or working stresses, downdrag forces will load the pile foundations. The existing preconsolidation and strength of these clay materials should be evaluated.

Timber piles were considered. Timber piles cost approximately 20 percent less than concrete piles, however, at a capacity of 25 tons per pile, the number of timber piles is increased, making concrete piles the more economical alternative.

#### **e. Perimeter Bulkhead**

The condition of the perimeter is presently unknown. The available information borings made in 1967 and 1969 were made for construction of the present bulkhead. The bulkhead should be evaluated for repair/renovation requirements in light of any proposed new development. Cost estimates are not provided for renovation of the bulkhead.

*Source: Mueser Rutledge Consulting Engineers, 1985  
Bechtel Associates, 1967*

## ADDENDUM E

### Description of Business Incentives

#### 1. Energy Cost Savings Program

Monthly electricity bills can be reduced up to 30 percent and natural gas bills up to 20 percent "as-of-right" for firms that either relocate, improve their properties, or lease city or state-owned property.

All businesses except retail vendors, personal service providers, government agencies, public benefit corporations and hotels are eligible if they meet the other program requirements.

Applications and program eligibility criteria are available from:

Financial Services Corporation  
110 William Street, 3rd Floor  
New York, N.Y. 10038

#### 2. Low-Interest Financing Programs

##### Revolving Loan Fund (RLF)

The Revolving Loan Fund provides flexible, fixed asset financing for small and medium-sized businesses expanding or relocating within New York City. RLF loans are intended to close the gap between conventional financing sources (loans and equity) and total project costs.

Industrial and commercial firms (excluding retail firms) located in or relocating to New York City, including not-for-profit corporations, real estate development projects and start-up businesses are eligible for this program.

##### Industrial Revenue Bonds

Tax-exempt industrial revenue bonds (IRB's), issued by the Industrial Development Agency (IDA) are purchased by financial institutions, sellers of real property or private investors on behalf of expanding industrial and commercial companies. The tax exemptions enable financial institutions to offer below-market rate financing to qualified firms throughout New York City.

Individual and non-retail commercial firms, including not-for-profit and real estate development projects located in or relocating to New York City that are: acquiring an existing facility; constructing a new facility; rehabilitating or expanding an existing facility; making leasehold improvements; or purchasing machinery or equipment are eligible for bond financing.

Applications and program eligibility criteria can be obtained from:

Financial Services Corporation  
110 William Street, 3rd Floor  
New York, N.Y. 10038  
Tel. (212) 341-6060

### 3. Working Capital Program

The Working Capital Loan Fund was created to assist manufacturing and industrial businesses with below market fixed loans for inventory, supplies, non-capitalized assets, and ongoing operations. Funds cannot be used for acquisitions, rehabilitation or improvements of real property. The maximum loan amount available is \$300,000.

Applications and forms are available from:

Financial Services Corporation  
110 William Street  
New York, N.Y. 10038  
Tel. (212) 341-6058

### 4. Relocation Employee Assistance Program (REAP)

This "as-of-right" program which is available to all non-retail firms provides a non-refundable tax credit of \$500 per eligible employee and a reduction of the commercial rent tax to eligible relocating companies, each benefit lasting 12 years.

All forms and applications may be obtained from:

New York City Department of Finance  
Bureau of Tax Operations  
Desk Audit Unit - REAP Committee  
25 Elm Place, 3rd Floor  
Brooklyn, N.Y. 11201

### 5. New York State Incentives

Additional business incentives, including low-interest financing, industrial access and infrastructure grants and loans, small and minority business loans, targeted investment funds and tax incentives are available from the State of New York.

Contact: Division of Regional Economic Development  
NYS Department of Economic Development  
50 Court Street  
Brooklyn, N.Y. 11201-4859  
Tel. (718) 596-4120

*Note: This description mentions only some of the business incentives programs available. Food companies may be eligible for additional City and State business incentives depending on the specific needs of each business.*

## Exhibit 5

## FISH-MARKET MOVE TO BRONX IMPEDED

Dealers Termed Unsatisfied  
by Hunts Point Site—City  
Cool to Spending More

By JOHN L. HESS

The plan to move the Fulton Fish Market into a new \$20-million plant at the Hunts Point food center in the Bronx has run into a serious snag.

Edgar C. Fabber, the Commissioner of Ports and Terminals, said yesterday that he had strong reservations about the viability of the project and would hesitate "to spend any more of the city's money on it."

In addition to over-all site preparation of the area, \$250,000 has been spent on design studies and the city has granted a 20-year renewable lease to the Fulton Fish Market Cooperative Association. A balk could lead to litigation.

### Some Tenants Back Out

Sources in the fish market said Mr. Fabber had tried to persuade the dealers to move into the \$30-million meat-market complex being built at Hunts Point by I. D. Robbins. They said some butchers had backed out of the project, which is to open next month.

The sources said the meat market did not fit the fish dealers' needs.

Mr. Fabber said in a telephone interview that he was "seriously considering" moving the project to another building. He gave the following reasons:

¶ Stall rents in the new Fulton project would run \$25,000 a year, against \$2,500 in the old market.

¶ The survival of small merchants is in doubt. "All the lease assignments I've seen [in the markets] have been from small merchants to large merchants," he said.

¶ While the cooperative has signed a general lease with the city, none of its members have signed subleases.

¶ The changing nature of the fish business, with much of the trade bypassing the market, raises the danger that the city will be left holding a plant designed solely for fish and not easily reconverted.

### 43 Enter Co-Op

A source in the fish market who asked not to be identified said that construction estimates came to \$13.5-million, but that site preparation might make up the \$20-million figure given by Mr. Fabber. He said the actual cost and consequent rentals might be somewhat lower, but would not be known until October, when construction was scheduled to begin.

The source conceded that the co-op had only 43 members, but said they represented 50 present companies, some of which would merge.

"A lot of the small ones," he said, "are going to fold into existing firms."

Both parties agree on the desirability of demolishing the historic Fulton Street Market. "You've got a \$3-a-square-foot user on \$300-a-square-foot land," Mr. Fabber said.

Some urbanists and many small dealers and employes in the market disagree.

The original project called for the new market to occupy 40 acres of the Hunts Point complex, with a small port for fishing boats. Mr. Fabber said he had "peeled that back" to 20 acres without a waterfront, one reason being that only 1.5 per cent of deliveries to the Fulton Fish Market now come by water.

### Private Plan on Waterfront

The waterfront site at Hunts Point was assigned to a private terminal project being built by Christopher Boomis.

Mr. Robbins, reached by telephone at the new meat market, said of the fish dealers' complaint: "I don't know what they're talking about."

He said that of the 700,000 square feet of floor space in his project, only 32,000 were still available. But he said he did have some excess power available.

"We made them a very generous offer," he said, "to supply them at cost—all their power and sanitary requirements—as a proper gesture."

The builder added that he doubted the fish merchants really wanted to leave Fulton Street.

CAL NEWS AND FEATURES  
ME IMPROVEMENT  
UR GARDEN  
ORLD OF ANIMALS  
ASSIFIED

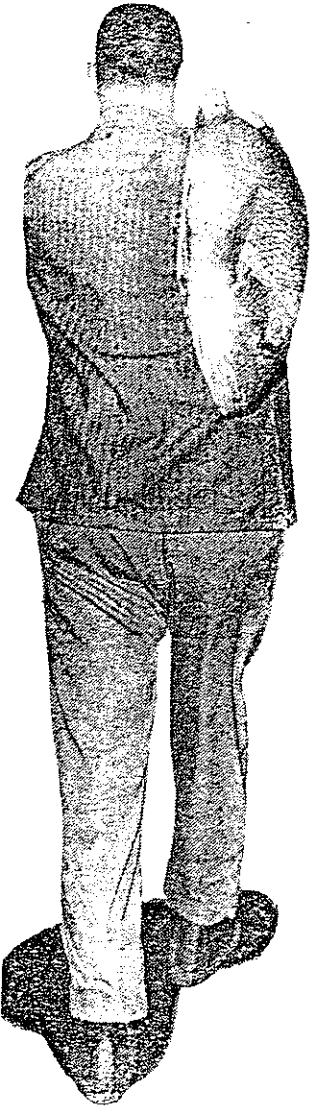
# LIVING 2

in Manhattan  
and the Bronx

FOUR 7, 1973

## Fulton Market Move Is Mixed Bag of Fish

By LARRY COLE



Like it or not—and the reactions run the full gamut between both responses—move of the Fulton St. Fish Market will be completed for stock and mackerel to Hunts Point in the Bronx sometime in 1976.

The city thinks the move is a great idea, which is understandable considering that the move to Hunts Point is the city's idea.

Owners of the larger fish firms, citing the vastly improved facilities, favor the move, while smaller-sized outfits, aware of the increased overhead costs, have mixed feelings.

The rank-and-file working man, concerned about the greater commuting distance to and from Hunts Point for many of them and the high incidence of crime in the area, is predominantly against the move.

### Will Employ 7,000

When completely relocated, the Fulton St. Fish Market will be part of the city's Hunts Point Food Processing and Distribution Center, a 200-acre facility that will consolidate fruit, produce, meat and fish operations into an all-encompassing market employing some 7,000 persons.

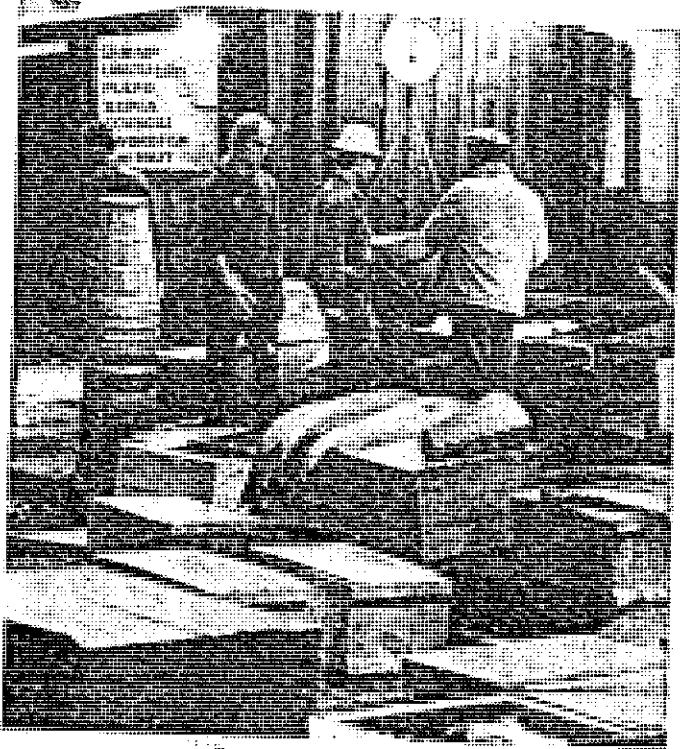
As the city sees it, this super-market site, in addition to replacing antiquated market areas with the most up-to-date facilities, will substantially increase the status of New York as the food capital of the East.

Furthermore, a spokesman for the Department of Ports and Terminals, which is in charge of the entire operation, points out: "By consolidating all market operations on the periphery of New York we are relieving truck congestion in the inner city."

### Has Easy Access

He adds: "In Hunts Point, you have an area that provides extremely good distribution access by rail, sea or highway."

There are some 100 firms employing about 2,000 workers currently selling and distributing fish on Fulton St. Just how many of them will accompany the market when it is completely moved to



Fulton Fish Market, slated for a move to Hunts Point, Bronx, 1976. NEWS photo by Dan Godfrey

Hunts Point is conjectural, but the prevailing sentiment is expressed by The Fishery Council's director John von Glahn, who says, "Hunts Point will be the only game in town unless you want to retire."

Gordon Hedin, director of the Fulton Fish Market Cooperative, believes there are more substantial arguments than the only-game-in-town viewpoint to justify looking forward to the Hunts Point relocation.

### Street Is Outdated

"The move to Hunts Point is essential," he insists, "because from every point of view the current market is terribly antiquated for handling the needs of the industry."

Beyond asserting the need for a move, Hedin justifies the choice of the Hunts Point site by pointing out, "The property is there and a method of financing it without drawing funds from the industry is there. The city is finan-

cing it and we will pay back the cost of construction in rents."

Conceding that rents at Hunts Point will be two, three and four times those paid on Fulton St., Hedin declares, "You have to optimistically assume that the quantity of business will match the rise in rents because of the improved facilities."

### Sees Higher Profits

"Recent history has shown," he adds, "that whenever food markets moved out of antiquated areas into better facilities—such as in Philadelphia and Boston—profits have gone up."

The cooperative's secretary, Bob Smith, a treasurer at one of the bigger companies, says, "A lot of us are expecting to sell a lot more fish and work in more pleasant and more productive surroundings at Hunts Point."

Tony Levy, vice president of a similar firm, shares neither Smith's

(Continued on page M 4, col. 1)

## Hunts Point: Dangerous Place to Make Good Living

Fulton St. Fish Market workers, concerned for their safety, since the industry moves to Hunts Point in 1976, will have to be reassured that their fears are unfounded from their own reports in the Hunts Point produce market.

"It's a tough beat" is the comment most frequently expressed by the merchants, peddlers and fishermen in the enormous Hunts Point produce market that covers some 125 acres and employs approximately 4,000 men, many of them alumni of antiquated produce markets in lower Manhattan.

### In Constant Fear

They move to Hunts Point, just as all the Fulton St. employees will, in order to take advantage of the modernized facilities not available to them in their former markets. To a man, they were pleased with the physical benefits of Hunts Point—the newer, larger storage and refrigeration

with the high incidence of crime which has them in constant fear.

Workers go to the public washrooms in pairs for fear of muggers waiting to attack them. Trips up and down the market's numerous stairways are also made in tandem whenever possible. Bookkeepers keep guns in their desks, payroll guards carry cash with guns drawn and a great number of the men have taken to arming themselves with knives.

### What the Workers Say

Comments made by employes to a News reporter reflect their terror:

"I leave my wallet at home when I go to work."

"I always try to have five or six dollars in cash with me to give to a punkie so that I don't get stabbed."

"You have to walk around with eyes in the back of your head."

the morning whether or not you'll return in one piece."

### Called No Man's Land

The employes complain, too, of the long subway ride to work and the mile-plus stretch between the subway stop and the market. Almost all the subway riders dismount the work on a darkened corner for the once-in-hour bus, preferring instead to share cabs rather than, as one man expressed it, "risk my life in that no man's land."

Ironically, however, and these Fulton Streeters objecting to the move to Hunts Point should take note, a number of the men—supervisor and employe alike—while bemoaning their feeling of insecurity, express pleasure over the move to Hunts Point.

As one salesman expressed it, "You have to be very careful about where you go, but the working conditions are great otherwise, and work

# Market Move Is Mixed Bag Of Fulton Fish

(Cont. from page M 1, col. 1)

optimism nor happy anticipation of the Hunts Point move.

"A lot of us are unhappy about moving because we know what we have here but don't know what's up there," he says. "With the rents so much higher there, a lot of the smaller guys can't afford to make the move unless they merge."

Bob Mullan, treasurer of one of the smaller firms fears that overhead increases at Hunts Point will be passed on to the consumer. "With a lot of the guys not being able to afford to go," he claims, "there'll be less competition, which means higher prices."

This is disputed by Hedin and Smith who contend the increased profits due to improved facilities will eliminate the need to raise prices, and by Levy who feels that there still will be enough competition—approximately 65% of the companies are expected to move to Hunts Point—to offset price raising.

In making one further argument against the Hunts Point move, Levy points to the appeal of Fulton St. (where the fish market has cast its aromatic influence on the area for more than 140 years) as a tourist attraction. "Who's going to take a tourist bus up to Hunts Point?" he asks.

The vast majority of the fish markets' workers don't even want to take an air-conditioned Cadillac up there. Almost to a man they complain about the greater amount of travel they'd face working at Hunts Point and, more significantly, their fear for their personal safety in the crime-ridden area.

"I live in Brooklyn, five minutes away from Fulton St.," says journeyman Dante D'Ambrosio. "Why should I have to travel all the way up to Hunts Point and get mugged?"

Salesman Frank James says, "Half the guys won't move up there. Going to Hunts Point will kill this industry."

With the fish market working day beginning between 1 and 5 a.m., all expressed concern over traveling through Hunts Point at that hour, particularly those who would have to go by subway.

The nearest subway stop to the Hunts Point market is more than a mile away, and early morning buses run about once an hour. To many of the men, an hour's wait at a bus stop or a walk to the market area are certain invitations to a mugging.

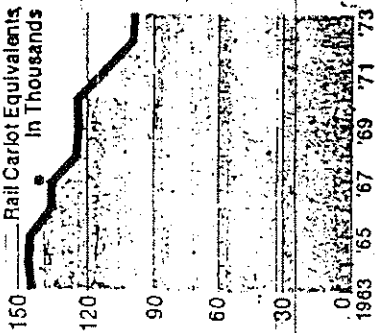
Despite the apprehension of his men, Al Zolezzi, business agent of the United Seafood Workers Union, welcomes the move to Hunts Point because of the better working conditions.

# Exhibit 6

# The New York Times

## Hunts Point Market, Called 'Grocer's Dream,' Proving Nightmare to Many

Deliveries of Fresh Fruits and Vegetables in the New York Area



Washington Street Market moved to Hunts Point in March.

Source: U.S. Dept. of Agriculture



The New York Times/Carl T. Goren

found. All are picked "mature green," with a dash of pink at best, and well endowed for shelf life. As needed, they may be ripened quickly with ethylene gas.

The switch from Washington Street to Hunts Point, and from sun-ripened ethylene, marks a revolution in American food production, transportation, marketing and consumption. These changes are so rapid that if they continue they would make Hunts Point itself obsolete.

When the old market closed in 1967, to give way in the World Trade Center and other improvements, only cent-

question, and whatever takes their place will be quite modern and shining. But when they are gone, two more of the very few connections between the city's past and its present will be gone too."

The writer was echoing the consensus of wise men that because the market was old (many of its buildings dated from the late 18th and 19th centuries) and crowded into narrow cobblestone streets, it had to be inefficient. It was officially stated that this obsolescence cost exactly 28 cents of each dollar of handling charges, and that the move to Hunts Point—"a grocer's dream"

mentalist mourned. One observer has written of the Washington and Fulton Street markets:

"The old markets are among the most expensive working antiques the city has. Every year it costs more and takes longer to bring in and get out fewer things for which there is increasingly less space in the fine, ruinous buildings and narrow streets. Even in their decline, though, they are irreplaceable in aspect, peacefully brawling, good to look at, to savor and listen to."

"Wherever they are going, the market will operate more efficiently, no

and "a housewife's dream of convenience"—would save consumers \$10-million a year and guarantee them fresher fruit and vegetables.

Today, seven years later, the city's Department of Ports and Terminals stands on these estimates. Commissioner Edgar C. Fabber says, "I think it's the best investment the city's made in the last 20 years." On the Platforms at Hunts Point, however, one hears different views.

The new market, behind a high aluminum security fence in the southeast Bronx, is shaped like a plichfork

# Many Bothered by Hunts Point Market

Continued From Page 35

a greens merchant echoed the radish man: "Cheaper? It costs twice as much. The labor's different from what you had years ago. Business-wise, I liked it better there. Here, you back a couple of trucks against the platform and the customers can't get in."

A buyer chimed in: "I used to come downtown and park two trucks. You'd give the fellows a tip, and they'd bring the stuff around."

The platforms at Hunts Point, on a level with the floors of trucks and boxcars to permit the general use of lift trucks, were originally hailed as a great advance over the cobblestone hand-truck deliveries in Washington Street. But they force buyers who shop different parts of the market to wait their turn at each platform, for tedious hours.

The Washington Street Market, a beehive of retail and wholesale trade, operated 24 hours a day, but most of the produce came in and left between 6 P.M. and midnight. The toll gates at Hunts Point are opened to big buyers at 3 A.M. and others at 4 A.M.; it does most of its selling in the morning and locks up at 7 P.M.

Vito Federico, a produce merchant on upper Broadway, used to spend two hours or so each evening in Washington Street. Now he spends close to five hours each day at Hunts Point, returning with his wares in mid-afternoon.

## Fewer Local Farms

"The fellows who live in Brooklyn or Jersey, they find it very hard," he said. As for costs, "Anytime they build something new, it's expensive. Naturally, the public pays."

When the new market opened in 1967, Long Island farmers were the first to complain that their produce was reaching consumers a day later. But suburban sprawl and the industrialization of agriculture are reducing that problem; there are fewer and fewer farmers in the metropolitan area, and most of the produce comes from California, Florida, Mexico and other distant points.

The slowdown disturbs nutritionists, who note that fruit and vegetables begin to lose vitamins and flavor rapidly when harvested, and if picked early to stand the long voyage to the consumer's table, they are short of those qualities to begin with.

This is all the more troublesome because of the shift to processed foods. According to Government figures, per capita consumption of fresh fruits and vegetables was 414 pounds a year in the mid-twenties, and was down to 239 pounds in 1971.

In the last decade, deliveries of produce have fallen by one-fifth in the United States and by nearly one-third in the New York area, according to the Department of Agriculture. A breakdown discloses an even more catastrophic slump in rail deliveries—down about 50 per cent, nationwide.

The switch to trucks raises a broad question of energy policy. As it stands, it also puts into question the layout of Hunts Point, evenly divided between rails and trucks. Users complain that there isn't enough room for trucks to turn.

## Fewer Dealers in Market

Dealers also complain about crime at Hunts Point—there was little at Washington Market, they insist—and about the amenities. Most of them avoid the drab canteens maintained by Child's, where a soda costs 45 cents. In violation of a rule, they send out for nourishment to cafes a mile away.

The leading dealers are not unhappy, however. While the over-all volume of the produce trade has declined, there are fewer to share it. In 1966, there were 267 "stores" as they were called, in the Washington Market. Today, Hunts Point lists 89 tenants for its 252 stalls.

These figures do not include brokers who work by phone from offices, nor the scores of retailers and other small businessmen of Washington Street. Nor does it

include the old butter-eggs-and-cheese market, on the site of what is now the World Trade Center.

That market simply died, its few survivors dispersing to Brooklyn and New Jersey. The trade went from distant industrial producing centers directly to supermarket warehouses—which is where much of the produce trade is going now.

"A. & P. buys fill-ins here," said the man selling radishes. "They run short 50 crates, they get them here. The chains, they deliver the stuff to their warehouses. Their stores are already stocked, so they get this stuff tomorrow."

## Dealers May Lease Terminal

The growth of the chains, buying directly from corporate producers, poses another threat to the future of old-fashioned markets. But the city has closed some and leased others to private operators. It is now actively negotiating to lease the Hunts Point terminal to the dealers.

"It is in the works," said Louis Sherman, manager of the New York Produce Dealers Trade Association. "Some details have to be ironed out, so we don't take over a lemon."

While details are secret, it is known that the dealers want the city to continue and strengthen police protection and sanitary services,

and to invest in some structural changes to assure the market against health violations.

Whether the terms will increase costs to users remains to be seen. A basic question is how much the terminal has cost the city. "I wish I knew," Mr. Sherman said.

Commissioner Fabber estimated that the city so far had spent \$167-million developing the over-all Hunts Point food complex, which includes the fruit auction, grocery warehouses, and a new meat market. He put the cost of the produce market as "probably in the area of \$40-million." Higher estimates are current in the market.

Mr. Fabber said the city had been losing about \$200,000 a year on the produce market, but was now near the break-even point. He added that the market had been a boon to a depressed area of the Bronx, and to farmers, housewives and small grocers.

"If it weren't for Hunts Point, there'd be no small grocer, there'd be no dealers," he declared.

The greens merchant said he had started as a boy in the old Wallabout Market near the Brooklyn Navy Yard, 52 years ago.

"We'd get up to 500 farmers a night," he said. "Everything was loose, on the truck. You sold by the bunch. . . . If it was still there, I'd be there."

# Exhibit 7



**CITY OF NEW YORK  
DEPARTMENT OF BUSINESS SERVICES**

110 William Street, New York, NY 10038

Telephone: (212) 513-6300

Fax: (212) 618-8991

**RUDY WASHINGTON**  
Commissioner

**DEBORAH R. WEEKS**  
First Deputy Commissioner

**DECISION OF THE COMMISSIONER  
CONCERNING RESPONSES TO THE  
REQUEST FOR LICENSING PROPOSALS  
TO PERFORM UNLOADING SERVICES  
AT THE FULTON FISH MARKET**

I. Background

On August 30, 1995, the Department of Business Services ("Department") issued a detailed Request for Licensing Proposals ("RFLP") for licenses to unload seafood in the Fulton Fish Market Distribution Area ("Market"). The RFLP sought responses from prospective licensees to unload seafood from arriving trucks, to deliver that seafood to wholesalers' stalls, and to maintain records sufficient to permit the billing of at least 60 wholesalers for such services. These unloading services have heretofore been furnished by six unloading companies that perform their work at various locations within the Market and work with shippers from designated geographic areas as their customers. Under the new system set forth in the RFLP, unloading companies will no longer be able to allocate or select the truckers that they will unload; rather, unloading will be done on a "first come, first served" basis.

The RFLP required that each proposer participate in a mandatory pre-proposal conference and site visit. On September 6, 1995, the Department conducted a pre-proposal conference at the Department's offices at 110 William Street. A site visit was held at the Market the following day.

Because the pre-proposal conference date in the RFLP contained a typographical error, the Department issued Addendum No. 1 to the RFLP which offered potential proposers a second opportunity to appear at a pre-proposal conference or site visit. The second pre-proposal conference was held on September 12, 1995; the second site visit was held on September 13, 1995. Addendum No. 1 further clarified that only the principals of prospective proposers were required to submit an Application for a Class A or Class B photo identification card as part of a proposal.

The RFLP stated that responsive proposals had to be delivered to the Department by no later than 3:00 p.m. on September 15, 1995. Representatives of nine entities had attended a mandatory pre-proposal conference and site visit and therefore were eligible to submit proposals. Submissions were received from seven of those proposers by the deadline.

Six of the submissions received by the Department were submitted by the six companies currently providing unloading services in the Market. Those companies (the "Existing Unloaders") are:

- a. Dead Fish Relocators, d/b/a "DFR";
- b. J. Fox Unloading, Inc. d/b/a "Albanese Unloading";
- c. Jet Unloading Corp.;
- d. PAS&G Rapid Unloading, Inc.;
- e. R. Fox Unloading Co.; and
- f. Seaport Unloaders, Inc.

In addition to the submissions of the Existing Unloaders, a seventh proposal was received from Laro Maintenance Corporation ("Laro"), an entity which has not previously furnished any services at the Market, but which has provided related maintenance services in and around the New York metropolitan area for a number of years.

A preliminary review of the seven proposals revealed a number of failures to comply with the RFLP requirements. For example, none of the proposals contained an audited financial statement; indeed, several of the proposals did not contain any financial statement at all. The submissions by each of the Existing Unloaders also failed to include the information required by the RFLP concerning insurance coverage.

Accordingly, on October 2, 1995, the Department granted each proposer that had submitted a proposal until the close of business on October 4, 1995 to submit the following additional information:

- a. Evidence of insurability pursuant to section 1-25(g) of the Rules promulgated by the Department pursuant to Local Law 50 (the "Rules"); and

- b. Evidence of financial stability and responsibility (the Department waived the requirement of audited financials set forth in the original RFLP).

The RFLP deadline for the submission of responsive proposals also was modified to the extent necessary to permit the submission of these materials. This deadline was later extended for the Existing Unloaders until October 5, 1995 at 3:00 p.m. because their counsel contended that the Yom Kippur holiday would otherwise make compliance impossible.

## II. Criteria for Review

Local Law 50 states that the Commissioner of this Department, after reviewing and evaluating each proposal, shall issue one or more unloading licenses "at his or her discretion." In keeping with this directive, the RFLP advised potential proposers that such licenses, if any, would be awarded to qualified proposers whose proposals the Commissioner determined to be "the most consistent with the best interests of the City, including the lawful, orderly and efficient operation of the Market Area." Proposers were further advised that the Commissioner would reach a decision after reviewing their methods of operation, experience, resources (both personnel and equipment), price, billing and record keeping capacity, and ability to ensure adequate sanitation.

Proposers were also required to submit proof of their ability to acquire the insurance required by Section 1-25(g) of the Rules, as well as balance sheets and income statements for each of the two prior fiscal years. The City reserved the right to request additional financial information from proposers who were in existence for less than two years.

## III. Analysis of the Proposals

### A. Overview

#### 1. Methods of Operation

Section 1-29(a) of the Rules and the RFLP provide that trucks delivering seafood to the Market will line up at a "Queuing Station" and be directed to the next available unloading area in sequence. There, the trucks will be unloaded by a licensee, the seafood will be delivered to individual wholesalers, and the wholesalers will then be billed for the quantity of seafood unloaded. This system differs markedly from the present unloading arrangement in the Market. Now, and for many years, the Existing Unloaders or their predecessors in interest have divided their business according to the geographic origin of the shipment and allocated their customers accordingly. Thus, trucks of particular shippers are unloaded each night by a particular unloading company regardless of the availability of other unloaders. The queuing system set forth in the Rules and the RFLP was instituted to eliminate the cartel arrangement presently in effect in the Market under which trucks are allocated by the unloaders among

themselves according to point of origin. Because the RFLP contemplates a dramatic change in procedure, proposers were asked to describe in detail how they expected to conduct operations.

J. Fox Unloaders did not submit a proposal, but, rather, simply a license application and an application by its principal for a photo identification card. J. Fox therefore has failed to describe its method of operation. J. Fox also failed to submit the requisite \$1,000 license fee.

DFR indicates that it operates principally with the use of forklifts and that it has ample equipment as well as access to backup equipment as needed. It also claims to have 1/3 excess personnel to ensure full coverage in the event of employee absences. It gives no other detail concerning how it will operate other than to say "[o]ur current operating level ... provides optimal benefit to our clients...."

Jet Unloading provides a good recitation of its unloading, delivery and billing procedures for various different types of seafood. Jet indicates that it will unload seafood with a forklift, but evidently has only one forklift for its four employees and two principals. That vehicle has no license plate and is registered to another unloading company. Jet says nothing about its proposed equipment storage or response to equipment failures or employee absences.

PAS&G recites that it will unload trucks, count the number of packages and pallets to be delivered, and then effect those deliveries. PAS&G does not say what equipment or personnel will be assigned to these operations, does not say where its equipment will be stored, and does not specifically address its emergency procedures, if any. It further indicates that "these methods of operation meets (sic) the needs of truckers by virtue of its current relationship with the trucking companies it presently services." (Emphasis added).

R. Fox Unloading has submitted a method of operation which is essentially identical to that of PAS&G and therefore suffers from the same deficiencies. Fox states that its methodology "... meets the needs of its clients by ensuring a timely and efficient unloading and delivery service to both the trucks its services and the Wholesalers in the ... Market." (Emphasis added).

Seaport Unloaders describes a methodology similar to that of R. Fox and PAS&G, except it indicates that it will strip and repalletize pre-palletized pallets to ensure proper delivery. Seaport states that "[this] method of operation meets the needs of the trucker by virtue of its current relationship with the trucking companies it presently services." (Emphasis added).

None of the aforementioned proposers has suggested that there would be any change in their existing procedures in response to the new queuing system required by the RFLP and the Rules. It therefore appears that these proposers do not plan to unload any more trucks per night than they have in the past.

The Laro proposal states that Laro will have a staff of six unloaders in each of five unloading areas operating a total of fifteen forklifts. The Laro proposal, in other words, commits to a minimum of fifteen drivers at any one time. Laro also proposes a total staff of 38 persons. Laro calculates that these resources will enable it to unload 82 trucks between 10:00 p.m. and 3:30 a.m. and an additional 52 trucks between 3:30 and 7:00 a.m. Moreover, Laro proposes to maintain an office and equipment storage facilities at the Market. Laro also describes its emergency back-up procedures for equipment and personnel.

## 2. Experience

Each of the Existing Unloaders is operated by principals who state that they have extensive experience in the Market. The Existing Unloaders move large quantities of fish from trucks to wholesalers' stalls on a nightly basis. Their proposals note that they have successfully operated in the past under a number of adverse conditions, including snow storms, flooded streets, and a fire at a neighboring Con Edison plant.

DFR's proposal states that its principal, Frank Santagata, was involved with predecessor corporations in the Market from the World War II era through the early 1980's and resumed activity in early 1995. DFR says that its present staffing, consisting of three drivers and an additional three-person office staff, is sufficient to service its existing clients.

J. Fox Unloading says nothing in its submission about the experience of its principals and employees other than what is set forth in its license application.

Jet Unloading states that it is a family-owned corporation whose principals have been working in the Market since their teens. Jet has four employees, each of whom evidently drive forklifts in the course of Jet's operation.

PAS&G states that it has been in the unloading business since 1988. The company has "up to six unloaders" as well as various support personnel.

R. Fox Unloading states that it has been operating in the Market since 1969. It has a staff which consists of two unloaders, one checker and a bookkeeper.

Seaport Unloaders states that its principal Jerry Giammarino has been unloading trucks since 1972 and operating his own business since 1986. Seaport is the largest of the Existing Unloaders; it has 16 employees, each of whom is described in Seaport's license application as a "worker."

While Laro is not currently conducting a seafood unloading operation in the Market, it nevertheless appears to be a substantial business. The Laro proposal states that Laro has more than 500 employees, operates a 25,000 square foot warehouse in Bay Shore, New York from which it ships supplies and perishable materials to its numerous field sites in several states. In addition, Laro indicates that it is currently performing on government contracts with

a dollar value exceeding \$21 million, and has experience delivering equipment, supplies and material using, among other means, forklifts, hand trucks and power jacks.

Notwithstanding the Existing Unloaders' experience in the Market, there are serious questions as to whether they (or their predecessors in interest) have conducted unloading activities in violation of law. In 1992, Frank Wohl, Esq., an Administrator appointed by the Federal District Court to oversee specified Market activities (including unloading) under a 1988 Consent Judgment, found that the unloading companies then doing business in the Market had engaged in an illegal allocation scheme pursuant to which they agreed amongst themselves which company would unload which trucks. As a result, trucking companies typically had neither the ability to select their unloading company freely, nor the option to change companies. As the Administrator observed, this resulted in trucks often waiting for more than an hour while their assigned crew unloaded other trucks, even though other unloading crews were idle and available to do unloading. The Administrator concluded that this allocation scheme violated "Federal and New York State antitrust laws and New York State racketeering laws" and, on that basis, imposed sanctions on the principals of five of the six unloading companies then in the Market. (See below). In total, these five unloaders were fined \$200,000. The Administrator's findings and conclusions regarding the misconduct of the unloaders were affirmed by the District Court in 1994 and by a unanimous panel of the United States Court of Appeals for the Second Circuit earlier this year. United States v. Local 359, 55 F.3d 64 (2d Cir. 1995). To date none of the persons fined has paid.

In his decision imposing sanctions, the Administrator cited several instances which demonstrate the harm resulting from the improper truck allocation scheme. For example, according to the Administrator, in 1990, when a truck from T. J. Quick Trucking that was allocated to a company then owned by Dominick Lategano arrived late in the Market, Lategano stated that the fish could "sit on the truck and rot." After the Administrator's staff convinced another unloader, Gerard Albanese, of J. Fox Unloading, to unload the truck, Lategano ordered him to stop unloading "my truck" and Albanese complied. Less than one week later, Lategano's unloading crew ignored an arriving Quick truck; shortly thereafter, Quick received a phone call threatening his life if he cooperated with the Administrator. Quick then withdrew his complaint regarding the unloading of his trucks, stating that he was fully satisfied with Lategano's services.

The Administrator's decision also cited an instance in which an undercover trucking company operated by the New York City Department of Investigation brought fish into the Market from Long Island. A principal of Jet Unloading, John Joseph Gillio, approached the undercover agent stating that Jet handled all fish from Long Island and that Jet would bill for unloading that fish even if it was unloaded by another firm. Gillio also advised the undercover that there were "people" who allocated work among the unloaders.

In another instance in which a trucker sought to change from Jet Unloading to R. Fox Unloading, Gerard Albanese, a principal of J. Fox Unloading, explained that this would require the approval of the "right guy" and a second person, each of whom would receive a

percentage of the unloading fees. As the Administrator found, this description was consistent with the evidence presented by the Federal government in a 1982 prosecution showing that the Genovese and Bonnano crime families authorized the operations of each unloading crew and received payments in return. (Transcript of 2/5/82 hearing in United States v. Romano, SS 81 Cr. 514 (LPG)(S.D.N.Y.), cited in Administrator's 6/12/92 Statement of Reasons Supporting Imposition of Sanctions.)

While the proposals from the Existing Unloaders reflect certain changes in ownership since the date of the Administrator's findings (which are detailed below), the method of operation in the Market remains substantially similar today. Thus, the Market Manager has reported to me that every night the same unloaders service the same shippers, and trucks often wait for extended periods to be unloaded by their assigned unloading company even though other unloading crews are available.

### 3. Resources

Each of the proposers has set forth in its proposal or in its license application the equipment that it either has or proposes to acquire to conduct unloading operations. While this equipment appears adequate for the present operations of the Existing Unloaders, it would be insufficient to conduct unloading operations if less than the entire group of Existing Unloaders was awarded a license and Laro was not awarded a license.

The equipment proposed by Laro appears adequate for the method of operation it sets forth, which is, essentially, to unload all trucks arriving at the Market.

The Laro proposal sets forth considerable detail concerning the personnel that it anticipates hiring, including a description of the salaries it would pay and the benefits that it would provide. On the other hand, none of the Existing Unloaders provides any real detail concerning the "wage and benefits packages of [their] employees," as the RFLP requires. Rather, the other proposers simply express confidence in their ability to provide adequate substitutes for any personnel who may be denied a photo identification card.

### 4. Price

Each of the Existing Unloaders (other than J. Fox Unloading) has submitted a proposal containing a substantially similar price quote which is, the Market Manager advises me, the rate that the Existing Unloaders currently charge. Although there are some variations in price, each of the Existing Unloaders (other than J. Fox Unloading) proposes to charge wholesalers \$1.35 for the unloading and delivery of a 100 (or 125) pound box of seafood and \$.65 for a 60 or 65 pound box of seafood. Loose shipments would be billed at the rate of

\$.0135 per pound.<sup>1</sup> The RFLP sought price quotes for 65 and 100 pound boxes because the Department was advised that these are the most common sizes for incoming cargo.

The Existing Unloaders who have submitted a price quote also each attempt to reserve the right to increase their prices during the term of the license. Such a reservation of rights is impermissible under Sections 22-204(e) of Local Law 50 and 1-29 of the Rules. The substantially identical price quotes and reservation of rights by each of the Existing Unloaders reinforce the notion that collusion among the Existing Unloaders still exists. Further the reservation of rights indicates a likelihood that they would seek to raise prices during the license term.

Laro proposes to unload and deliver seafood in the Market for a lower price: \$1.10 for a 100 pound container, \$.60 for a 65 pound container, and \$.01 per pound for loose shipments. Significantly, Laro's proposal does not seek to reserve the right to increase the price of its services during the term of the license.

As the following table shows, Laro's proposed prices for the types of packages for which each proposer has submitted a price quote would lead to substantial savings for the wholesalers:

QUANTITY	PERCENTAGE SAVINGS
100 or 125 lb. box	19 percent
65 lb. box	8 percent
Loose goods	26 percent

The difference between the lower prices quoted by Laro and the higher prices quoted by the Existing Unloaders is especially important when one considers the volume of seafood shipped into the Market. While the City does not know the precise amount of seafood passing through the Market, public sources have estimated that the annual volume exceeds 125 million pounds. If so, the Laro proposal would represent a substantial dollar savings for wholesalers over the two-year initial term of the license.

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<sup>1</sup> DFR quotes \$1.35 for a 100 pound box, \$.65 for a 60 pound box, and odd-sized packages on a "pro-rata" rate. As noted earlier, J. Fox has not submitted any price for any size package. Jet Unloading quotes \$.65 for a 50 to 65 pound box, \$.30 for a carton smaller than 50 pounds, \$.65 for a "bag or bushel," \$1.35 for a 125 pound box of fish and the same amount for vats containing 100 pounds of fish. PAS&G quotes \$1.35 for a 80 to 100 pound box, \$.65 for a 41 to 79 pound carton, and \$.0135 per pound for loose fish or packages above or below the foregoing weights. Seaport quotes prices identical to those of PAS&G.

5. Billing and Record Keeping

Each of the Existing Unloaders proposes to bill the wholesalers (or, on occasion, truckers) separately. In its proposal, Laro states that it wishes to have the City serve as its billing intermediary. (The RFLP states that the City may, at its option, implement a billing system on behalf of unloading licensees.) In subsequent negotiations, however, Laro has confirmed its willingness to bill the wholesalers directly.

Laro states that it will keep its records on an IBM compatible computer at its on-site office, with the data available to the City in "DBF" or "ASCII Delimited" format. None of the Existing Unloaders professes to be able to produce data for the City in either of these formats. Indeed, the only proposer other than Laro who makes reference to the portion of the RFLP seeking verification that computerized reports will be available to the City in those formats is PAS&G which says "PAS&G does not know what DBF or ASCII Delimited is."

6. Sanitation

Seaport Unloaders, R. Fox Unloading and Jet Unloading state that they will police the premises they use for unloading. These companies do not indicate how they will store or dispose of any waste they create.

J. Fox has not submitted any information regarding sanitation.

DFR and PAS&G indicate that unloading generates no waste that need be removed by their companies.

Laro states that it will employ a Porter/Custodian with a roll around barrel, broom, dust pan and garbage bags who will dispose of all waste created by its operations. It will be placed in an on-site three cubic yard container and dumped as required by a subcontractor.

7. Insurance

The RFLP and Rules detail the insurance coverage that proposers must have in order to be awarded a license. Among other requirements, licensees must demonstrate the ability to secure \$1 million in commercial general liability coverage with a "Best's rating of no less than A:X," as well as workers' compensation insurance.

The J. Fox "proposal" is plainly unresponsive since J. Fox has not submitted any information showing it has or could obtain insurance coverage.

DFR has submitted evidence of commercial general liability ("CGL") and workers' compensation coverage. DFR's CGL carrier has a Best's rating of B+ which does not comply with the RFLP and Rules.

Laro has submitted a current certificate of insurance reflecting coverage in the amounts and of the types required by Section 1-25(g) of the Rules. Laro's carrier is rated at least A+ by Best's.

PAS&G and Seaport have submitted certificates of insurance reflecting commercial general liability ("CGL") and workers' compensation coverage. FAS&G's and Seaport's carriers have acceptable Best's ratings of A or better.

Jet Unloading has submitted a letter stating that it is in the process of reinstating its workers' compensation insurance which "has lapsed." Jet has furnished no evidence of any CGL coverage.

R. Fox has submitted evidence that it has applied for workers' compensation coverage, maintains CGL coverage with the required limits, and has automotive liability coverage below the amount required by the Rules. A cover letter from R. Fox's insurance agent says that upon notification of license issuance, R. Fox will increase its limits to comply with "Agency Requirements." R. Fox's CGL carrier, however, is unrated and its automotive liability carrier has a Best's rating of B+.

B. Further Comments Regarding Specific Proposers

1. Dead Fish Relocators

Dead Fish Relocators ("DFR") has been in business for less than one year, having been incorporated on May 10, 1995. Its sole principal is Frank Santagata whose home address is listed as a post office box in upstate New York. Although DFR indicates that it has provided decades of efficient service within the Market "through its predecessors," its license application states that DFR's present owner did not purchase the company as an existing business.

DFR's principal office is located at 2250 First Avenue, New York, New York, the home of Dominick Lategano, who ran an unloading company in the Market for many years. On November 26, 1990, when he was questioned about that predecessor business by the federal Administrator, Dominick Lategano invoked his Fifth Amendment privilege in response to every question put to him concerning his unloading business, except those seeking his name and address. The Administrator subsequently fined Lategano \$60,000, in part because of his involvement in the T.J. Quick incident described above. The Lategano fine remains unpaid.

The DFR proposal strongly suggests that the Lategano family remains intimately involved in the operations of DFR notwithstanding Santagata's alleged arrival on the scene. In addition to the location of DFR's office, the proposal reveals that the sole authorized signatory on DFR's financial accounts is Mary Lategano, Dominick Lategano's wife.

Finally, although the Department set aside a number of days when the principals of loading and unloading companies could be fingerprinted as part of the license application

process, Santagata, the sole principal of DFR identified on its license application, failed to furnish the fingerprints required as part of the background investigation process in the Rules, and no one else appeared to be fingerprinted in connection with its application. DFR also did not provide any financial statements, stating that it has been in business less than one year.

2. J. Fox Unloading, Inc.

As noted earlier, J. Fox Unloading did not submit a proposal and has not quoted a price for its unloading services. J. Fox also has failed to provide any financial information or evidence of insurance.

The J. Fox license application reveals that the company has only two employees. The schedule of principals attached to the license application verges on the incomprehensible, but nevertheless seems to indicate that Gerard Albanese maintains an ownership interest in the company. In his 1992 decision, Administrator Wohl fined Albanese \$20,000 for his misconduct, which fine remains unpaid.

3. Jet Unloading Corp.

Jet Unloading is owned by two principals, John Rocco Gillio and Thomas Gillio. Although neither of the Gillios was a party to the 1988 Consent Judgment, both testified before the federal Administrator. During his testimony, John Gillio took the Fifth Amendment in response to numerous questions, declining, among other things, to identify the customers of Jet Unloading and how they were acquired. (John Joseph Gillio, another operator of Jet Unloading, who is apparently no longer with the firm, submitted an affidavit asserting his Fifth Amendment privilege with respect to all matters relating to the unloading of trucks at the Fulton Fish Market.)

In 1982, Thomas Gillio was convicted of income tax evasion and sentenced to 120 days in jail and a two-year period of probation.

Jet Unloading's financial submission consists of a one-page balance sheet, dated December 31, 1994, which does not appear to have been prepared by an accountant. The balance sheet is not accompanied by any income statements, nor did Jet Unloading submit its tax returns. Jet has, however, also submitted a letter from its accountant which states that the information sought is in "long-time storage" due to the dissolution of a predecessor accounting firm. Although the accountant indicates that the necessary information will be supplied as soon as possible, it has not been furnished to date. It further appears from the license application that

Jet Unloading and/or Thomas Gillio, owe an amount of back taxes which they fail to set forth in the Jet Unloading license application, but which is allegedly being repaid monthly pursuant to an agreement.

Finally, Jet Unloading has not designated an agent for service of process in response to Question 7 in its application for an unloading license.

4. R. Fox Unloading

R. Fox Unloading is an unincorporated business wholly owned by Robert Fox, one of the defendants sanctioned by the Administrator. Fox was fined \$30,000, which remains unpaid to this day. Either he or his company also owe nearly \$30,000 to various tax authorities. Fox has a 1976 conviction for criminal possession of a weapon and a 1982 conviction for criminal possession of stolen property.

The only financial information submitted by R. Fox Unloading is Robert Fox's income statement for calendar years 1992 and 1993 which does not appear to have been prepared by an accountant. The company has not explained why it failed to submit any financial information for calendar year 1994.

5. PAS&G Rapid Unloading

In its license application, PAS&G lists Anthony G. Prisinzano as its sole principal; Gennaro Prisinzano is listed as an employee and the only signatory on PAS&G's checking account other than Anthony Prisinzano.

In 1989, when Gennaro Prisinzano testified before the Administrator concerning PAS&G's operations, he invoked his Fifth Amendment privilege repeatedly. Gennaro was fined \$25,000 by the Administrator. This fine remains unpaid.

PAS&G maintains that Anthony Prisinzano acquired sole ownership of the company on January 1, 1995. Later the same month Gennaro Prisinzano signed PAS&G's 1994 federal tax return as "President."

6. Seaport Unloaders

Seaport Unloaders, owned by Jerry Giammarino, is the largest of the Existing Unloaders.

On November 26, 1990, Giammarino asserted his Fifth Amendment privilege when asked certain questions by the federal Administrator about Seaport's unloading business. Thereafter, Giammarino was fined \$65,000 by the Administrator, which sum remains unpaid.

Seaport has submitted its tax returns for the fiscal year ending June 30, 1994 and an application for an extension of time to file its return for the next fiscal year. The return for the year ending June 30, 1994 reflects a substantial business operation.

7. Laro

Laro's proposal is the only one to provide a detailed operational plan showing how it would conduct unloading services on a "first come, first served" basis. Laro also proposes to hire an extensive complement of workers to do the unloading. In its proposal, Laro notes that it is willing to offer jobs to persons previously employed by the Existing Unloaders in the event that it is offered a license and some of the Existing Unloaders are not.

The Department's review of Laro and its principal, Robert Bertuglia, has not developed any adverse information. To the contrary, interviews of representatives of various government agencies that have existing contractual relationships with Laro indicate that it has performed its contracts very satisfactorily.

Laro has submitted very detailed financial statements which have been reviewed by its certified public accountant. The financial statements reflect a financially secure, growing firm which had sales in excess of \$15 million in 1994 and which has net income and retained earnings that are clearly sufficient to fund its proposed unloading operation in the Market.

IV. Decision of the Commissioner

Having reviewed the applications of each of the seven entities seeking an unloading license, I have determined that the best interests of the City, including the lawful, orderly and efficient operation of the Market, would best be served by awarding a single license to Laro to conduct unloading operations at the Market. In arriving at this determination, I have given weight to the following factors:

A. Responsiveness of the Proposals

The RFLP for unloading licenses sets forth in considerable detail the items that proposers were required to address (or submit) as part of a responsive proposal. As noted earlier, the Department modified the RFLP twice to permit proposers to meet these requirements. Nevertheless, many of the proposals, even after these modifications, are not responsive to the RFLP.

J. Fox Unloading failed to respond to any inquiry in the RFLP other than the questions posed in the Applications for an Unloading License and for a Class A Photo Identification Card. As noted earlier, among other clear deficiencies in its submission, J. Fox has not provided any information concerning: (i) the prices it would charge for unloading; (ii) the insurance coverage, if any, that it maintains; or (iii) its finances. Indeed, J. Fox never submitted either a proposal or the \$1,000 license fee mandated by the Rules and the RFLP.

Accordingly, J. Fox's submission is unresponsive.

DFR has failed to submit any balance sheets or income statements. Although it has submitted an October 4, 1995 letter from its accountant stating that "at least a week[']s notice is necessary to prepare special requests," DFR was on notice as early as August 30, 1995 that financial information was required, but never submitted responsive data. In these circumstances, its failure to provide any financial information other than a bank reference is an insufficient response to the RFLP. DFR also has failed to provide evidence that it has insurance coverage issued by an appropriately rated carrier. Thus, the DFR proposal is unresponsive.

Jet Unloading similarly has failed to meet the insurance and financial capacity requirements of the RFLP. With respect to insurance, Jet Unloading states that its workers' compensation insurance "has lapsed" but is in the process of being reinstated. Even if that coverage had remained continually in force, Jet has made no showing that it maintains any CGL insurance for its operations. Moreover, Jet has not furnished any income statements from which I might be able to determine, among other things, whether it has expended reasonable sums for insurance in past years. The Jet proposal is therefore unresponsive.

Finally, the proposal submitted by R. Fox Unloading also is unresponsive. R. Fox has submitted a one-page income statement for calendar years 1992 and 1993. That statement, however, does not appear to have been prepared or reviewed by a certified public accountant licensed in this State as required by the RFLP. R. Fox has also failed to submit a balance sheet. The financial information provided by R. Fox also is not current since it has, without explanation, failed to provide any financial information for calendar year 1994. Finally, R. Fox has submitted evidence of CGL coverage by an insurer which is not rated by Best's.

The licenses sought by J. Fox, DFR, Jet and R. Fox consequently are denied on the basis of the failure of these proposers to comply with the technical submission requirements set forth in the Rules and the RFLP. The proposals submitted by PAS&G, Seaport Unloaders and Laro are responsive to the technical submission requirements.

#### B. Price

Over the past several months, Department representatives have repeatedly been asked by wholesalers and others whether the cost of unloading would rise significantly because of the alleged regulatory burden imposed by Local Law 50. In fact, no proposer's price quotations exceed the existing prices generally prevailing for unloading in the Market. In an industry where the wholesaler's operating margins are said to be thin, the price that the various prospective licensees propose to charge is an extremely important consideration.

In that regard, Laro has submitted a proposal which for the most common package sizes would result in unloading fees to the wholesalers 8 to 25 percent lower than the prices of the other proposers, depending upon packaging. Moreover, Laro was the only proposer to quote a firm price for the entire license term for the unloading of seafood.

PAS&G and Seaport Unloaders, on the other hand, each have quoted substantially higher prices. They also seek to reserve the right to raise their prices if they believe that is necessary without acknowledging that this would require the Commissioner's prior approval. This reservation of rights suggests an intention to seek raises from the Department after a license is issued. I note that the other proposers who failed to meet the technical submission requirements also submitted proposals suffering from these shortcomings.

I find that the reduced prices set forth in the Laro proposal would result in substantial savings for the wholesaler community. Given the enormous volume of seafood unloaded in the Market each year, these factors alone strongly suggest an award of an exclusive license to Laro.

C. Interests of the City

Laro is the only proposer who states that it will staff an office in the Market. It is also the only proposer that has offered to provide reports to the City on demand in a computer language that the City can readily decipher. This would facilitate accountability, communication and reporting to the City, which is clearly in the best interests of the City.

D. Orderly Operation of the Market

With the passage of Local Law 50, the Fulton Fish Market is entering a new era. For example, wholesalers are in the process of registering their companies with the Department. Those wholesalers that use the public streets and sidewalks are being issued stand permits which carefully define the spaces that the wholesalers may use and which impose greater limitations than in the past.

The new unloading system that the City will be instituting will result in trucks being unloaded in the order that they arrive. This system can best be implemented if the unloading areas each have staffs of equal size, use the same equipment, and are distributed in locations that maximize efficiency and which can be moved or otherwise changed in response to changing conditions. An award of a single license will further these objectives. Laro has submitted the most well reasoned and complete proposal describing an integrated and efficient set of procedures. Laro's proposal also offers well staffed loading areas in which its personnel will be using brand new equipment.

I find that an award of a license solely to Laro will further the orderly operation of the Market.

E. Financial Capability

The financial submissions by PAS&G, Seaport Unloading and Laro show that each of these companies has the financial capability to conduct unloading operations of the size and scope detailed in their proposals.

F. Billing and Record Keeping

PAS&G Seaport Unloading and Laro each have an acceptable proposal regarding the billing of wholesalers.

Laro's record keeping system clearly offers significant advantages to the City over those proposed by PAS&G and Seaport Unloading. Only Laro has proposed to present its billing data in DBF or ASCII format, which will facilitate the City's efforts to track important data concerning the Market. I therefore find that the Laro proposal is the best regarding billing and record keeping.

V. Selection of Licensee

For the reasons noted above, and after due deliberation, I have determined that a single license for unloading shall be awarded to Laro. This license shall commence on Sunday, October 15, 1995 at 12:00 a.m. and remain in effect for a period of two years unless it is earlier suspended or revoked by the City.

In its proposal, Laro acknowledges that the employees of the Existing Unloaders unload large quantities of seafood with considerable skill. Laro further states that it is willing to interview and employ qualified existing unloading personnel, so that, to the extent practicable, qualified workers presently employed by an unloading company who are found to be eligible for a Class A photo identification card will be able to seek their employment with Laro.

VI. Additional Remarks

Although my decision to award an exclusive license to Laro has been based solely upon the factors set forth in Section IV above, there would have been a wholly independent basis to reject the applications of the other proposers even if Laro had never responded to the RFLP. This independent basis is the background and prior business dealings of those other proposers and many of their principals and employees. I stress that in arriving at the selection of Laro I did not have to reach the question of the good character, honesty and integrity of any proposer other than Laro. Where appropriate, however, I have noted items which could properly be considered in evaluating the prior experience of the Existing Unloaders in the Market.

The legislative findings embodied in Local Law 50 acknowledge that organized crime has had a corrupting influence over several functions in the Market, including the unloading of seafood; that this influence has fostered and sustained a cartel that has forced seafood suppliers and trucks to use particular unloading crews at fixed prices as part of an anticompetitive scheme that has been censured by a federal judge; and that this has resulted in higher prices for wholesale seafood.

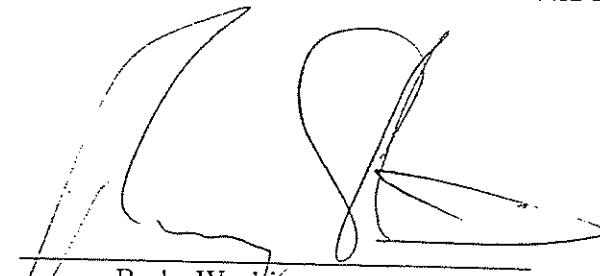
In keeping with these findings, the federal Administrator concluded that the procedures employed by the Existing Unloaders, or their predecessors in interest, involved an improper allocation of business and restraint of trade in violation of both state and federal law. The principals of five of the six unloading companies then doing business in the Market were fined heavily, and the imposition of these fines was affirmed by both the District Court and the Court of Appeals. Three principals and a key employee of the companies submitting proposals (Gerard Albanese, Jerry Giammarino, Gennaro Prisinzano and Robert Fox) have failed to pay those fines even though the statute requires that their background and character be reviewed in considerable depth as part of the licensing process.

Several persons closely associated with the Existing Unloaders or their predecessors in interest (i.e., Dominick Lategano, John Rocco Gillio, Gennaro Prisinzano and Jerry Giammarino) also invoked their Fifth Amendment privilege in response to questions by the Administrator concerning their companies. Counsel advises me that the Commissioner may reasonably draw an adverse inference from any such assertion of privilege by a present principal of a proposer.

In short, there is evidence that with the possible exception of DFR -- a company that was incorporated earlier this year -- each of the Existing Unloaders has engaged in serious misconduct as part of the very business activities for which it now seeks to be licensed by the City. Furthermore, it stretches credulity to suggest that DFR should not be included in this group when one considers the fact that it is headquartered at the residence of Dominick Lategano, yet another person who relied on his Fifth Amendment privilege when he was questioned by the Administrator and then was sanctioned for participating in an unlawful allocation scheme.

Consequently, even if one or more of the proposers other than Laro had submitted a proposal that otherwise would have warranted an award of a license, there would have been substantial reason to reject that proposer's proposal on the basis of the "fitness" criteria in Local Law 50.

Dated: New York, New York  
October 13, 1995



Rudy Washington  
Commissioner

## Exhibit 8

JUNE 13, 1974

PAGE 35

## Iowa Beef Executive Said to Have Known Of 'Payoffs' Here

A key prosecution witness in the conspiracy trial of Currier J. Holman and his company, Iowa Beef Processors, Inc., testified yesterday in State Supreme Court in Manhattan that Mr. Holman had known that "payoffs" were necessary to do business in New York City.

Howard Weiner, former vice president and treasurer of Iowa Beef, the nation's largest beef company, told Justice Burton B. Roberts, who is hearing the case without a jury, that executives of the meat company had known "it was a common practice that people paid off other people to do business in New York City."

Mr. Holman and his company are charged with conspiracy to bribe union officials and supermarket officers to sell the company's boxed-beef product here. Until April, 1970, Iowa Beef was unable to sell the product in the New York City area because labor unions had refused to handle the pretrimmed meat.

Richard Wynn, who represents the company, said in his opening statement that "there was not one penny in payoffs in the entire case." Mr. Wynn asserted that the agreement between Iowa Beef and a Manhattan meat brokerage was strictly a business enterprise in which a broker received commissions.

Jeffrey M. Atlas, Mr. Holman's lawyer, said he would show that no conspiracy existed between April, 1970, and December, 1972, the time outlined in the indictment.

What happened to allow the beef to be marketed in the city is at issue in the trial, which is expected to last at least one month. Mr. Weiner resumes direct testimony today.

## Exhibit 9

GOVERNMENT EXHIBIT  
3500 - 914

FD-302 (Rev. 3-10-82)

CR-90-0446 (S-1) (EHN)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/27/92

ALPHONSO D'ARCO, age 59, was interviewed on the below listed date and provided the following information regarding the LUCHESE family's control of Local 202 of the Hunts Point Market:

In 1988, D'ARCO began taking control of the Brooklyn Terminal Market and the Hunts Point Market on behalf of the LUCHESE family.

Investigation on 1/10/92 at Undisclosed File # \_\_\_\_\_

 Date dictated 1/15/92

# Exhibit 10

# MOB SCENE

## It's a moveable feast for organized crime

By TOM ROBBINS  
Daily News Staff Writer

1) Daily News 7/25/94 (916)

In the world's largest fruit and vegetable market, the mob is a top banana. Amid the nightly bedlam of cargo-laden trucks roaring through Hunts Point Terminal Produce Market in the Bronx, wise guys strut through the merchants' stalls.

They shop for loanshark victims, not asparagus. And they offer sweetheart deals on labor costs, not wholesale produce.

The mob is a powerful partner in the \$1.5 billion-a-year enterprise that supplies much of the metropolitan region's fresh produce, according to law enforcement officials, mob defectors and market workers.

And it's been that way in the fruit and vegetable business since Mayor Fiorello LaGuardia warned the underworld to stay out of the markets almost 60 years ago.

"It's fertile territory for the wise guys," said Edward Wright, chief investigator for the state's organized crime task force. "The average guy, the farmer, the trucker is at their mercy."

In revelations to prosecutors and the FBI, mob defector Alfonso D'Arco, former acting boss of the Luchese crime family, described lucrative mob rackets at the market — from

### HUNTS POINT THE MEANEST MARKET

SECOND OF A SERIES

merchant shakedowns to loansharking and gambling — as well as an organized crime apparatus reaching into the market's highest levels.

Top mobsters met with union and market officials and D'Arco and his cohorts weren't shy about letting them know who was boss.

According to FBI memorandums, D'Arco said of the market: "It's ours."

Indeed, city and state organized crime investigators say Hunts Point has all the ingredients for a mob feast.

More than half its transactions are in cash, making it ripe for money laundering. And fresh produce is a speed-is-of-the-essence business in which delayed shipments can turn merchant profits sour.

Law enforcement experts believe it adds up to higher prices at the cash register. Although it's impossible to calculate the mob's full impact on costs, wholesalers at other markets, like the one in Philadelphia, already undersell the competition at Hunts Point, officials say.

The mob can make — or break.

In court testimony, D'Arco referred to a market businessman and said he ordered his henchmen to "be the guy operate. But he has to pay off. If the guy balked, they would block him up, they would picket."

D'Arco also testified that the Luchese family, led by reputed capo Joseph Giampa, enforced mob rule at the market.

D'Arco told the feds that Giampa's top lieutenant was Marco (Big Marco) Minuto, a real estate owner whose family-owned ice business provides him regular access into the market.

D'Arco said that a key ally was Stephen Karsch, founder of the market's merchant cooperative until his imprisonment this year for fraud. He allegedly collected under-the-table payments from merchants and siphoned money out of market contracts.

In some cases, the mob even has an ownership stake.

Reputed Gambino soldier Carmine Sciandra is a company officer at Sciandra International Inc., located on Row A — the market's prime real estate. Sciandra also holds an interest in the firm's sister retail operation, Top Tomato, which runs markets in Yonkers, the Bronx, Queens and Staten Island.

Sciandra was a regular at John Gotti's Ravenite Club in Little Italy and law enforcement officials describe him as a "major money-earner" for the Mafia.

A former top official of the market's largest union, Team-



now in prison for fraud.

# AT BRONX MARKET



sters Local 202, has admitted hitting Sciandra employees from the union's benefit funds to save the company thousands of dollars.

The official, James Bagley Jr., pleaded guilty to embezzlement and conspiracy in 1982 and has cooperated with prosecutors. Bagley said he hid Sciandra's workers "to protect my life" from the mob.

Others have close mob links. Sciandra's Row A neighbor is A&J Produce, one of the market's largest wholesalers. At funeral services in May for Gambino capo Mario Truina — a gambling kingpin — police intelligence units spotted a fleet of A&J luxury cars, including a black Mercedes stretch limo.

A&J owner AJ Weiler said that Truina's son, Mario Jr., is a company foreman and that the father was "a long-time friend."

Like Weiler, the market's merchants and union officials deny mob ties. Tough guys are as natural to their rough-and-tumble world as Florida oranges, long-time merchants say, insisting the mob is not a factor.

"Not that anyone in this business wears a halo," said Ira Cohen, a wholesaler who started out hawking vegetables in the old Washington Market

in lower Manhattan. "But in 40 years no one's ever approached me."

However, gangland influence in the markets has a long tradition.

In the 1930s, Ciro (The Artichoke King) Terranova found the fruit and vegetable business ripe for the picking. Terranova and his gang lorded over city vendors, collecting tribute and controlling wholesalers. Police estimated that half of the \$1-million New Yorkers spent on artichokes — an Italian cuisine favorite — went to mob thugs.

Mayor LaGuardia declared war on the gangs. In a dramatic pre-dawn, torch-lit visit to the markets, he issued an "artichoke proclamation" banning mob companies and ordering Terranova to stay out of the city.

The mob wasn't fazed. By the 1950s, a crew of mob associates were the produce-industry strongmen, ruling both sides of the management-labor divide.

In 1955, then Local 202 president Charles Ullrich was leaving his West Broadway office when thugs beat him with lead pipes.

Ullrich's son, Warren, who succeeded his father, says his dad never knew — or never ad-

mitted knowing — who beat him. But 35 years later, Warren Ullrich was stunned to learn that gangsters planned the same fate, or worse, for him.

"I was picking up my son from football practice when the FBI came to my door," Ullrich told the Daily News. The agents informed Ullrich that Giampa had sought permission from his Luchese bosses to kill him.

The reason, according to D'Arco, was Ullrich's interference in a Luchese scheme to "reclaim" control over the Teamsters local, which represents 1,200 porters and warehousemen at the market.

Ullrich's near-fatal error, according to federal prosecutors, was firing Bagley from the union after he was caught boosting his salary illegally. "Bagley was our guy," said D'Arco, who ordered Giampa and Minuto to get him back.

The murder contract was nixed by D'Arco "because it would bring too much heat." In December 1990, Ullrich was defeated for reelection by insurgents Joseph Byers and Daniel Kane Jr., who pledged a revitalized union.

The mob had a different agenda.

D'Arco ordered Minuto, and

Giampa to tell the new officers "what the score was ... In other words, just remember the union don't belong to them and they should do the right thing or they'd be out."

Minuto met the two for coffee at the Delfini Restaurant on Tiffany St. near the market. According to Bagley, Minuto told the men "that they were with us now, if they had any problems they were to see Marco."

Bagley was soon rehired. Giampa's cousin was also hired briefly as a union organizer, officials said.

Byers and Kane, who receive high marks from members for bringing more democracy to the local, deny doing mob bidding. Bagley's rehiring was urged by Karsch, said Byers.

Teamsters investigator Charles Carberry, who has driven dozens of Teamsters out of the union for even a whiff of mob taint, has declined to press charges against Byers and Kane.

Karsch pleaded guilty last year to participating in a \$5 million bogus grocery-coupon scam at Sloan's Supermarkets, where he was a vice president. He is serving a 27-month federal sentence. No mob involvement was alleged.

Karsch issued a statement through his lawyer, Michael Armstrong, denying any mob ties.

But Karsch was a valuable ally, according to D'Arco and Bagley.

In one move, Karsch turned over union representation of the market co-op's 50 maintenance workers to a separate Teamster local controlled by reputed Luchese capo Anthony Calagna, law enforcement officials said. The union, Teamsters Local 808, is headed by Calagna's son, Donald. He did not return phone calls.

Karsch was so important that he was invited to meet with then-acting Luchese boss D'Arco. Over dinner at Arturo's restaurant in Floral Park, Queens, in 1990, Karsch, Anthony Calagna and D'Arco discussed mob business at the market, D'Arco told the feds.

Calagna left no doubt who the executive was dealing with, D'Arco said. "He made Karsch understand exactly who they were, that is LCN [La Cosa Nostra] and that D'Arco was Calagna's boss," according to an FBI interview with D'Arco.

— with Zachary Margulis

**TOMORROW:**  
Ethnic Success Story



DOC # 66

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
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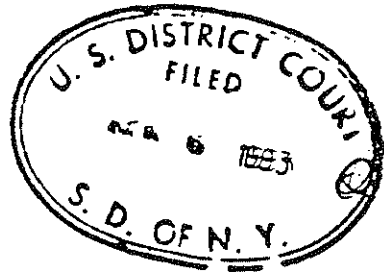
UNITED STATES OF AMERICA,

S92 Cr. 437  
2/11/92

v.

JOSEPH GIAMPA, et al.,

Defendants.  
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Before:

HON. PETER K. LEISURE,

District Judge

New York, October 19, 20, 21, 22, 1992

Stenographers' Minutes

1 the marshals of that.

2 The Government calls Alfonso D'Arco to the stand.

3 (The jury entered the courtroom)

4 ALFONSO D'ARCO,

5 called as a witness, having been duly sworn,

6 testified as follows:

7 DIRECT EXAMINATION

8 BY MS. DALY.

9 Q. State your full name.

10 A. Alfonso D'Arco.

11 Q. Mr. D'Arco, did there come a time when you became  
12 a member of an organized crime group?

13 A. Yes.

14 Q. When was that and what group did you become a  
15 member of?

16 A. August 23 1982, the Luchese family group.

17 Q. Where was that?

18 A. In the Bronx.

19 Q. And that was a ceremony in the Bronx?

20 A. Yes, it was.

21 Q. Do you see anyone else in the courtroom today who  
22 also became a member of the Luchese family at that ceremony  
23 in the Bronx in 1982?

24 A. Yes, I do.

25 Q. Who is that?

1 A. Mr. Giampa.

2 Q. Would you point him out for the record?

3 A. The fellow right there looking at me in the gray  
4 hair.

5 MS. DALY: I will ask that the record reflect  
6 that the witness has selected Mr. Giampa

7 THE COURT: Is he the gentleman in the center of  
8 the table?

9 THE WITNESS: Directly behind the books.

10 THE COURT: The record will reflect that the  
11 witness has identified the defendant Joseph Giampa.

12 Q. Mr. D'Arco, did there come a time that you were  
13 promote to higher position in the Luchese family?

14 A. Yes.

15 Q. When was that and and what position were you  
16 promoted to?

17 A. 1988, around May, I was promoted to captain.

18 Q. Directing your attention to the summer of 1990,  
19 was the defendant Joseph Giampa also promoted within the  
20 family at that time?

21 A. Yes, he was.

22 Q. What position was he promoted to?

23 A. He was promoted to captain.

24 Q. Did he take control of a particular crew as a  
25 result of his promotion?

- 1 A. Yes, he did.
- 2 Q. Whose crew had that been?
- 3 A. It was formally another capo's crew named Michael
- 4 Salerno.
- 5 Q. What happened to Michael Salern?
- 6 Q. Mike Sal was murdered.
- 7 Q. Who heard of him?
- 8 A. Actually murdered him.
- 9 Q. Yes?
- 10 A. Mr. Giampa and his brother Jay.
- 11 Q. After these events did there come a time when you
- 12 were again promoted to a higher position within the Luchese
- 13 family?
- 14 A. Yes, there did.
- 15 Q. And what position was that?
- 16 A. It was the acting boss that came in 1991,
- 17 January.
- 18 Q. Directing your attention to March of 1991, after
- 19 you had taken the position of acting boss, did you preside
- 20 over a crew of the Luchese family members?
- 21 A. Yes, I did.
- 22 Q. And was there an induction ceremony.
- 23 MR. LA ROSSA: Can I object to the leading
- 24 questions? We are getting to some place where the witness
- 25 should be asked questions.

1 THE COURT: I will overrule the objection for the  
2 preliminaries, but as far as background is concerned, but  
3 you are quite correct, Mr. LaRossa to object when we get  
4 into testimony involving your client and the specifics of  
5 this case.

6 MR. SANTANGELO: Judge, I think this one might  
7 elicit some specifics.

8 MS. DALY: I will ask a non-leading question,  
9 your Honor.

10 THE COURT: You use your judgment, please,  
11 Assistant United States Attorney Daly, and do not lead the  
12 witness when you are asking questions where you know ahead  
13 of time that the witness is going to be testifying as to  
14 either defendant.

15 We will proceed with that consideration in mind.

16 BY MS. DALY:

17 Q. Did there come a time in March of 1991 when you  
18 became involved with a ceremony?

19 A. Yes, there did.

20 Q. What was the nature of that ceremony and where  
21 did it take place?

22 A. Where did it take place?

23 A. In Canarsie in a house in Brooklyn.

24 Q. Do you see anyone in the courtroom I am bay made  
25 maim. Luchese at that ceremony?

1 A. Yes, I do.

2 Q. Who do you see and where would you point him out?

3 A. Jay Giampapa who is at the end of the table  
4 there.

5 Q. Are you referring to a person who has also been  
6 identified as Santo Giampa.

7 A. Jay and Junior occasionally.

8 THE COURT: Jay and junior, thank you.

9 The record will indicate that the witness has  
10 identified the defendant Santo Giampapa.

11 Q. Who sponsored Jay Giampapa's membership in the  
12 Luchese family?

13 A. His brother Joe.

14 Q. I'd like now to turn some personal background  
15 questions with respect to you, Mr. D'Arco.

16 How old are you?

17 A. 60 years old.

18 Q. Are you married?

19 A. Yes, I am.

20 Q. How long have you been married?

21 A. 37 years.

22 Q. Do you have any children?

23 A. I have five children.

24 Q. Do you have any sons?

25 A. I have two sons.

1 And I would write the phone number down, No. 2 would be  
2 Glencove Road. No. 3 would be Northern Boulevard. And I  
3 gave them these numbers. They were all public phone booths.  
4 And he took that to Casso and Amuso.

5 Q. Who took it to Casso and Amuso?

6 A. Georgie Zappola. After that, if they wanted, I  
7 would get the message through Georgie, and later on through  
8 Georgie, I would be at a certain phone booth at a certain  
9 time, No. 3 or Glencove Road, be at that location.

10 And I would be there at that time, and the phone  
11 would ring and it would be -- once or twice it was Vic Amuso  
12 and Anthony Casso. Casso always got on first. And most of  
13 the time after that was over, it was always Casso.

14 Q. After this meeting that you had with Anthony  
15 Casso where he gave you the order to have Michael Salerno  
16 killed, what did you do?

17 A. Well, I let the weekend pass, and I believe it  
18 was a Monday or a Tuesday I reached Joe Giampa. I beeped  
19 him. And he answered the beep.

20 And I told Joey that I'd like him to come  
21 downtown, which he did. He came downtown, which means lower  
22 Manhattan, to meet on Kenmare Street by Little Charlie's  
23 Restaurant in that vicinity, Kenmare and Elizabeth, and he  
24 came down to that location.

25 Q. Who drove him? Did he come by car?

1 A. He came by car.

2 Q. Who drove him to that location?

3 A. His brother Jay.

4 Q. Was that the first time that you had met Jay  
5 Giampapa?

6 A. The first time I had ever saw Jay.

7 Q. What if anything did you say to the defendant Joe  
8 Giampapa about his brother Jay?

9 A. Well, Jay was parked. He was, as I recall, on  
10 Kenmare Street near Little Charlie's or just directly around  
11 the corner, you know, in a blue Lincoln four-door Town Car.

12 So I told -- I walked over to Joey. I told him,  
13 "Who is in the car?"

14 He told me it's his brother.

15 I said, "Tell him to drive straight up Elizabeth  
16 Street to the corner of Prince, to the left he, will see a  
17 bakery, LaRosa Bakery.

18 And I said, "Park in front of LaRosa's Bakery,"  
19 which was Michael LaRosa's bakery, a member, a deceased  
20 member of our family, Luchese.

21 So, okay, when I walked around the other way with  
22 Joey on the Bowery, and we walked up toward parallel to that  
23 up the Bowery toward Prince Street.

24 And as we walked up, I told him, I said, "Joey,"  
25 I said, "I've got bad news for you."

1                   So he didn't say anything. He was like, you  
2 know, quite like "What?"

3                   I said, "You're going to be shocked at what you  
4 hear."

5                   So he is looking and I says, "Mike's no good."  
6 He was -- I said, "Mike's no good." So he is shocked, and  
7 said, "You've got to whack Mike. You've got to kill Mike.  
8 The guy's, your bosses want you to do it."

9                   And he was a little shocked. And we got to the  
10 corner of Prince and the Bowery and we were directly on the  
11 corner, and I said, "Look, Joey," I said a few words like, I  
12 remember, "if you need any help," I said -- we went, like --  
13 I said, "Joey, I don't want to know who you're going to  
14 pick. I don't want to know who you're going to pick," but I  
15 said, "You handle it."

16                   He says, "I am going to pick my on blood." He  
17 said, "my brother Jay." He said, "I don't trust anybody."  
18 He said, "I am going to use my brother Jay, my own blood."

19                   I said, "That is your" -- I said I didn't want to  
20 know who he was going to use. That is the way I learnt was  
21 proper.

22                   And so he says -- he says -- oh, he says, I got  
23 his car in the shop now. He says, "Now I've got his car in  
24 the shop" -- what I understand -- Joey's body shop. He  
25 says, "It's in there."

1 I said, "All right. Be careful," what not, bop,  
2 bop and we left. All he had to do was walk a block near the  
3 bakery would have been there. I walked back in the  
4 direction we came down on the Bowery. He walked to Prince  
5 toward Elizabeth and Prince where the LaRosa's Bakery was.  
6 And I left him walking in that direction. I walked back and  
7 that was it. He left.

8 Q. When you said that he had his car in the shop,  
9 whose car did you understand him to be referring to?

10 A. He was talking about Mike's car. "He got his car  
11 in the shop," he was talking about Mike Salerno.

12 Q. You previously testified that you had seen  
13 Michael Salerno's car in the past?

14 A. Yes.

15 Q. And you previously testified that you have in  
16 fact seen it in the vicinity of Joe & Joe's Auto Body Shop?

17 A. Yes, I have.

18 Q. When Mr. Giampa said that he had Salerno's car,  
19 what did you understand him to mean by that?

20 A. That he had the car in the shop, in his shop. I  
21 don't know. He didn't -- it was to be repaired or what. He  
22 had the car in the shop, I assume.

23 MR. LA ROSSA: Objection.

24 THE COURT: All right. I sustain the objection.

25 THE COURT: Don't assume.

1 THE WITNESS: No assume. In other words, I  
2 understood it to be Mike's car, and it was in Joey's shop.

3 Q. Did you have any further understanding with  
4 respect to his statement that he had Salerno's car in his  
5 shop?

6 A. Did I have any further understanding?

7 Q. Did you have any further understanding about what  
8 he meant when he said that Salerno's car was in his shop?

9 A. I understood that he had Mike's car in the shop  
10 and that he is indicating that he is going to call Mike to  
11 the car. That is what I understood.

12 MR. LA ROSSA: Objection. I move to strike.

13 THE COURT: I sustain the objection. The jury  
14 will disregard the last part of the answer.

15 Q. What if anything else did you say to the  
16 defendant Giampa with respect to his position in the family  
17 at this meeting?

18 A. At that time I told him, "Joey, you'll probably  
19 be the captain there, take Mike Salerno's place."

20 Q. When did you say that?

21 A. At the same conversation.

22 MR. LA ROSSA: Your Honor, he didn't respond to  
23 that.

24 Q. You indicated that he would become a captain in  
25 the Luchese family?

1 A. Yes, that he would take Mike Salerno's spot.

2 Q. Did there come a time after you gave this order  
3 to the defendant Giampa to kill Salerno that he reported  
4 back to you?

5 A. Yes.

6 Q. Approximately when was that in relation to --

7 A. I would say 10 days to two weeks.

8 Q. From?

9 A. From the date -- the day that I had the  
10 conversation on the Bowery.

11 Q. When you passed on to him the order to murder  
12 Salerno?

13 A. Yes.

14 Q. Where was this next meeting?

15 A. The next meeting was again downtown. Again, he  
16 came down the same way; Jay drove him down with the blue  
17 Lincoln again, and this --

18 MR. LA ROSSA: Can we have a date there before we  
19 go to much further, your Honor?

20 THE COURT: Yes.

21 THE WITNESS: Sometime about June, the end of  
22 June, somewhere in there, of 1990.

23 Q. You indicated that the defendant Jay Giampapa  
24 drove his brother Joe Giampa?

25 A. Yes, he did.

1 Q. Did Giampapa remain in the car or did he get out  
2 of the car?

3 A. Jay remained -- at that time he remained in the  
4 car. At that time he was in the car. And I took a walk  
5 with Joey. We went on Broome Street, and there was a van  
6 parked on Broome Street and we, like, tried to keep out of  
7 view from the traffic.

8 And we stood behind this van talking, and he  
9 explained to me -- I didn't ask him, you know, what he told  
10 me, that it was done. I didn't ask him any details.

11 MR. LA ROSSA: Your Honor, can we just have the  
12 conversation without the negatives, please. I object to  
13 this narrative at this point since it is key, your Honor. I  
14 have no objection to what he said to Mr. Giampa and what Mr.  
15 Giampa said to him.

16 MS. DALY: I'll ask a more specific question,  
17 your Honor.

18 Q. Mr. D'Arco, will you tell the jury what Mr.  
19 Giampa said to you and what you said to him?

20 A. He told me that he shot Mike through the heart  
21 and that him and Jay placed Mike in the trunk, and Mike was  
22 making noises and he stabbed him in the throat.

23 Q. Did he indicate why he stabbed him in the throat?

24 A. Mike was making noises and he stabbed him in the  
25 throat.

1 Q. Did you have any further discussions with Mr.  
2 Giampa at that time?

3 A. Yes. We discussed a few other things, but I  
4 discussed about Jay. He told me that I said, "Well, Jay did  
5 good," then whatnot, like that kind of discussion about his  
6 brother that he did good.

7 And then we walked away toward where Jay was  
8 parked, and he had the window down. And he was sitting  
9 behind the wheel like this, and I reached in. And I told  
10 him, "You did good." I patted him on the back and, like, he  
11 just nodded you know like I said all right, you know.

12 And I tell Joey Giampa that his brother's going  
13 to be straightened out when the time comes, "Put your  
14 brother's name in," and he is going to be straightened out,  
15 meaning made a member of the family. And that was the end  
16 of the conversation there, I believe.

17 Q. After this meeting with Giampa an Giampapa in  
18 lower Manhattan, did you have a telephone conversation with  
19 Anthony Casso?

20 A. Yes, I did. I got the message to be --

21 Q. And at this time Casso was still a fugitive?

22 A. Yes, he was a fugitive. I got the message to be  
23 at a particular phone booth which was on, I believe, I  
24 remember it was Glencove Road off Northern Boulevard.

25 And I went out to that location and sure enough

1 at the time the phone rang, and he picked it up. And we  
2 had -- or that might have been Northern Boulevard -- no.

3 I did the Glencove Road or the Northern Boulevard phone --  
4 it was the Northern Boulevard phone.

5           Anyway, he got on the phone at that time and he  
6 told me that Vic was pleased that it was done right away,  
7 but he started to ask me details again. He says, like, how  
8 it was done and what not and why did Joey Giampa, why did he  
9 stab -- Joey Giampa, meaning why did he stab  
10 him -- Casso, why did he meaning Joey Giampa stab him in the  
11 throat to show -- I said, I guess he stabbed him in the  
12 throat. "Was there any particular reason why he stabbed him  
13 in the throat? Did it mean something?"

14           I said, "Yes, I asked him. He told me -- not  
15 that I asked him -- he told me that he stabbed him in the  
16 throat because Mike was making noises. But if you want me  
17 to check it, I'll check it." I was, like, annoyed. And he  
18 said, "Oh," like that, and I did check it.

19           Q.     How did you check it?

20           A.     Well, I already knew. I don't remember if I told  
21 him "Yes, he stabbed him in the throat -- he is making  
22 noises." That is about it. That is it. That is the way I  
23 checked it. And I relayed back on another time that I spoke  
24 to him that that was the reason.

25           Q.     Thereafter did any --

1 MR. LA ROSSA: He said something.

2 ~~THE WITNESS: No. I stopped right there. That~~  
3 was the reason.

4 Q. Thereafter, did Anthony Casso give you certain  
5 instructions concerning the defendant Giampa?

6 A. Yes. I spoke to Casso. That is the time that I  
7 relayed back and I spoke to him and I says, I brought up the  
8 subject of being that he had said don't trust that guy and  
9 now this was done, I said, he is going to make him a  
10 captain.

11 He said, "Yes, we're going to make him a  
12 captain."

13 I said, "Can I tell him now?"

14 He said, "Yes."

15 I says, "So he is a captain."

16 He says, "Yes. Fine."

17 I then left, discussed a few other matters, "Take  
18 care of yourselves," bye, bop, bop.

19 He told the same thing -- I left and he beeped  
20 Joey and told him to meet me. It was night. It was dark  
21 out and he met me on 75th or 78th Street and Lexington  
22 Avenue, there's a coffee shop there.

23 Joey came down and I told him that they were  
24 pleased he did it right away, that he was a captain in the  
25 crew and that he was to take over Mike Salerno's crew.

1                   Joey told me that he owed mike, there was \$20,000  
2                   that he had owed Mike. He had brought up that he paid Mike  
3                   \$200 a week shylock money.

4                   And I said, "I'll clear it." I said, "Just  
5                   forget about that money because" -- I said, "I'll clear it."

6                   MR. SANTANGELO: Is there a date on this  
7                   conversation, please, your Honor?

8                   THE COURT: Could we establish a date if  
9                   possible?

10                  THE WITNESS: I believe -- I don't know the exact  
11                  date, your Honor, but it was in about the summer, July,  
12                  right in that time of '90.

13                  Q. You indicated that you had a meeting with Joe  
14                  Giampa and during that meeting you informed him that he had  
15                  become a captain in the Luchese family.

16                  MR. LA ROSSA: Your Honor, this is nothing more  
17                  than a summary of the last question. I don't know why this  
18                  question is being asked.

19                  Q. At this meeting that you have just testified  
20                  about, was anyone else present in addition to Joe Giampa?

21                  THE COURT: Is this the meeting at the coffee  
22                  shop at 75th Street and Lexington.

23                  MS. DALY: Yes, your Honor.

24                  THE WITNESS: Tracillo drove me up to this  
25                  meeting. He was a captain in the family. That is the only

1 one. I didn't see Jay Giampa there that night.

2 Q. Did there come a time while Amuso --

3 THE COURT: Was Mr. Tracillo present during any  
4 of the conversation that you had?

5 THE WITNESS: I told him he was a captain.

6 THE COURT: And he was present during the  
7 induction?

8 THE WITNESS: First, he was off to the side, I  
9 didn't want to -- and then I introduced him as a captain.

10 THE COURT: So you introduced the defendant  
11 Giampa as a captain to Tracillo?

12 THE WITNESS: Yes, I did.

13 Q. Did there come a time when you had a face-to-face  
14 meeting with Amuso and Casso while they were fugitives?

15 A. Yes, I did.

16 Q. How were arrangements made for their meeting?

17 A. Zappola came and meet me on Greenwich and Canal  
18 Street at night and told me that I could get ahold of  
19 Tracillo -- he lived in New Jersey -- Wayne, New Jersey, in  
20 that area. That I should make an arrangement for him to  
21 have nobody in his house and that it was made a certain  
22 date. It was, I think, on a weekend and that I should get  
23 ahold of Dom and explain it to him and to not to tell him  
24 there was going to be a meeting in his house, just that we  
25 needed to use his house at that time.

1                   And I didn't tell Dom that there was going to be  
2 a meeting. And at the same time, that same time, I beeped  
3 Dom. It was at night so he was around on Prince Street, and  
4 I told him to come to that same day -- I don't know if it  
5 was really dark or what -- I had him come down.

6                   And Dom was panicking, why we were going to use  
7 his house, he seemed to be. Joey, George Zappola started  
8 making a joke out of it, that he was panicking. He was  
9 scared. Whatever thoughts were going -- it was obvious that  
10 he was scared. And we made the appointment.

11                  Q.        Thereafter was the meeting held?

12                  A.        And the meeting was held.

13                  Q.        Who was present?

14                  A.        It was myself, Dom Tracillo, Vic Amuso, Anthony  
15 Casso, Georgie Conti, and Georgie Zappola.

16                  Q.        What if anything did Amuso say to you at that  
17 time about the Salerno murder?

18                  A.        He said, "I am glad." He said "a bona job, good  
19 job," he says. "How's Joey doing?"

20                             I told him all right.

21                             He says, "How's that guy?"

22                             I said, "Joey, he is doing all right. Everything  
23 is working okay." And some other things we discussed at  
24 that time.

25                  Q.        And this Joey that he inquired about was the

1 defendant?

2 A. Yes. He was talking to me about Joey Giampa.

3 Q. Thereafter did there come a time when you  
4 introduced the defendant Joey Giampa to his new crew  
5 members?

6 A. Yes. At the time I introduced him to Dom  
7 Tracillo. I said, "Don't go around saying, just because he  
8 is there," I said, "Dom, don't go around saying that he is a  
9 captain because it's not proper." I said, "You've got to  
10 introduce him to his own guys first. It's, like, you're not  
11 in his crew so it's not right."

12 So we made arrangements for his crew to come to  
13 Brooklyn and Flatlands Avenue in a discotheque that was  
14 owned by an associate of ours named Sonny McConnick.

15 Q. Who was present for that meeting?

16 A. At that meeting was Frank Lesterino, Anthony  
17 Baratta, Georgie Zappola. My son Joseph and Georgie Conti  
18 were upstairs they were in, like, security. Downstairs came  
19 Joey Giampa, Eddie Coco, a guy named Meggs, an old guy named  
20 Meggs, Joe Capra -- yes, Cap -- Mickey Capra, Mickey Cap --  
21 and yes, there might have been -- there was a couple of more  
22 guys I can't think of it right now.

23 Q. And were a number of the individuals that you  
24 have just identified individuals who became members of Joe  
25 Giampa's crew?

1 A. Yes, they were. I introduced Joey. They all sat  
2 down. There was cake and stuff, coffee, and it was in the  
3 basement. And I introduced Joey to his crew. I said, "This  
4 is your new captain," and I gave them that speech that they  
5 should stick close to him, report to him and give him all  
6 the help he can get.

7 MR. SANTANGELO: Can we have a date for this  
8 conversation, your Honor, please?

9 Q. Approximately when was this, Mr. D'Arco, that you  
10 had this meeting in Canarsie?

11 A. It was, I believe, the end of the summer, maybe  
12 September, in that time, the fall.

13 Q. Of what year?

14 A. Of '90.

15 Q. Your Honor, I think this would be an appropriate  
16 place to stop if it is convenient for you.

17 THE COURT: Ladies and gentlemen of the jury, we  
18 will adjourn until tomorrow at 9:30. Please don't talk  
19 about this case with anyone.

20 Thank you

21 (Jury leaves courtroom)

22 (Adjourned to Wednesday, October 21, 1992,  
23 9:30 a.m.)

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WITNESS INDEX

<u>Name</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
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EXHIBIT INDEX

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1 Q. As a result of this meeting with Big Louie, do  
2 you know whether any money was returned to this man?

3 A. I have no idea. I brought it up to Big Louie  
4 twice.

5 Q. Again, this was at the request of the defendant  
6 Joseph Giampa?

7 A. Yes.

8 Q. Mr. D'Arco, are you familiar with a business  
9 known as Mediterranean Food Distributors?

10 A. Yes, I am.

11 Q. What is that business?

12 A. It is a business that was owned by an individual  
13 that was with, an associate of the Vario organization, the  
14 Luchese family, but the Vario branch. At that time the  
15 branch that I took over, that I was made captain of.

16 We had -- he's old and that market --

17 MR. LaROSSA: Can we put a name on this man, your  
18 Honor?

19 THE WITNESS: Yes, Anthony Fragatta, Tony  
20 Potatoes he was known as.

21 And we made arrangements to give him money for  
22 that location in the Brooklyn Terminal market, which is  
23 known as Canarsie market, fruit vegetables and wholesale.

24 And we -- myself, me, my son and another member  
25 of the Luchese family took the market, put Tony Potatoes to

1 work, kept him on the job, and gave him, started to pay him  
2 off, gave him about 60,000 as the last figure I remember,  
3 kept him working and paid him off, that spot became the  
4 Mediterranean Food Company.

5 Q. Did you own on occasion meet individuals in the  
6 Luchese family at this business?

7 A. Yes, I met many, many individuals -- many members  
8 and other individuals at that location.

9 Q. Did you ever meet the defendant Giampa at that  
10 location?

11 A. Yes, I did.

12 MS. DALY: Your Honor, may I approach the  
13 witness?

14 THE COURT: Yes.

15 Q. Showing you what's been marked Government Exhibit  
16 22, do you recognize this card?

17 A. Yes.

18 Q. What is it?

19 A. This is -- I don't recognize this particular  
20 card, but this is a card that, that one of the business  
21 cards for that business.

22 Q. The Mediterranean Foods business?

23 A. Mediterranean Food Distributors.

24 MS. DALY: Your Honor, the government offers  
25 Government Exhibit 52.

1 THE COURT: And you have testified about that to  
2 some degree?

3 THE WITNESS: Yes.

4 Q. You were engaged in loan-sharking among other  
5 things?

6 A. Yes, I was.

7 Q. And did you make a certain amount of money as a  
8 result of your participation in certain loan-sharking  
9 activities?

10 A. Yes, I did.

11 Q. Can you generally explain the nature of that  
12 loan-sharking business and who your partners were in that  
13 business?

14 A. The nature was to lend money out at high interest  
15 rates. And my partners in the business were Danny Cutaia  
16 who was a member of my crew and Petey Vario, Rugsy, who was  
17 also a member of my crew. Both of them were members of my  
18 crew, and they -- I was partners with both of them, the  
19 shylock book, and they both come under them, those two.

20 Q. And during the same time period --

21 A. And a Greek fellow was assisting them, pushing  
22 out money to the Greek people.

23 MR. LA ROSSA: Can we have a name?

24 Q. Who was the Greek?

25 A. Georgie Kalcato, Georgie the Greek.

1 Q. During this time period, 1988 and the time you  
2 ~~cooperated in 1991, approximately how much money was out in~~  
3 the street as a result of this loan-sharking business?

4 A. I would say up to \$700,000, \$800,000.

5 Q. And that figure represents loans that have been  
6 extended?

7 A. To various individuals, yes.

8 Q. How did you keep control of this money?

9 A. Danny Cutaia would report to me every week. I  
10 would see him or whenever I wanted to see him. And the same  
11 went for Peter Vario and Georgie the Greek also, but I had  
12 him moving with Danny but he used to report to me because  
13 all the Greeks reported to me.

14 Q. And were interest payments on this money  
15 collected on a regular basis?

16 A. Yes, they were.

17 Q. Were those payments brought to you?

18 A. Part of the payments were brought to me and part  
19 were reinvested in the business.

20 Q. Of the money that was brought to you, did you  
21 invest that money in certain other businesses?

22 A. Yes, I did. I took earnings from there that I  
23 did invest in other businesses.

24 Q. What were the other businesses you invested in?

25 A. Well, I had a construction debris, hauling

1 trucks. We had a truck called Rhino Trucking. Rhino  
2 Construction Debris Hauling. There were two tremendous  
3 trailer trucks.

4 And I had another business called -- we're  
5 partners -- another business called A & M Carting Company  
6 roll-off -- they were like roll-off containers for garbage  
7 and debris, and a restaurant, La Donna Rosa on 19 Cleveland  
8 Place, a sit-in restaurant, and the Mediterranean food  
9 distributors in the Canarsie market. That is about it.

10 Q. In addition, did you invest in a hamburger stand?

11 A. That stand was by itself before this book and  
12 everything. That has been there for years. That was there  
13 for years.

14 Q. It has no investment, nothing to do with this  
15 money in that it operated on its own?

16 A. Yes. That was started many years ago.

17 Q. These investments, the money that you did invest  
18 in La Donna Rosa Restaurant, A & M and Rhino, that was money  
19 that you had earned, your personal money that you invested  
20 rather than Luchese family money?

21 A. Yes, my own, mine and partners. There were  
22 partners there also.

23 Q. As a result of your loan-sharking business,  
24 approximately how much money came to you on a weekly basis  
25 during this same time period?

1 MR. LA ROSSA: Same time period? Do you mean '88  
2 through the time he surrenders?

3 Q. The time period I will question you about is the  
4 18 months prior to the time you began cooperating with the  
5 government. During that time period, approximately how much  
6 money was coming to you as a result of the loan-sharking  
7 business on a weekly basis?

8 A. Toward the latter part of that time, it gradually  
9 built. The latter part of that time was about 10,000 a  
10 week.

11 Q. When you say the latter part of that time, what  
12 time period are you talking about?

13 A. Well, the last year.

14 Q. The year prior to the time you cooperated?

15 A. That was like 10,000 a week.

16 Q. And this \$10,000, what did you do with that  
17 money?

18 A. Part of it went back into the business, and part  
19 I invested to support these other businesses, and I used for  
20 personal expenses also.

21 Q. Personal expenses for you and your family?

22 A. Right.

23 Q. You mentioned that one of the businesses you were  
24 involved in was A & M?

25 A. Yes.

1 it, that is the side that the jury may review.

2 Q. Mr. D'Arco, I would like now to turn to a  
3 different subject.

4 Before I do that, one final question with respect  
5 to these documents.

6 Why did you create these documents, Mr. D'Arco?

7 A. Well, because I created the documents to have  
8 records if I was questioned about the money and Mr. Casso  
9 shouldn't have questioned me, I was sending the money on,  
10 and I was surprised that he questioned me and, but I had --  
11 I was forced to keep these records because of Mr. Casso's  
12 questioning, otherwise there wouldn't be any records here.

13 Q. Is it accurate that some of the records you  
14 created were destroyed?

15 A. Many records were destroyed that had nothing --  
16 things that I would consolidate on here and other things  
17 that had nothing to do with this. I never kept records. I  
18 would just rip them up and destroyed them and got rid of  
19 them.

20 Q. I would like to now turn your attention to a  
21 different subject.

22 You've previously testified that one of the ways  
23 the Luchese family made money was from various labor  
24 racketeering activities.

25 Would you generally explain for the jury what

1 labor racketeering is?

2 A. Labor racketeering is shaking down through the  
3 use of force or extortion, fear, or using unions that are  
4 controlled by the Luchese family.

5 In other words, our union, referring to this  
6 family, other families got the same thing, but using these  
7 unions and the threat of strikes and closing down the jobs  
8 and causing the guy problems, letting them use nonunion  
9 people and not pay pension and welfare and stuff like that.  
10 In other words, the employer is robbing the people, too, and  
11 that is what it is. We received payments from the employer.  
12 That is what cause -- that is what labor extortion is.

13 Q. You've previously testified that a man by the  
14 name of Anthony Calagna was a member of the Luchese family?

15 A. Yes, he was.

16 Q. When was he --

17 A. He is.

18 Q. Was when was he inducted into the family?

19 A. In 1988.

20 Q. Was that a ceremony during which your Joseph  
21 Giampa was also inducted?

22 A. Joseph D'Arco.

23 Q. I may have misspoken. Joseph D'Arco

24 MR. LaROSSA: You did.

25 A. You said Joseph Giampa.

1 Q. Excuse me, Joseph D'Arco.

2 A. Yes.

3 Q. Who sponsored Mr. Calagna?

4 A. Sally Avellino.

5 Q. Did Mr. Calagna participate in certain criminal,  
6 particular criminal activities on behalf of the Luchese  
7 family?

8 A. Yes.

9 Q. What kinds of activities?

10 A. Extortion, using labor -- he took care of a lot  
11 of labor unions and labor union affairs things that were  
12 going on, plus using those to shake down the, to extort the  
13 various businesses.

14 Q. Directing your attention to the fall of 1990.

15 A. And run the airport racket -- the, the companies  
16 that worked in air freight. We started them, too.

17 Q. Directing your attention to the fall of 1990, did  
18 you have a meeting with Anthony Calagna about a particular  
19 local in Hunts Point market?

20 A. Yes, I did.

21 Q. What did he say to you about the Luchese family's  
22 interest in that local?

23 A. That it belonged to the Luchese family.

24 Q. What local --

25 A. Local 202.

1 Q. And who were the members of Local 202, what  
2 ~~businesses are they engaged in?~~

3 A. Well, I don't know the members, but the local,  
4 the, it's the wholesale fruit and vegetable and, they, the  
5 whole market, wholesale fruit and vegetable trucking, and  
6 the Hunts Point market and the Brooklyn Terminal market and  
7 other places that are concerned with, receiving wholesale  
8 fruit and vegetables.

9 Q. Based on your discussion with Mr. Calagna, what  
10 did you plan to do at Hunts Point market?

11 A. To reclaim, which was like being neglected for  
12 the Luchese family, and there was another family trying to  
13 interfere was the Bonnano family, a member named Russell  
14 Mauro was trying to muscle his way into that union. And we  
15 reclaimed it for the Luchese family.

16 Q. Did you put a particular person in charge of the  
17 Luchese family's efforts to take control of that local?

18 A. Yes, I did.

19 Q. Who was that?

20 A. Joey Giampa.

21 Q. Did the defendant Giampa have particular contacts  
22 at the market at that time?

23 A. Yes, he did.

24 Q. Who did he have contacts with at the market?

25 A. Contacts in the market was -- Marco Menudo was in

1 the --

2 Q. Who was Marco --

3 A. An associate of the Luchese family.

4 Q. What, if any, businesses was Marco Menudo engaged  
5 in at the market?

6 A. Extortion numbers gambling, ice business. There  
7 are various stores buy ice from an ice company up there.  
8 They use it to keep their fruits and vegetables preserved.  
9 They have Marco Menudo has the ice company had the ice  
10 company up there.

11 Q. Did Mr. Menudo have a nickname?

12 A. Big Marco.

13 Q. Did you meet Mr. Marco Menudo on a number of  
14 occasions?

15 A. Yes, I did.

16 Q. And did you meet him in the presence of the  
17 defendant Giampa?

18 A. Yes.

19 MS. DALY: May I approach, your Honor?

20 THE COURT: Yes.

21 Q. Mr. D'Arco, I show you what's been marked  
22 Government Exhibit 75 for identification.

23 A. Yes.

24 Q. Do you recognize the person depicted in that  
25 photograph?

1 A. Yes, I do.

2 Q. Who is it?

3 A. Marco Menudo, big Marco.

4 MS. DALY: Your Honor, the government offers  
5 Government Exhibit 75.

6 THE COURT: Show it to counsel.

7 MR. LaROSSA: I have seen it your Honor,

8 MR. SANTANGELO: Just let me take a look at it  
9 for one second.

10 (Pause)

11 MR. SANTANGELO: No objection.

12 THE COURT: Any objection, Mr. LaRossa?

13 MR. LaROSSA: No, your Honor.

14 MS. DALY: May I pass it to the jury?

15 THE COURT: Defendant's Exhibit 75 has been  
16 received in the evidence, and then you may show it to the  
17 jury.

18 MS. DALY: Thank you.

19 (Government Exhibit 75 for identification was  
20 received in evidence)

21 Q. After this discussion which you described with  
22 Mr. Calagna you stated that you had a number of meetings  
23 with Marco Menudo and the defendant Giampa concerning Local  
24 202?

25 A. Yes.

1 Q. Where did these meetings take place?

2 MR. LaROSSA: I'm sorry. Can we have a time on  
3 this, please.

4 THE COURT: Yes. Do you know the approximate  
5 time, Mr. D'Arco?

6 THE WITNESS: Yes, I say -- with Marco in the end  
7 of, the latter half of '90 and possibly -- I think I met him  
8 in the beginning of '91.

9 Q. Where did these meetings take place?

10 A. In the Bronx off White Plains Road I think the  
11 block -- the block was Bryant Avenue, something like that,  
12 there was a club up there that Danny LaTella, a member of  
13 the Luchese family known as Danny Squires, that was under  
14 Joey Giampa he had a club there and a luncheonette and a  
15 gambling place. That is where I met Marco and Joey Giampa,  
16 Joey Giampa, Mr. Giampa.

17 Q. At that time Danny Squires LaTella was a member  
18 of the defendant Giampa's crew?

19 A. Yes, he was.

20 Q. He was a made member of the Luchese crew?

21 A. Yes, he was.

22 MS. DALY: At this time, your Honor,\* I would  
23 like to read into evidence a portion of the stipulation  
24 agreed to with counsel.

25 THE COURT: Any objection?

1 MR. LaROSSA: No, your Honor.

2 MR. SANTANGELO: No objection.

3 THE COURT: You may proceed.

4 MS. DALY: Thank you, your Honor. .

5 THE COURT: Defendant Giampa's Sharp electronic  
6 organizer contained the following names and numbers in the  
7 coded portion of its memory.

8 Dan home, (212) 231-3544, which is an unpublished  
9 telephone number subscribed to D. LaTella, 2343 Bruner  
10 Avenue, Bronx, New York.

11 5. Dan's store (212) 547-6753, which is a  
12 telephone number subscribed to Gun Hill Paper, Inc., 1001  
13 East Gun Hill Road, Bronx, New York."

14 MS. DALY: Your Honor, I note that it's 4:30.

15 This may be an appropriate place to stop unless  
16 you intend on sitting later today.

17 THE COURT: Well, how much longer would you go if  
18 you proceeded?

19 MS. DALY: I think this would be an appropriate  
20 place to stop.

21 THE COURT: Very good. We will abide by your  
22 suggestion.

23 Ladies and gentlemen, we're going to adjourn  
24 again. We'll start at 9:30 tomorrow.

25 Thank you for your efforts to be here on time.

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Please don't talk about the case with anyone.

~~See you at 9:30 tomorrow. We won't be sitting on Friday. I~~  
want to remind you again of that.

(Adjourned to Thursday, October 22, 1992 at 9:30  
a.m.)

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## WITNESS INDEX

<u>Name</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
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1 (Jury returns to courtroom)

2 ALFONSO D'ARCO, resumed

3 THE CLERK: Mr. D'Arco, you are reminded by the  
4 court that you are still under oath.

5 DIRECT EXAMINATION CONTINUED

6 BY MS. DALY:

7 Q. Mr. D'Arco, when we left off yesterday, you were  
8 testifying about certain meetings that took place between  
9 the defendant Giampa and an individual named Marco Minuto  
10 and yourself. Again, would you tell the jurors where these  
11 meetings took place?

12 A. In the Bronx, off White Plains Road.

13 Q. Where was this at? What particular club?

14 A. It's in front of a luncheonette, a club that  
15 belonged to Danny LaTella, Danny Squires, a member.

16 Q. Danny LaTella was a member of the defendant  
17 Giampa's crew?

18 A. Yes, he was.

19 Q. Generally, what was discussed at these meetings?

20 A. At that time this was the market, the Hunts Point  
21 Market and Local 202, and that Marco should be of help to  
22 Joey and to just stick close to him and be of help because  
23 we were reorganizing that union.

24 Q. And what if anything did Giampa say during the  
25 course of these meetings with respect to taking control of

1 Local 202?

2 A. Well, I placed him in and he was in charge. He  
3 didn't say much. I mean, mostly just back and forth talk  
4 between Marco, and tell him to stay close to Joey and give  
5 him all the help. I couldn't remember every little word of  
6 the conversation, but that was the gist of it.

7 Q. Did the defendant Mr. Giampa have any particular  
8 plan about what he wanted to do to take control of Local  
9 202?

10 A. Yes. He wanted to put his cousin, Gabe Indrieri,  
11 in as a business agent.

12 Q. And did that in fact happen?

13 A. Yes, it did.

14 Q. Who was Gabe Indrieri?

15 A. Well, I was told by Mr. Giampa that that was his  
16 cousin, and I met him. He is an associate also of Joey  
17 Giampa.

18 Q. And he thereafter became a business agent at  
19 Local 202?

20 A. Yes.

21 Q. What was Mr. Indrieri directed to do once he took  
22 over that position?

23 A. To go around to all the various vendors --

24 MR. LA ROSSA: I am sorry. Is this part of the  
25 same conversation? I just don't want to be concerned --

1 MS. DALY: Perhaps, I can focus it, your Honor.

2 Q. During the meetings that you had in the fall and  
3 winter of 1990, 1991 with Marco Minuto and the defendant  
4 Giampa, was there discussion about Gabe Indrieri?

5 A. Yes, there was.

6 Q. And was it during these discussions that the  
7 defendant stated he wanted to put his cousin in as a  
8 business agent?

9 A. Yes. A few of those discussions took place. At  
10 one time I told Joey Giampa that it was -- it wasn't such a  
11 good idea. I talked against it. But being that he had been  
12 put in charge of it, I wanted to give him the choice to make  
13 the decision. I said, "It's not a good idea because Gabe  
14 is -- he's like the head of the civil rights league, Italian  
15 civil rights league up in Yonkers."

16 And I said, "There is one thing, whatever he  
17 does, that is not a good plan, besides, if he is your cousin  
18 and anything happens with the local, they can hook them  
19 right to you. In other words, your name will come up with  
20 it if anything goes wrong."

21 But Joey thought it would be okay. He said,  
22 "I'll take care. I'll see that nothing happens." And that  
23 is how Gabe got put in.

24 MS. DALY: Your Honor, may I have a moment?

25 THE COURT: Yes.

1 MS. DALY: Your Honor, at this time the  
2 government would like to offer Government Exhibit 54 which  
3 was seized from the defendant Joseph Giampa.

4 THE COURT: Is there voir dire? Objections?

5 MR. LA ROSSA: No, your Honor.

6 THE COURT: Government Exhibit 54 is received in  
7 evidence.

8 (Government Exhibit 54 marked for identification  
9 was received in evidence)

10 THE COURT: Does the jury have their notebooks  
11 today? It is up to the prosecutor. I don't know; if you  
12 feel it's necessary for them to turn to it.

13 MS. DALY: If we could, your Honor, we have them  
14 and we'll do it as quickly as possible.

15 THE COURT: We are now with Government Exhibit  
16 54, ladies and gentlemen of the jury.

17 MS. DALY: And at this time, your Honor, I would  
18 like to read briefly from a stipulation that has been  
19 entered into between the government and defense counsel.

20 THE COURT: Any objection?

21 MR. LA ROSSA: No.

22 MR. SANTANGELO: No.

23 THE COURT: I might state for the record that I  
24 am advised that the exhibits have been corrected to the  
25 extent the court indicated that certain portions should be

1 masked out, which were writings by government agents. So  
2 the jury is also aware of that fact, you have corrected  
3 versions of that today, ladies and gentlemen.

4 Please proceed.

5 MS. DALY: Thank you, your Honor.

6 This stipulation was agreed to by all parties and  
7 it reads as follows: "Defendant Giampa Sharp electronic  
8 organizer containing the following names and numbers in the  
9 coded portion of its memory. Gabe Marie, 914 591 3720,  
10 which is an unpublished telephone subscribed to Gabriel J.  
11 Indrieri, Wood Bark Gardens, 140 N. Broadway, Irvington, New  
12 York."

13 In addition, "Marco Bip 212 458 1605," and  
14 "Marco's Store, 212 993 1575."

15 Q. Did you have discussions with the defendant  
16 Giampa about what Gabriel Indrieri was going to do once he  
17 became a business agent?

18 A. Yes.

19 Q. And what in fact did he do on behalf of the  
20 Luchese family?

21 A. Well, he was told -- it was agreed that he was  
22 going to go around to the merchants in the market with his  
23 business card and observe, first, how many men they had  
24 working for them and how many trucks, try to keep a count of  
25 the trucks they had and the general amount of the employees.

1           And then if they had a contract with Local 202, a  
2 previous contract, check back with that contract and see if,  
3 like, say on the contract there was a certain amount of  
4 employees and the guy had more employees working for him.

5           Then he would approach the guy, you know, and  
6 tell him, "How many union guys have you got here?" And that  
7 was the lead-up to extorting money from the guy for labor  
8 peace. And let the guy operate the same way, but he had to  
9 pay off. If the guy balked, they would block him up, they  
10 would picket.

11           Q.     During this same time period, the fall of 1990,  
12 what if any other organized crime families tried to take  
13 control of Local 202?

14           A.     The Bonnano family through a member named Russell  
15 Morrow.

16           Q.     Did you become aware that there was some  
17 particular individual or individuals who were members of the  
18 union who you believed were acting on behalf of the Bonnano  
19 family?

20           A.     Was I aware? Yes.

21           Q.     What were the names of those individuals?

22           A.     Eddie Gallant. I never met any of these  
23 individuals. So Eddie Gallant -- the only names I remember  
24 was Eddie Gallant and Bagley, a guy, Jimmy Bagley or James  
25 Bagley, and two other -- Warren Ullrich, who was like a

1 president of that local. And there was one or two other  
2 individuals. I don't know if I ever got their name or I  
3 can't remember it.

4 Q. And who told you about these various individuals?

5 A. Joe Giampa, Gabe Indrieri and Marco Minuto and  
6 Anthony Calagna.

7 Q. What if anything did you do to attempt to keep  
8 the Bonnano family out of the market?

9 A. I went to -- I made an appointment through my  
10 acting captain, Louie Daidone, with the acting boss of the  
11 Bonnano family, Anthony Sperry.

12 And I met him in Brooklyn, and I told him about  
13 Russell interfering in the union, that he should -- that it  
14 was our union and he should back away.

15 And when I left Anthony Sperry, he assured me  
16 that would be done. We had a problem a few times. It  
17 wasn't done right away. Russell kept going back and had to  
18 remake the appointment, and finally he backed away.

19 Q. You mentioned an individual by the name of James  
20 Bagley. Did you have conversations with the defendant  
21 Giampa and others about James Bagley?

22 A. Yes. Anthony Calagna and Gabe Indrieri and the  
23 same, Marco Minuto and Joey Giampa.

24 Q. What did these individuals tell you about James  
25 Bagley?

1 MR. LA ROSSA: I am sorry, your Honor. I object  
2 to, "What did these individuals tell you," unless they are  
3 all in the same room at the same time.

4 THE COURT: Yes.

5 MR. LA ROSSA: I think we should know who the  
6 speaker is.

7 THE COURT: The objection is well taken.

8 Q. Mr. D'Arco, do you remember specific discussion  
9 you had with individuals about James Bagley?

10 A. Yes. I had discussions sometimes together with  
11 Joey Giampa and Gabe Indrieri or Joey Giampa with Marco  
12 Minuto and Anthony Calagna and myself.

13 Q. What were you told about James Bagley?

14 A. I was told by Anthony Calagna that James Bagley  
15 was thrown out of the union by Warren Ullrich and the other  
16 membership. And the administration of that union voted  
17 Bagley out and threw him out and that James Bagley was our  
18 guy.

19 And I was going back and forth between Mr. Giampa  
20 and Marco Minuto, the same type of conversation as to how to  
21 correct this. I wanted James Bagley back into the union and  
22 I tell him that they got to put him back in.

23 Q. What was Bagley's position in the union before he  
24 was thrown out?

25 A. Some type of business agent or -- I know at one

1 time it was mentioned a pension plan or something, but I  
2 wasn't particularly caring what their position was in the  
3 union, I just cared that they were in there and the union  
4 was under our control. That is all I cared about.

5 Q. As a result of your instructions to have Bagley  
6 put back in the union, what happened?

7 A. He was put back in the union and Warren Ullrich  
8 was thrown out.

9 Q. And was Mr. Ullrich thrown out as a result of an  
10 election?

11 A. Yes. They had an election and they voted him  
12 out. It's like an office election. I don't know what they  
13 call it. They tell me it was done in the office.

14 Q. After the election and Mr. Ullrich was thrown  
15 out, did the defendant Giampa come to you with a problem  
16 concerning Ullrich?

17 A. Yes, he did.

18 Q. What did Giampa tell to you about Warren Ullrich?

19 MR. LA ROSSA: Can we have a time on this,  
20 please?

21 THE COURT: Yes.

22 Q. Approximately when did this occur?

23 A. In 19 -- the earlier part of, I would say of  
24 1991.

25 Q. What did the defendant Giampa say to you about

1 Warren Ullrich and his problems with Ullrich?

2 A. That he wanted to kill Warren Ullrich because  
3 Warren Ullrich was, after being thrown out of the union, he  
4 was still going around in the market and saying to the  
5 merchants that he was still in control. And it was told to  
6 me that Warren Ullrich was shaking down, he was extorting  
7 the merchants, and he wanted to keep getting his extortion  
8 payments too.

9 THE COURT: Was Ullrich connected in any way with  
10 the Bonnano family?

11 THE WITNESS: I don't know, your Honor.

12 Q. At the time that the defendant Giampa came to you  
13 and stated that he wanted to have Warren Ullrich killed,  
14 what if anything did he give you?

15 A. He gave me a photograph and an address of Warren  
16 Ullrich.

17 Q. Describe these items he gave you, the photograph.

18 A. It was a slip of paper with his name and address  
19 on it and I think a phone number was on there too and a  
20 small photograph that seemed to be cut off another part of  
21 the picture.

22 He told me that was Ullrich in the photograph. I  
23 never saw Ullrich so I didn't know, you know. I accepted  
24 that was Ullrich in the photograph.

25 MS. DALY: May I approach the witness?

1 THE COURT: Yes.

2 Q. Mr. D'Arco, showing you what has been marked  
3 5A-30A.

4 A. Yes.

5 Q. And 5A-30B, do you recognize these two items?

6 A. Yes, these I do.

7 Q. What are they?

8 A. These are the items that were given to me by Mr.  
9 Giampa.

10 Q. And would you describe them a little more  
11 specifically?

12 A. Well, it's a yellow piece of paper and it says,  
13 "Warren Ullrich, 625 Brian Court, Riverdale, New Jersey,  
14 201-662-2468."

15 And the other is a picture photograph that seems  
16 to be cut over here and an individual that Joey Giampa told  
17 me was Warren Ullrich.

18 Q. After the defendant Giampa gave you this  
19 photograph and piece of paper, did you keep them?

20 A. Yes, I did.

21 Q. And at the time that you cooperated with the FBI,  
22 did you turn them over to the FBI?

23 A. They were recovered from my apartment, yes.

24 MS. DALY: Your honor, the government offers  
25 5A-30 and 5A-30B.

1 THE COURT: Is there voir dire or objection?  
2 MR. LA ROSSA: There's voir dire, your Honor.  
3 May I approach the witness?  
4 THE COURT: You certainly may.

5 VOIR DIRE

6 BY MR. LA ROSSA:

7 Q. Mr. D'Arco, who wrote "Warren Ullrich, 625 Brian  
8 Court, Riverdale, New Jersey"?

9 A. I have no idea.

10 Q. Is that Mr. Giampa's handwriting?

11 A. I don't know if it's his handwriting or not.

12 Q. Have you seen his handwriting before?

13 A. I don't know, just the items that he handed me.

14 I don't know if that is his handwriting.

15 Q. Have you compared it with the other items?

16 A. I don't compare handwriting.

17 Q. Sir, have you ever compared it with the other  
18 items?

19 A. No, I have not.

20 Q. When did he give you these items?

21 A. He give me these items, I would say, in 1991.

22 Q. When in 1991?

23 A. Oh, maybe the early part of 1991.

24 Q. And when did you give them to the FBI?

25 A. After I came in, September the 21st, 1991.

1 MR. LA ROSSA: I have no objection to these  
2 exhibits.

3 MR. SANTANGELO: No objection, your Honor.

4 THE COURT: Government Exhibits 5A-30A and 5A-30B  
5 are received in evidence and the jury may turn to them as  
6 the last two pages in the notebook.

7 (Government Exhibits 5A-30A and 5A-30B marked for  
8 identification were received in evidence)

9 MS. DALY: Your Honor, because the xerox of the  
10 photograph is a little unclear, I would like the opportunity  
11 to publish the exhibits to the jury.

12 THE COURT: Yes. You may pass them to the jury.

13 MS. DALY: Mr. D'Arco, how did you respond to the  
14 defendant Giampa's statement that he wanted to have Ullrich  
15 killed?

16 A. I tell him, "Joey, I would have to get an okay  
17 first of all from Vic Amuso and Anthony Casso." And I said,  
18 "Joey, they are on the lam. I can't be bothering them for  
19 everything. And it's bad. It shows that you can't control  
20 the situation."

21 In other words, that if I go with this request,  
22 first of all, I've got -- it's a big involved thing and it's  
23 bad that you can't control the situation. So I don't -- and  
24 then it's going to create -- "You're just trying to put the  
25 union together. It's going to create all kinds of heat and

1 investigations and everything."

2 And I said, "It will be ended before it's  
3 started." So I said, "Joey, I don't want you to kill the  
4 guy. I am not going to go for permission. And if you want  
5 to give the guy -- if you think you could give the guy a  
6 beating, if you want to give the guy a beating, it's up to  
7 you. He's got no power. He's out of the union. It's up to  
8 you. If you think it is necessary to give him a beating,  
9 give him a beating, but don't kill him. That is your  
10 choice, but no. You've not got my permission to kill the  
11 guy."

12 Q. What if anything did you say to the defendant  
13 Giampa about threatening Ullrich?

14 A. That he should tell him, you know, to get out of  
15 there or else. And if it was necessary, he thought that  
16 this was necessary, to give Ullrich a beating. That was his  
17 choice, in other words, get him out of there. That is it.

18 Q. Mr. D'Arco, why did you keep the photograph and  
19 the note relating to Warren Ullrich?

20 A. I kept it because, if Ullrich had persisted in  
21 trying to disrupt the union or Joey came back again  
22 insisting that he couldn't do his job without killing Warren  
23 Ullrich, the picture would be on hand. And if I had to go  
24 for permission and get an okay, I would give that picture  
25 and address back to Giampa.

1 Q. After you had this discussion with the defendant  
2 Giampa, did you have a discussion with Anthony Calagna about  
3 Giampa's request to kill Ullrich?

4 A. Yes, I did.

5 MR. LA ROSSA: Can I have the last question and  
6 answer read back?

7 (Record read)

8 THE COURT: What did you say to Anthony Calagna  
9 and what did he say to you?

10 THE WITNESS: I says, "What could this Ullrich  
11 do?" I inquired like, "What kind of problem could he give  
12 with the union and everything?" And Anthony says he has no  
13 power also, and if anything would happen to Ullrich, he  
14 agreed with me that there would be all kinds of heat there  
15 and it wasn't a good idea to hurt him or do anything at that  
16 time, that he just shouldn't do anything and he'd fade out  
17 of the picture. So Calagna agreed with me.

18 Q. To your knowledge, did Giampa or anyone else ever  
19 beat Warren Ullrich?

20 A. No. To my knowledge, no, I don't know of  
21 anything, if anything ever happened to him, a beating or  
22 nothing.

23 Q. You have no knowledge of such a beating?

24 A. I have no knowledge.

25 Q. To your knowledge, did Ullrich begin to cause

1 problems for the Luchese family at the market?

2 A. I never heard about Ullrich after that.

3 Q. After Warren Ullrich was thrown out of the union,  
4 did you have discussions with the defendant Giampa and Marco  
5 Minuto about the new leadership in the union?

6 A. Yes.

7 Q. Did you give Marco Minuto certain instructions?

8 A. I did.

9 Q. What did you say to him?

10 A. I told him, in Joey's presence that he should --  
11 did he know the guys. He did. He knew the people, the new  
12 administration. And that he should tell them what the score  
13 was. In other words, they've got a nice job and they've got  
14 their expense account, and they are working, and just  
15 remember that the union don't belong to them and that he  
16 should tell them to do the right thing or they'd be out.

17 Q. And did the defendant Giampa and Marco Minuto  
18 report back to you that they followed your instructions?

19 A. I can't recall if they reported back. I just  
20 told them that was it.

21 Q. Did you have conversations during this same time  
22 period, the latter part of 1990 and the early part of 1991,  
23 with the defendant Giampa about problems he was having with  
24 an individual called Steve Karsch?

25 A. Yes.

1 Q. What did Giampa say to you?

2 A. Joey Giampa and Gabe Indrieri came down with him  
3 to the west side of Manhattan near west Broadway -- or right  
4 off Sixth Avenue -- one of the blocks off Sixth Avenue. And  
5 also he came to the market in the Brooklyn Terminal Market.

6 He told me that Steve Karsch, who was an attorney  
7 and also on the board or the head guy in the Hunts Point  
8 Market opened up -- he had to say -- in other words, he  
9 could rent out the stalls and he was in charge of the rents  
10 and everything up there.

11 He opened a big cash checking place in the market  
12 that he was behind. I don't know if his name was on it, but  
13 this was how I was told. He opened up a big check cashing  
14 place in the market, and they were describing that they  
15 didn't have a piece and, being it was our market and our  
16 union and everything, why shouldn't they have the cash  
17 checking place? Why should and outside -- another  
18 individual have it? And they thought it would be a good  
19 idea that they should open one.

20 Q. Did you attempt to resolve this problem for the  
21 defendant Giampa, the problem that he was having?

22 A. Yes. I told him, Steve Karsch, Anthony Calagna,  
23 so it's the same thing. In other words, he is a legitimate  
24 guy on the surface. He is an attorney. So what can you do?  
25 Have a war? Because, I said, maybe you can open one in

1 Brooklyn in the Brooklyn Terminal Market. But I said I  
2 wouldn't. It was no big discussion about that.

3 Q. You previously testified that there were some  
4 efforts by members of the Bonnano family or associates of  
5 the Bonnano family to take control of Local 202?

6 A. Yes.

7 Q. In that context did you contact a man by the name  
8 of Edward Gallant?

9 A. Well, I never met Edward Gallant, but he was a  
10 friend or known to Anthony Calagna and a member. And I had  
11 Anthony Calagna call Eddie Gallant, and Calagna told me that  
12 Gallant was worried, and he would like me to meet Eddie  
13 Gallant to tell him he had nothing to worry about.

14 And I said, "Anthony, I can't meet him. Anyway,  
15 I don't want to meet the people, etc."

16 "I know the guy, just assure him."

17 I had an appointment with Sally Avellino and a  
18 few other members at the same time. I told Calagna, "Bring  
19 him down to me." I would have met him separately, and I  
20 would have told him, "Don't worry. Stick close and take  
21 care of what you have to. You've got a good job." And that  
22 is it, do what you have to do.

23 MS. DALY: Your Honor, there is one thing I would  
24 like to offer into evidence at this time, and I understand  
25 there's an objection from Mr. LaRossa. Can we approach on

1 this?

2 THE COURT: All right.

3 (At side bar)

4 MS. DALY: Your Honor, there was another  
5 electronic organizer in this case. It was an electronic  
6 organizer seized from Gabe Indrieri, Giampa's cousin who was  
7 put by the Luchese family into Local 202. It was seized as  
8 a result of a search. In addition, there was consent from  
9 Mr. Indrieri, and I have written consent which I have  
10 proffered from Mr. Indrieri.

11 Inside that Sharp organizer were certain names  
12 and numbers which I believe have become relevant as  
13 association proof, co-conspirator. The names particularly  
14 are the names of James Bagley, the defendant Joseph Giampa,  
15 Steve Karsch, D. LaTella, M. Minuto and F. Salerno. I  
16 believe those are all names that have come up. Some have  
17 come up in the conspiracy to kill Warren Ullrich and the  
18 others in the relationship to the Salerno murder. I believe  
19 this ties Mr. Indrieri, who is the defendant's cousin,  
20 directly into this conspiracy.

21 THE COURT: What is your objection?

22 MR. LA ROSSA: My objection is, I have no  
23 confrontation. If they want to put this into evidence, they  
24 should call Mr. Indrieri. And I don't know who put these  
25 numbers into this. I don't know that anybody can testify to

1 about it at that time about a separate crime.

2 Q. You're not concerned about the government  
3 charging you with these crimes now, are you?

4 A. If they want to charge me, they can charge me.

5 Q. You don't care?

6 A. Well, it's so inconsequential to the crimes I  
7 pled guilty to that I really don't care.

8 Q. Do you remember telling us about a man by the  
9 name of Ullrich?

10 A. Yes.

11 Q. Do you remember saying that you believed his  
12 first name was William Ullrich?

13 A. Yes.

14 Q. It wasn't William Ullrich, was it?

15 A. It was on the paper.

16 William Ullrich was on that paper.

17 Q. What paper?

18 A. With all the -- on the exhibit paper.

19 Q. What did you believe his name to be when you came  
20 in here to testify?

21 A. Ullrich.

22 Q. First name?

23 A. William or Walter Ullrich.

24 Q. Okay.

25 Is this the exhibit you're talking about, 5A30-A?

1 A. Let me see  
2 MS. DALY: I believe it is 30-B for the record.  
3 A. Yes, okay.  
4 Yes, that's the exhibit.  
5 Q. It says 30-A on it?  
6 A. Yes.  
7 Q. Right?  
8 A. Yeah.  
9 MS. DALY: A relates to the photograph. B  
10 relates to the note.  
11 MR. LA ROSSA: Fine.  
12 Q. Whether it's A or B, you have it in front of you.  
13 You have got the photograph in front of you  
14 and --  
15 A. Yes.  
16 Q. That doesn't say William, does it?  
17 A. It says Warren.  
18 Q. Okay.  
19 Did you know this man?  
20 A. No.  
21 Q. Who wrote "Warren Ullrich"?  
22 A. I have no idea.  
23 MS. DALY: Asked and answered, your Honor.  
24 MR. LA ROSSA: That was a voir dire.  
25 May I?

1 LaRossa.

2 You may answer.

3 A. I told Joey that if he felt -- it was his choice.

4 If he felt that the guy should get a beating or he needed to  
5 get a beating, it was up to Joey Giampa.

6 Q. So you didn't agree that he should get a beating,  
7 did you?

8 Did you?

9 A. No, I did not.

10 Q. Okay.

11 You also didn't agree with Mr. Giampa that he  
12 should be actually threatened, isn't that right?

13 MS. DALY: Could I have the question read back?  
14 I'm sorry, I didn't hear it

15 THE COURT: Did you hear the question?

16 THE WITNESS: Yes.

17 THE COURT: Well, the prosecutor wants it for her  
18 benefit.

19 MS. DALY: I apologize, your Honor.  
20 I didn't hear the question.

21 THE COURT: All right.

22 The reporter can read the question.

23 (Question read)

24 MS. DALY: Objection, asked and answered, your  
25 Honor.

1030

1 THE COURT: The objection is overruled.

2 Yes, please continue.

3 A. I have no idea.

---

4 Q. No idea who wrote it?

5 A. No.

6 Q. Did the FBI when they asked you about this

7 exhibit ask you who you believed wrote that?

8 A. Who I believed wrote it?

9 Q. Yes.

10 A. They might have asked that question.

11 Q. Did you tell them that Joe Giampa wrote that?

12 A. If it was an I believed question, it says Joey

13 could have wrote it, but I don't know who wrote it.

14 Q. Did you tell them?

15 A. That's --

16 Q. That you believed he wrote it?

17 A. I don't remember saying that, but it's possible.

18 Q. Did you believe he wrote it?

19 MS. DALY: Asked and answered, your Honor.

20 THE COURT: Overruled.

21 A. I have no idea who wrote it.

22 Q. Sir, did you, sir, agree with Mr. Giampa that Mr.

23 Ullrich could be killed?

24 A. I did not.

25 Q. There was no agreement between the two of you to

1 kill Mr. Ullrich, is that right?  
2 A. That's correct.  
3 Q. Did you agree with Mr. Giampa that Mr. Ullrich  
4 should be beaten?  
5 A. No I agreed that --  
6 Q. Sir, the answer is no, right?  
7 A. Right, no.  
8 Q. Did you agree with Mr. Giampa that he should  
9 threaten Mr. Ullrich with violence?  
10 A. Yes.  
11 Q. What did you say?  
12 A. I said to -- I told him that if he felt that the  
13 man deserved a beating, it's up to him. He could do it.  
14 If the guy told him get the guy out of there --  
15 but there was no, no question about he shouldn't kill the  
16 guy, he wasn't getting permission to do that.  
17 Q. The only thing you did was give him permission to  
18 do this, right, give him the beating?  
19 A. On the beating?  
20 Q. Yes, sir?  
21 A. If he --  
22 Q. Sir --  
23 A. I'm explaining the answer to you, Mr. LaRossa.  
24 MS. DALY: Objection.  
25 THE COURT: He's explaining the answer, Mr.

1 LaRossa.

2 You may answer.

3 A. I told Joey that if he felt -- it was his choice.

4 If he felt that the guy should get a beating or he needed to

5 get a beating, it was up to Joey Giampa.

6 Q. So you didn't agree that he should get a beating,

7 did you?

8 Did you?

9 A. No, I did not.

10 Q. Okay.

11 You also didn't agree with Mr. Giampa that he

12 should be actually threatened, isn't that right?

13 MS. DALY: Could I have the question read back?

14 I'm sorry, I didn't hear it

15 THE COURT: Did you hear the question?

16 THE WITNESS: Yes.

17 THE COURT: Well, the prosecutor wants it for her

18 benefit.

19 MS. DALY: I apologize, your Honor.

20 I didn't hear the question.

21 THE COURT: All right.

22 The reporter can read the question.

23 (Question read)

24 MS. DALY: Objection, asked and answered, your

25 Honor.