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OFFICE OF THE  
COMMISSIONER OF INVESTIGATION

**Letter of Transmittal**

September 17, 1954

Honorable Thomas E. Dewey  
Governor of the State of New York  
Executive Chamber  
Albany, New York

My dear Mr. Governor:

Pursuant to your direction an investigation has been made of all the facts and circumstances relating to the commutation of the sentence of Charles Luciano and the granting of parole for purpose of his deportation.

I have the honor to transmit herewith the report of that investigation.

Respectfully yours,

*William B. Herlands*  
Commissioner of Investigation

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September 17, 1954

R E P O R T

INTRODUCTION

Dates of the Commutation, Parole and Deportation

On January 3, 1946, Honorable Thomas E. Dewey, Governor of the State of New York, granted commutation of the sentence of Charles Luciano. This action followed an investigation of the case and favorable recommendation by the New York State Board of Parole on December 3, 1945.

On February 2, 1946, the Board of Parole granted Luciano's parole solely for the purpose of having him deported.

On or about February 9, 1946, Luciano was deported to Italy on the SS Laura Keane.

Simultaneously with the granting of the Luciano commutation, the Governor acted favorably on the applications of six other alien criminals whose sentences also were commuted so that they could be deported. The war having come to an end, it was then possible to deport these criminals to such countries as Spain, Greece, Italy, China and England.

The Commutation and the Governor's Message to the Legislature

The commutation was granted "upon the express condition that the said CHARLES LUCIANO be deported forthwith and shall not thereafter re-enter the United States."

The Governor's message to the Legislature, as required by the State Constitution, was as follows:

"CHARLES LUCIANO Convicted in New York County of compulsory prostitution of women, and sentenced June 18, 1936 to a term of thirty years minimum, fifty years maximum. He was arrested April 4, 1936 and is now completing ten years in prison.

Luciano is deportable to Italy. He was leader of a syndicate which supervised and gave orders relating to the operation of a vice combine which 'booked' women for houses of prostitution and provided other services incidental to the operation of houses of prostitution. He has previously been convicted of the possession of drugs. He is now 48 years old.

Upon the entry of the United States into the war, Luciano's aid was sought by the Armed Services in inducing others to provide information concerning possible enemy attack. It appears that he cooperated in such effort though the actual value of the information procured is not clear.

His record in prison is reported as wholly satisfactory."

#### The Practice of Granting Commutation for the Purpose of Deportation

The practice of commuting sentences of long-term alien prisoners for the purpose of deportation has been consistently followed. Governor Alfred E. Smith commuted sentences of such prisoners in eleven cases; Franklin D. Roosevelt in twenty-one cases; and Herbert H. Lehman in twenty-five cases. We are appending a review of such precedents. (See Appendix I attached to this report.)

#### Scope of the Investigation

In connection with the Luciano commutation (which was not a pardon) various sources have sought to cast doubt upon whether Luciano had ever been asked to and did help the war effort. We have accordingly conducted an investigation to determine Luciano's role and, incidentally, the role of other persons, in certain intelligence

THE GOVERNOR'S QUESTIONS TO THE DEFENDANT

activities of the United States Navy.

THE QUESTIONS ANSWERED

The issues raised may be stated in the form of two questions, embodying language which we quote from the Governor's commutation statement:

1. Was Luciano's aid "sought by the Armed Services in inducing others to provide information concerning possible enemy attack"?
2. Does it appear "that he cooperated in such effort"?

The answer to both questions is "yes."

SYNOPSIS OF THE EVIDENCE

In the early months of World War II, we were faced with a grave national emergency. A blackout was imposed over the harbors and waterfront area within the Third Naval District, which included New York and New Jersey. Many of our ships were being sunk by enemy submarines off the Atlantic Coast. The lifeline to our Allies was threatened and the outcome of the war hung in the balance.

The Intelligence authorities were greatly concerned with the problems of sabotage and espionage. Suspicions were rife with respect to the leaking of information about convoy movements. The "Normandie," which was being converted to war use as the Navy auxiliary "Lafayette," had burned at her pier in the North River, New York City. Sabotage was suspected. Commercial fishing fleets were suspected as sources of fuel and supplies for enemy submarines. While our Intelligence authorities had most of the suspected pro-Nazis spotted, they were not as well prepared with respect to certain elements who were sympathizers of Mussolini and pro-fascists. Many of these elements worked in the commercial fishing fleets and in and around the waterfront. They had to be treated, for Intelligence purposes, as potential threats to our national security. The District Intelligence Office of the Third Naval District had the direct responsibility of coping with these serious problems by whatever means were available.

Captain Roscoe C. MacFall, who was then the District Intelligence Officer, and his assistants conceived and sponsored a plan to use, among others, persons with underworld associations, their underworld associates and their contacts as instrumentalities of Naval Intelligence.

In March 1942, the Naval Intelligence authorities decided to seek the aid of New York County District Attorney Frank S. Hogan in carrying out their plan. District Attorney Hogan was then conducting an intensive investigation of criminal activities on the New York waterfront. The Naval authorities felt that he had accumulated a great deal of information and evidence with respect to the underworld and underworld characters who might be utilized in the Naval Intelligence project. On March 7 and on March 25, 1942, the representatives of the District Intelligence Office conferred with District Attorney Hogan and Colonel Murray I. Gurfein, then in charge of the District Attorney's Rackets Bureau.

The immediate upshot of these conferences was that contact was established with an attorney, Joseph K. Guerin, who was then the attorney for Joe "Socks" Lanza. At that time Lanza was under indictment on charges of conspiracy and extortion arising out of his activities on the waterfront. Through the intercession of Mr. Guerin and Colonel Gurfein, Lanza's aid was enlisted in the Naval Intelligence project. However, Lanza's influence was largely limited to the fishing industry and waterfront characters connected with that industry.

After several weeks of Intelligence work, Lanza found that he was not able to obtain additional information and cooperation that were needed in behalf of Naval Intelligence. Thereupon he suggested to Mr. Guerin, his attorney -- and this information was in turn relayed to Colonel Gurfein and Commander Haffenden -- that Charles Luciano be brought into the project. Lanza's opinion was that Luciano had a great deal of influence and power in the circles that could mobilize underworld personalities and their network of contacts to help Naval Intelligence.

In 1942, Commander C. Radcliffe Haffenden, one of Captain MacFall's assistants, was in charge of the "B-3" Section, which conducted investigations in the field of sabotage, espionage, counter-espionage and related matters. Later, in 1943, Commander Haffenden was made head of the "F" Section, which collected strategic intelligence information about possible target and invasion areas.

The matter was discussed by Commander Haffenden and Colonel Gurfein; and by Colonel Gurfein with District Attorney Hogan. The procedure evolved was to establish contact with Moses Polakoff, who had been Luciano's attorney. That contact was established. Mr. Polakoff, a World War I veteran himself, then brought into the picture one of Luciano's friends, Meyer Lansky, as the man who could serve most effectively as the chief intermediary between Luciano in prison and his outside contacts and associates. The practical workings of the plan suggested that Luciano be transferred from Clinton Prison at Dannemora to a more accessible prison, where Luciano's contacts and former associates would be able to meet with him and carry forward the activities involved in the Intelligence plan.

Commander Haffenden, in writing, requested State Commissioner of Correction John A. Lyons to transfer Luciano from Clinton Prison to a more accessible prison for the described Intelligence purposes. Colonel Gurfein, after clearing with District Attorney Hogan, called upon Commissioner Lyons for the purpose of expediting his cooperation in behalf of Naval Intelligence. Commissioner Lyons then advised two senior administrative officials in his

department, one of whom was and is the Warden of Great Meadow Prison. On May 12, 1942, during the administration of Governor Herbert H. Lehman, Luciano was transferred to Great Meadow Prison at Comstock.

Thereafter, and for a period of about two years, Luciano participated in the project whereby numerous of his friends, and his and their contacts, were made available to Naval Intelligence. A number of Luciano's friends visited him at Great Meadow Prison for the purpose of obtaining his instructions with respect to the use of his name in certain quarters and reporting back to him. Such visitors included Mr. Polakoff, Meyer Lansky, Joe "Socks" Lanza, Mike Lascari, Frank Costello, Willie Moretti and Mike Mirandi. Other persons who participated in the project, in one manner or another, but who did not visit Luciano in prison, included Joe Adonis, Jerry Sullivan, Johnny "Cockeye" Dunn and Willie McCabe.

As a result of the activities of Luciano and his intermediaries, a network of contacts and informants was made available to Naval Intelligence. They performed such services as obtaining information about and reporting suspicious activities on the waterfront; acting as lookouts for sabotage and espionage; obtaining union books and union cards, so that Naval Intelligence agents could be placed (ostensibly as employees) in hotels, restaurants, bars and grills, piers, docks, trucks, factories and elsewhere. They were used on the Brooklyn waterfront to prevent trouble that Naval Intelligence thought might be created when Harry Bridges came to the East Coast. Numerous Italians of Sicilian birth or background and their relatives were enlisted to provide Commander Haffenden and his assistants

information about the terrain, harbors, etc., of Sicily in anticipation of the Allied invasion there. Through these contacts and informants, the names of friendly Sicilian natives and even Sicilian underworld and Mafia personalities who could be trusted were obtained and actually used in the Sicilian campaign. The wartime head of the Naval counter-Intelligence Section expressed the opinion that the information so obtained "turned out to be 40% correct, upon eventual check-up and on the basis of actual experience."

The first public notice of Luciano's war-aid appeared in February 1943, when Luciano made a motion to have his sentence reduced by Supreme Court Justice Philip J. McCook, the judge who had sentenced him originally in 1936. Justice McCook privately interviewed Commander Haffenden and Colonel Gurfein in order to avoid a public disclosure of classified or restricted matters affecting our national security. At that time we were in the midst of the war, and the Naval Intelligence project was still in operation. Justice McCook denied Luciano's motion on February 10, 1943 but, in his judicial opinion, stated that it appeared that Luciano was probably aiding the war effort and possibly with some success; and that, if he continued to do so, it might be appropriate for him at some future time to petition the Governor for executive clemency.

In May 1945, Luciano filed a petition for executive clemency. The petition was dated on V-E day, May 8, 1945. The petition was referred by the Governor to the Parole Board in accordance with the established practice. The State Parole Board, following its regular procedure in such cases, conducted a thorough investigation. Detailed

reports were filed by the parole investigator. In the course of the parole investigation, Mr. Polakoff, Luciano, Lanza, and Lansky, among others, were interviewed. In a letter dated May 17, 1945, addressed to the Governor's Counsel, Commander Haffenden described Luciano's assistance to Naval Intelligence. However, the Naval Intelligence authorities, for reasons which they then considered good and sufficient, declined to permit the disclosure of details evidencing the furnishing of information and assistance to the Naval authorities by and through Luciano's associates and contacts. The Naval authorities also refused to give clearance to an affidavit which Colonel Gurfein had executed in June 1945 in Paris, where he was then on service with the O.S.S. This affidavit explained the origin and purpose of the project. Likewise Naval Intelligence declined to permit the parole investigator to obtain from Commander Haffenden the names of his assistants who participated in the project with him.

The Board of Parole, on December 3, 1945, recommended to the Governor that Luciano's sentence be commuted solely for the purpose of deportation. Acting upon this recommendation, the Governor on January 3, 1946 commuted Luciano's sentence for such purpose. In his commutation message to the Legislature the Governor cited the facts that Luciano was a deportable alien; that his aid to the war effort had been sought by

the Government; and that, while it appeared that he cooperated in the war effort, the actual value of such cooperation was not clear. Although the fact of cooperation was evident, without the willingness of federal agencies and officials having access to the facts to officially confirm their validity, it was not feasible for any State agency to attempt to estimate the value of Luciano's efforts.

At the time of his deportation on February 9, 1946, Luciano had served about ten years in prison. One of the terms and conditions of Luciano's deportation-parole was that "if he re-enter the United States, he shall be deemed an escaped convict" and he shall then be required to serve out the maximum of his original prison sentence.

For various reasons which we are not going into at this time, prior investigations of this underworld war-aid project conducted under Federal auspices did not disclose the facts contained in the present report.

Official Confirmation of the War-Aid Project  
by Rear Admiral Carl Espe, Director of  
Naval Intelligence

The following letter\* speaks for itself:

Department of  
Defense  
(SEAL)

DEPARTMENT OF THE NAVY  
Office of The Chief of Naval Operations  
Washington 25, D.C.

In Reply Refer To  
Ser 9934P92

26 Jul 1954

Dear Mr. Herlands:

This is in reply to your communication of 20 July 1954 concerning the participation of Charles Luciano in projects undertaken by the District Intelligence Office, Third Naval District, during World War II.

In the spring of 1942, as a part of the Navy's policy to exhaust all available sources of intelligence information, the District Intelligence Officer, Third Naval District, established many systems of confidential informants, including several having criminal records.

One such project he established was an approach to certain criminal elements through the District Attorney, New York County.

At this time the nation was suffering heavy losses to its shipping from submarine attacks along the Atlantic coast and the outcome of the war appeared extremely grave. In addition, there was the most serious concern over possible sabotage in the ports. It was necessary to use every possible means to prevent and forestall sabotage and to prevent the possible supplying of and contact with enemy submarines.

In furtherance of this program, the District Intelligence Office requested the transfer of Charles (Lucky) Luciano from Clinton Prison to Great Meadow Prison so that he might be more readily accessible and the transfer was made on 12 May 1942.

We are advised that contacts were made with Luciano thereafter and that his influence on other criminal sources resulted in their cooperation with Naval Intelligence which was considered useful to the Navy.

Sincerely yours,

(Signed) Carl F. Espe

Carl F. Espe  
Rear Admiral, U S Navy  
Director of Naval Intelligence

The Honorable William B. Herlands  
Commissioner of Investigations  
State of New York  
270 Broadway  
New York, New York

\* The letter of Rear Admiral Espe is a reply to the letter of inquiry by Commissioner Herlands, which appears on the following page.

State of New York  
Executive Department  
Office of the  
Commissioner of Investigation

July 20, 1954

Admiral Carl Espe  
Director, Naval Intelligence  
Department of the Navy  
The Pentagon  
Washington, D. C.

Dear Admiral Espe:

This office is conducting an inquiry into the participation of Charles Luciano in certain projects undertaken by the Navy during World War II, through the District Intelligence Office, Third Naval District.

It would be most helpful if you would advise me, to the extent permitted by security considerations, of the nature of Luciano's participation therein.

With cordial appreciation of your cooperation,  
I am,

Sincerely yours,

William B. Herlands  
Commissioner of Investigation

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This report cannot emphasize too strongly that the underworld contacts and their use by Naval Intelligence constituted but one minute episode in the multitudinous activities of Naval Intelligence. It was incidental to the vast over-all, and major undertakings of Naval Intelligence for the protection of our national security.

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Summary of Findings of Fact

We have attempted to limit our conclusions to findings of fact, which we shall present largely without comment. This report furnishes the background and basis for these findings of fact.

The following is a summary of the findings:

1. In the spring of 1942 Naval Intelligence originated and launched a project that involved the aid of certain

underworld characters, including Luciano, his associates and contacts.

2. This war-time project was deemed necessary and appropriate by Naval Intelligence in the light of the then grave national emergency.

3. In initiating this project, Naval Intelligence sought and received the assistance of Frank S. Hogan, District Attorney of New York County.

4. In order to facilitate Luciano's aid and that of his associates and contacts, Naval Intelligence requested State Commissioner of Correction John A. Lyons to transfer Luciano from Clinton Prison at Dannemora to a more accessible prison, such as Great Meadow Prison at Comstock. This transfer took place on May 12, 1942.

5. Thereafter, and for a period of about two years, Luciano -- and, through his intercession, many of his associates and his and their contacts -- aided Naval Intelligence.

6. This aid was considered useful by Naval Intelligence.

7. Luciano was a deportable criminal alien. The granting of the commutation upon the unanimous recommendation of the State Parole Board, solely for the purpose of deportation, was in accordance with established precedents, procedure, and public policy.

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The evidentiary materials set forth in this report are taken from testimony and statements sworn to under oath, copies of which are in the files of this office, or from source materials specifically cited in the body of this report. We express our appreciation to the Department of the Navy for its cooperation in helping to locate the various Naval officials who participated in the operations described in this report, and for their complete assistance in piecing together the details.

## CHAPTER 1

### WHY THE NAVAL INTELLIGENCE AUTHORITIES ORIGINATED THE USE OF UNDERWORLD INFORMANTS

To appreciate why, in the early part of 1942, the Naval Intelligence authorities in the Third Naval District conceived and launched its plan for the utilization of underworld informants, it is necessary to understand not only the duties of the Intelligence authorities but also the problems confronting them during a time when the outcome of the war appeared extremely grave.

#### The Grave National Emergency

Early in 1942 this country was suffering severe losses to its merchant marine as a result of submarine attacks off the Atlantic Coast, particularly in that area under the jurisdiction of the Third Naval District. As a result, the authorities feared that enemy agents might be operating on the waterfront. They suspected that elements in the commercial fishing fleet, or ex-rum-runners, or other criminal elements on the waterfront, for a price, might be contacting enemy submarines and supplying them with fuel and provisions. The fear of sabotage on the piers and docks and throughout the port was great. In February, the burning of the "Normandie" (which was being converted to war use as the Navy auxiliary "Lafayette") at her pier in the

North River, intensified the fear that saboteurs were active in the port. Intensive investigations were undertaken to determine whether the burning was the result of enemy sabotage. These fears became more acute when in June of that year, German agents trained in sabotage techniques, were actually landed at Amagansett, Long Island. They carried quantities of explosives and maps and plans for the destruction of strategic installations.

Since the shipment of war materiel and troops from the Port of New York had to be protected at all costs, Naval Intelligence was required to take every possible measure to combat the enemy submarine activity and the activities of any enemy agents along the waterfront.

#### War Chronology

Attached to this report as Appendix II is an outline of the pertinent war chronology. This explains the genesis and methods of the activities of Naval Intelligence described in this report.

#### Biographical Notes on the Major Witnesses

The sworn testimony and affidavits of numerous Naval officers and personnel and other officials that we have before us, establish the details of highly pertinent areas of concern of the District Intelligence Office, Third

Naval District, in 1942. Inasmuch as the testimony and the affidavits of these witnesses will be referred to frequently in this report, we have deemed it appropriate to present (in Appendix III attached to this report) biographical notes on such witnesses for the purpose of indicating their official rank and familiarity with the matters covered in this report.

The Pertinent Problems and Working Theories  
of the District Intelligence Office,  
Third Naval District, in 1942

Many Naval officers testified with regard to the problems confronting the District Intelligence Office immediately after Pearl Harbor. The situation was described by Captain MacFall and confirmed by Captain Howe (who was then Executive Officer to Captain MacFall, and who subsequently succeeded him as District Intelligence Officer) as follows:

"The function of Navy Intelligence was on the informational level, that is, to obtain from all available sources information on the basis of which appropriate action (both affirmative & preventive, as the case may be) could be taken by other branches of the service to see to it that nothing would interfere with troop shipments, the movement of supplies and ammunition, and the safety of the port in general and all other areas within the jurisdiction of the 3rd Naval District.

"In addition, the entire waterfront situation was a matter of official concern since subversive activities by enemy agents in and along the harbor and the entire coast constituted a subject about which Naval Intelligence sought to secure information. Information concerning possible sabotage by enemy agents in the Port of New York & information concerning subversive activities among those who worked as long-shoremen, stevedores and other similar workers was of great interest to Naval Intelligence.

"Furthermore, Naval Intelligence was greatly interested in obtaining information about the possibility that enemy agents might be landed on the coast, as did happen on Long Island and in Florida. Likewise, Naval Intelligence sought information about enemy submarines in the coastal waters and the suspected danger that enemy submarines might be refuelled through fishing boats or ex-rum-runners plying the coastal area and operated by criminal

elements or others whose loyalty might be subverted by payments of money. We were also concerned about the possibility of information being conveyed to enemy submarines by such craft."

Lieutenant O'Malley (who was assigned to the District Intelligence Office) sheds further light on the subject as follows:

"During the early part of 1942 the merchant shipping of the United States was suffering great losses from Nazi submarine attacks off the Atlantic coast and particularly heavy losses in the area of the Atlantic coast under the supervision of the Naval command known as the Eastern Sea Frontier, much of the territory of which coincided with the territory under the jurisdiction of the Commandant of the Third Naval District, to whom the District Intelligence Officer of the Third Naval District reported. Closest cooperation and liaison were maintained between the Eastern Sea Frontier and the Third Naval District in their efforts to combat the German submarine menace, and the District Intelligence Officer was under pressure to determine, among other things, how information about convoys from the Port of New York might be leaking, as it apparently was, to German submarine commanders; and, also, whether any information could be developed as to the means by which the submarine packs operating off the Atlantic coast were able to refuel without returning to their bases.

"It is my best recollection that some time late in February or early in March of 1942 some weight began to be accorded by the District Intelligence Officer and certain of his subordinates, including Commander Haffenden, to the possibility that (a) information as to convoy movements and (b) assistance in refueling of submarines might be traced to criminal elements of Italian or German origin on the waterfront in the metropolitan area. The theory was that such persons might sell information, or give information to the enemy out of alien sympathies; or even that some among them who had been rum-runners during the days of Prohibition might be finding a new source of revenue from running oil supplies to the enemy submarine fleet. In the light of the desperate situation then prevailing, the District Intelligence Officer decided that these possibilities should be explored."

Colonel Cincotta (who was in charge of the Italian Desk at Naval Intelligence Headquarters in Washington) testified before us that many ships were sunk off the Atlantic Coast by enemy submarines after December 1941, and the Navy was "very much concerned about it." There was fear that enemy agents were working on the waterfront.

There was fear of sabotage. There was fear and suspicion that commercial fishing fleets might be contacting enemy submarines and supplying them with gasoline and distilled water. There were rumors and suspicions that ex-rum-runners or criminal elements along the waterfront or in the commercial fleets -- for a payoff -- would supply enemy submarines off our coast. All of the foregoing represented the official thinking of the responsible authorities in New York and Washington who were concerned with the problem; and it became "a cognizant activity of Naval Intelligence." It was up to the local District Intelligence Officer to develop the necessary methods and procedures to cope with the situation.

According to the testimony before us of Commander Marsloe, then of the District Intelligence Office, the highest concentration of sinkings during the early part of 1942 took place along the Coast of the Eastern Sea Frontier. "It was felt -- and properly so -- that the leakage of convoy information in numerous ways was responsible for the intelligence which in turn resulted in the sinking of these ships as they left our ports."

Lieutenant Commander Maurice P. Kelly (who was assigned to the Investigations Section of the District Intelligence Office) testified that the piers of New York, as shown by various investigations since the end of the war, were largely controlled by ex-convicts. These ex-convicts "had more to say, from our knowledge of our investigations during the war time -- they had more to say about the piers and who would talk to anybody on those piers than the shipping people or officials in the City of New York. \* \* \* So that the Navy, coming to that realization, naturally sought the assistance of anybody who could give them help."

In short, the evidence before us discloses that Naval Intelligence had many areas of concern in which it was required to and did take immediate action. Naval Intelligence undertook certain steps described in this report, not only to prevent such suspected activities but also to use the fishing fleets and their

captains and crews to aid our own war effort. The affirmative steps in this project involved the use of persons having the necessary "influence" among the fishing fleets and their personnel.

It was also important for Naval Intelligence to place its agents on trucks, in factories, in certain hotels, restaurants, nightclubs, and bars and grills. This had to be done in such a manner as not to tip off the identity of the Naval agents. For that reason it was necessary to obtain union cards and union books off the record. Persons having the right connections in these quarters were made available. The books were produced.

Since Italy was then one of our wartime enemies, Naval Intelligence was particularly sensitive to the possibility that Facist sympathizers might represent potential security dangers. Naval Intelligence had most of the suspected pro-Nazis spotted, but was not equally prepared with respect to similar dangers on the Italian side. The use of informants with connections among such persons was deemed desirable.

As the war progressed, Naval Intelligence in the Third Naval District became increasingly active in obtaining strategic intelligence about possible target areas for the ultimate use of our invasion forces. One of the potential invasion areas was Sicily. All available means were utilized to create a network of informants for the production of such strategic intelligence. This phase of Naval Intelligence work figures in the activities described in this report.

The Functions of the "B-3" Section and  
the "F" Section

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Commander Haffenden, as the Officer-in-Charge of the "B-3" Section, and later the "F" Section, played a vital role in the work of the District Intelligence Office, Third Naval District in the activities just referred to.

As outlined by Captain MacFall:

"Section 'B-3,' while headed by Haffenden, dealt with such activities as general investigations of all kinds within the jurisdiction of Naval Intelligence. Section 'F' dealt with 'strategic intelligence,' such as, getting information from any and all available sources that would be useful to the Armed Forces in connection with such matters as planned invasions of any foreign area."

Colonel Cincotta testified that there came a time when it became necessary for Naval Intelligence to accumulate strategic information concerning the Mediterranean basin. Although this subject is still classified, Colonel Cincotta stated in general terms that the information sought dealt with beachheads; possible landing areas; ports; port facilities; landing fields or aircraft; minefields; topography, including contours; depth of water at possible landing areas, and barriers.

Commander Haffenden told the Senate Committee To Investigate Organized Crime In Interstate Commerce (referred to in this report as the Kefauver Committee), on March 15, 1951:

"\* \* \* I had 146 investigators under my jurisdiction at the time \* \* \* the F department" gathered "information of a foreign nature, \* \* \* we were seeking information on any probable target ahead of our Armed Forces. So that our maps were voluminous. We took information from thousands of sources \* \* \* We went quite far in accumulating this information \* \* \*."

The Use of Informants with Criminal Records  
and Underworld Connection in terms of  
Intelligence Operations

1. The Acute Need for Naval Intelligence

The need for strategic and other intelligence was made all the more critical by the fact that the problems of naval intelligence, like those of army intelligence (See Eisenhower, Crusade in Europe [1948] p.32) had been, according to Rear Admiral W.S. Pye, "sadly neglected during peacetime" and the "data" of the Office of Naval Intelligence "in regard to possible theatres of war was woefully inadequate" because that Office had "failed to develop a recognition \* \* \* of the importance of the intelligence function in the conduct of war."

Rear Admiral Pye also pointed out that "especially \* \* \* in Italy, we found that we lacked much information required for the most effective planning." (Address of Rear Admiral W.S. Pye, U.S.N., President, Naval War College and Commandant, Naval Operating Base, Newport, R.I., at Graduation Exercises of the Naval Training School, New York, N.Y., on March 16, 1944.) In Appendix V, attached to this report, we have quoted at greater length from the address of Rear Admiral Pye.

2. A Note on the Use of Criminal Informants

Intelligence operations are essentially pragmatic. In time of grave emergency and national crisis, the ends of intelligence work shape the means to a greater extent than in time of peace. Total mobilization, in a literal sense, includes the utilization of the entire community and every useful element in it including, if need be, civilian prisoners no less than military prisoners and prisoners of war.

### 3. Official Instructions with Respect to Informants

Official Navy training instructions recognized that an effective Intelligence officer or agent must have good informants; that informants are of great value; that the identity of informants should not be revealed; that each confidential informant should be assigned a number, symbol or fictitious name; that such informants should always be referred to by such designation in reports, and that notes on information supplied by informers should not disclose the source of the information.

### 4. The Duty to Use Informants When Necessary

Colonel Cincotta testified that Naval Intelligence employed civilians as special agents to develop information and informants, and that it was recognized, standard procedure for a District Intelligence Officer and the men working under him to use underworld informants when necessary. Colonel Cincotta further testified that when he lectures on investigative techniques and methods to Navy personnel, he instructs them that it is proper and accepted practice to use information obtained from persons with criminal backgrounds. Colonel Cincotta significantly pointed out to us that "we

didn't care about the background of the informer provided he had real information"; and that the use of such informants did not violate any security measures because "the talk was one way: from the informer to us and never from us to them."

On the subject of the use of underworld informants, the testimony of Commander Anthony J. Marsloe, who was assigned to the District Intelligence Office, Third Naval District, merits quotation:

" \* \* \* the exploitation of informants, irrespective of their backgrounds, is not only desirous, but necessary when the nation is struggling for its existence. \* \* \*

"Every available source of information which can be used to prevent, as well as to apprehend, those who are a potential or actual danger during an emergency or outbreak of hostilities is warranted by the unusual circumstances.

"Intelligence, as such, is not a police agency. Its function is to prevent. In order to prevent, you must have a system; and the system in its scope and latitude must encompass any and all means which will prevent the enemy from securing aid and comfort from others; and at the same time, the system should endeavor to ascertain any information which can be used by our Armed Forces advantageously. By any and all means I include the so-called underworld. \* \* \* It might be well to note too, that during the early phases of our entry into the war we were on the defensive and no agency knew for certain the extent of enemy intelligence activity within our country."

## CHAPTER 2

HOW THE DISTRICT INTELLIGENCE OFFICE,  
THIRD NAVAL DISTRICT, LAUNCHED THE  
PLAN TO USE UNDERWORLD INFORMANTS,  
UNDERWORLD LEADERS AND THEIR CONTACTS.

### Introduction

The facts recited in the preceding chapter explain why Captain MacFall, the District Intelligence Officer of the Third Naval District, met with District Attorney Frank S. Hogan on March 7, 1942 and launched the plan to seek the aid of the underworld informants and underworld leaders.

### The Initial Conference of March 7, 1942

The first step to activate the Navy's plan was a conference held on March 7, 1942, at the request of Naval Intelligence, at the office of the District Attorney of New York County.

Acting as liaison officer and in accordance with Captain MacFall's wishes, Lieutenant O'Malley arranged an appointment by telephone for Captain MacFall and himself to meet District Attorney Hogan at the latter's office. When they arrived at that office, they met Mr. Hogan and Colonel Murray I. Gurfein, then Assistant District Attorney in charge of the Rackets Bureau. Commander Haffenden was not present at this initial conference.

Captain MacFall's and Lieutenant O'Malley's sworn recollection of what took place at this initial conference is as follows:

1. Captain MacFall summarized the problems faced by the Navy and certain theories which he said merited exploration. (These theories have already been described in detail.) Mr. Hogan's office was then conducting an intensive investigation of criminal activity on the New York waterfront.

2. The discussion related to methods and means by which the District Attorney's Office and its facilities, knowledge, and contacts could best be utilized to aid the District Intelligence Office in its work. For example, Captain MacFall asked Mr. Hogan for such assistance as he felt he could give in providing the Navy with any sources of information developed in the course of his waterfront investigation which might be of assistance in determining whether and how information or fuel was being supplied to the enemy.

3. At that conference, Captain MacFall and Lieutenant O'Malley were told that the District Attorney's Office had contacts in the underworld who were familiar with the waterfront situation and that the District Attorney's Office would arrange to put these contacts in touch with the District Intelligence Office. There was discussion about the well-known fact that the underworld had advance information of many activities contrary to the law, long before the regular police authorities had that knowledge.

4. The question of integrity of such informants was raised and it was stated that many of these racketeers were loyal to America and not pro-Mussolini.

5. Mr. Hogan and Colonel Gurfein stated that they would do everything in their power to make available any information or sources of information in their possession or which might come into their possession that appeared to have a bearing on the matters with which Naval Intelligence was concerned.

6. It was then agreed that, after Mr. Hogan and Colonel Gurfein had had an opportunity to review the files of their investigation and consider the matter further, they would have a further conference with representatives of the District Intelligence Office; that the District Intelligence Office and the District Attorney's Office would cooperate in getting information concerning the subjects that were of official interest to the District Intelligence Office; that Colonel Gurfein would be the representative of the District Attorney's Office; that Commander Haffenden would be the representative of the District Intelligence Office, and that Lieutenant O'Malley would be liaison.

The Second Conference: March 25, 1942

After the initial conference of March 7, 1942, Captain MacFall designated Commander Haffenden to attend a second conference on March 25, 1942 with Mr. Hogan and Colonel Gurfein at the District Attorney's Office.

Lieutenant O'Malley stated in his affidavit submitted to us that he "was ordered to accompany Commander Haffenden in view of the fact that the Commander did not know either the District Attorney or Mr. Gurfein." The O'Malley affidavit continues:

"On the afternoon of the appointed day I accompanied Commander Haffenden to the office of the District Attorney, and it is my recollection that, in addition, some other officer accompanied us, possibly Lieutenant (j.g.) Anthony J. Marzullo (now Marsloe) who had been before the War a special investigator for the District Attorney's office. After a general discussion among Mr. Hogan, Mr. Gurfein and Commander Haffenden which covered much of the same ground that was covered on the previous visit of Captain MacFall and myself, it was agreed that the meeting would adjourn to Mr. Gurfein's office and Mr. Gurfein was authorized by the District Attorney to cooperate with Commander Haffenden in developing such underworld contacts as might seem to be of potential assistance in determining whether any waterfront information leaks or rum-runner refueling activity was responsible in any way for the great losses being inflicted on Allied shipping in this area by submarines."

Lieutenant O'Malley further stated that Colonel Gurfein agreed to explore "with counsel" for certain underworld figures "the possibility of assistance from them"; and, concerning this, the O'Malley affidavit adds:

"The only specific name I recall in this connection was that of one "Socks" Lanza, because of his then prominence in waterfront affairs. Thereafter, following some general discussion of waterfront problems and the difficulties of maintaining tight security on convoy movements, the meeting broke up with the understanding that Mr. Gurfein would directly contact Commander Haffenden thereafter with respect to the proposed procurement of information from underworld sources."

With respect to the foregoing matter, the O'Malley affidavit concludes with the following comment:

"To the best of my recollection and belief, I had no further contact with Commander Haffenden or the District Attorney's Office with reference to these arrangements, except that I recall on two or three occasions some weeks or months later hearing Commander Haffenden in my presence refer enthusiastically to having succeeded in establishing contact with Luciano and Socks Lanza through unnamed intermediaries."

The preceding account of what transpired at the conferences of March 7 and 25, 1942, is completely confirmed and corroborated by District Attorney Hogan and Colonel Gurfein. (District Attorney Hogan's affidavit is quoted in full in Appendix IV attached to this report.)

Colonel Gurfein stated that after these conferences at which Mr. Hogan was present, Commander Haffenden discussed with Colonel Gurfein the subjects of sabotage on the waterfront by enemy agents and also enemy submarine activity off the Atlantic Coast, particularly the possibility of refueling, or the furnishing of distilled water for batteries to these submarines by local fishing boats. In one of his talks with Colonel Gurfein -- probably on March 25 -- Commander Haffenden told Colonel Gurfein that he wanted Naval Intelligence to be placed in touch with the underworld, particularly with the Italian underworld, so as to set up a network of informants for counter-espionage. Colonel Gurfein suggested that Joe "Socks" Lanza, then under indictment, might be helpful. Colonel Gurfein offered to contact Mr. Joseph K. Guerin, attorney of record for Lanza, which he did, and arranged for a conference with Mr. Guerin for March 26, 1942.

CHAPTER 3HOW JOE "SOCKS" LANZA WAS BROUGHT  
INTO THE WAR-AID PROJECT ON MARCH  
26, 1942 AND WHAT HE DIDIntroduction

Luciano's aid to Naval Intelligence was sought and obtained as a link in the evolving chain of events set in motion, as described in the preceding chapter. But before Luciano was drawn into the project, another underworld personality, Joe "Socks" Lanza, was first recruited.

The Meeting of Lanza, Lanza's Attorney  
and Colonel Gurfein on March 26, 1942

Pursuant to a telephone call the day before from Colonel Gurfein, Mr. Joseph K. Guerin, Lanza's attorney, appeared at the District Attorney's office on March 26, 1942, 10:15 A.M., to confer with Colonel Gurfein. Mr. Guerin, an attorney admitted to the Bar in 1923, has for many years maintained his law offices at 60 Wall Street, New York. In 1942, he represented Lanza in the extortion and conspiracy case then pending in the Court of General Sessions and then being prosecuted by District Attorney Hogan's office.

Mr. Guerin's testimony (in connection with which relevant pages from his 1942 office diary for the months of March and April were marked as exhibits) is that he had a twenty-minute conference with Colonel Gurfein on March 26,

1942. In the course of the conference, Colonel Gurfein stated that Naval Intelligence had been in touch with the District Attorney's office; that the Navy was of the opinion that the many sinkings of ships along the Atlantic Coast by U-boats indicated that the submarines were probably being refueled and getting fresh supplies off our coast; and that fishing smacks were a suspected source of such refueling and resupplying. Colonel Gurfein then suggested that since Lanza intimately knew many people engaged in commercial fishing he might be in a position, personally or through his contacts, to find out how and where the submarines were being refueled and resupplied. Colonel Gurfein emphasized that this was a matter of great urgency because many of our ships were being sunk along the Atlantic Coast. He also stated that the Navy was very much interested in this; and that the Navy and the District Attorney were cooperating in an effort to break up this refueling and resupplying of enemy submarines and to put an end to those sinkings.

After leaving Colonel Gurfein, according to Mr. Guerin, he called Lanza to his office and explained the situation to him.

In the course of the day, Mr. Guerin and Colonel Gurfein arranged to meet with Lanza that night at 11:30 o'clock at 103rd Street and Broadway. At the appointed time, Mr. Guerin and Lanza arrived at 103rd Street and Broadway, where they waited for Colonel Gurfein. A short time later, Colonel Gurfein came along in a taxi, opened the door and signaled them to step in. They did so, and then drove to 135th Street and Riverside Park, and had a conference on a park bench which lasted from forty-five minutes to one hour.

The secrecy of the meeting was prompted by the fact that Lanza feared to be seen in the company of an Assistant District Attorney, lest it be thought that he was acting as an informer for the District Attorney,

In this conference, Colonel Gurfein repeated to Lanza and Mr. Guerin the statements that he had made to Mr. Guerin earlier in the day. According to Mr. Guerin, Lanza told Colonel Gurfein that (1) he would try to secure the desired information concerning submarine activities for the Naval authorities; and (2) Colonel Gurfein could inform Naval Intelligence of Lanza's desire generally to help the war effort.

At the end of the meeting, Colonel Gurfein told Lanza and Guerin that they would hear from him further after he had informed the Naval Intelligence officers of Lanza's willingness to cooperate.

At that time, Lanza was awaiting trial upon an indictment for conspiracy and extortion. Subsequently, upon his plea of guilty, he was sentenced by General Sessions Judge James Waller.

Lanza gave the following testimony before us. He had been business agent for the United Seafood Workers' Union during the period of ten or fifteen years immediately prior to 1942. The members of that Union were employed principally in Fulton Market and in Greater New York City. He had been in that business since 1916 or 1917. As a result of his activities, Lanza had a great number of contacts in the fish market and among fishing boat and barge captains and seamen along the Atlantic Coast.

In his testimony Lanza confirmed all the essential facts with regard to his initial contact and first meeting with Colonel Gurfein, as testified to by Mr. Guerin.

Colonel Gurfein recalled and confirmed the conference with Guerin and the park meeting of March 26, 1942 with Mr. Guerin and Lanza.

Shortly afterwards, Colonel Gurfein arranged for Mr. Guerin and Lanza to meet Commander Haffenden at the latter's Hotel Astor office.

The Meeting of Lanza, Lanza's Attorney, Colonel Gurfein and Commander Haffenden about One Week After March 26, 1942

According to Mr. Guerin, the first meeting between Lanza and Commander Haffenden took place at Haffenden's Hotel Astor office about a week later. Commander Haffenden told them that he understood from Colonel Gurfein that Lanza was willing to help the Navy. Lanza replied that he would be glad to ferret out the information about the suspected refueling and resupplying of submarines and to ascertain whether fishing smacks were involved. At the conclusion of the conference, which lasted about thirty-five minutes, Lanza gave Commander Haffenden some telephone numbers where he could be readily reached.

This was the only time that Mr. Guerin attended a meeting between Lanza and Commander Haffenden.

Colonel Gurfein recalled that before this conference actually began, he made a brief preliminary statement to the effect that Lanza understood that he was volunteering to help the Navy; that the District Attorney's Office had made no promise to him in exchange for such cooperation, and that he hoped Lanza would be useful. After these brief observations, Colonel Gurfein left. Lanza and Mr. Guerin remained with Commander Haffenden.

In his Kefauver Committee testimony, Commander Haffenden described Lanza as "a medium of contact" and as an "informant" that he "was given." He also testified that he met the attorney "who represented Socks Lanza" (Record of the Kefauver Committee, Pt 7, p. 1189).

Lanza's recollection of this meeting is in complete accord with the testimony of Mr. Guerin. Lanza testified that after Commander Haffenden described to him the Navy's suspicions in connection with the enemy submarines and waterfront activities, he then stated to Commander Haffenden: "You let me know where you want the contacts made, or what you want, and I'll carry on."

#### Subsequent Meetings between Lanza and Commander Haffenden

Lanza recalled that, several days after his first meeting with Commander Haffenden, he had a second meeting with him. This time they met at Commander Haffenden's official Church Street office. Lanza went there alone in response to a telephone call from Commander Haffenden. He was first required to register in a visitors' book and then given a badge which permitted him to enter Haffenden's office. As he was about to go in, he met Colonel Gurfein who was on his way out. Captain Howe was present at this meeting. Commander Haffenden told Lanza that "Agent X" (A Naval civilian agent whose name cannot be disclosed; but who testified before us) was to be his contact man and asked him to get in touch with him in order to arrange "to get some men on some of the fishing smacks." Although "Agent X" was nominally one

of his liaison men, Lanza, nevertheless, gave much of his information directly to Commander Haffenden.

Commander Haffenden wanted to arrange to get fisherman's union cards for Naval Intelligence men in order that they could be placed on certain fishing boats without arousing suspicion. Thereafter there were "so many meetings" with Commander Haffenden that Lanza cannot, at this time, allocate particular conversations to particular meetings. Lanza met with Commander Haffenden "practically every week or so." Lanza worked as Commander Haffenden's contact man.

Lanza was given a code designation and his recollection is that his code number was either 63 or 67.

The Work that Lanza Did for Naval Intelligence  
Through his Own Contacts

The testimony and affidavits of many witnesses describe Lanza's work for Naval Intelligence through the use of his own contacts. These witnesses include Lanza himself, Captain MacFall, Captain Howe, Commander Marsloe, Commander Alfieri (who was assigned to the Investigations Section of the District Intelligence Office), Captain Henry (who, in 1942, was Intelligence Officer in charge of part of the Long Island Zone), Lieutenant Commander Kelly, Charles J. Hoyt (a civilian special agent working in the District Intelligence Office, Third Naval District), Hiram Chester Swezey (a Long Island trucker), Charles Bonner (a retired Long Island businessman, who operated a dock at Montauk and sold fuel oil to fishing boats during the war years), William De Waal (engaged in the fishing business at Montauk), Ellis M. Tuthill (a commercial fisherman at Montauk), and Clement Le Vesconte (an employee of Tuthill).

(1) Activities in connection with Fishing Fleets

Captain MacFall, confirmed by Captain Howe and numerous other witnesses, stated:

"One of the projects that Naval Intelligence was interested in related to the use of commercial fishing fleets as an aid to the obtaining of information about possible enemy submarines. Some of the larger fishing fleets had their own ship-to-ship & ship-to-shore telephones, including codes using to guide the ships of one fleet to places where the catch was good. Utilizing these ships & their equipment and installing similar telephonic equipment on fishing ships that did not themselves install such equipment, Naval Intelligence worked out a confidential cooperative arrangement & code with them as part of the submarine lookout system. Inasmuch as many Italians worked in such commercial fishing fleets and in the waterfront districts in the fish markets, their cooperation with Naval Intelligence was considered valuable. Haffenden told me that he was active in this phase of our work & that the underworld contacts he had developed were helpful in that regard." (Emphasis added.)

#### (2) Intelligence Activities on Long Island

At Commander Haffenden's request, Lanza used his contact with Mr. Swezey to place civilian agents of the Intelligence office on trucks that were operating in and around the Long Island ports. Mr. Swezey had a fleet of over twenty trucks that hauled fish to the Fulton Market from Montauk and all Long Island. Lanza got Fishworkers' Union books for these agents to work on these trucks.

Mr. Swezey and Mr. Bonner introduced certain Naval personnel as their friends to groups of fishermen and asked them to cooperate with Naval Intelligence, which they did. For example, from time to time, the fishing vessels would pick up wreckage, flares, airplane parts and even parts of human bodies, which would be brought in to their docks. Naval Intelligence was then notified.

#### (3) Placing Naval Intelligence Agents on Boats

On many occasions, Lanza arranged to place civilian agents working under Commander Haffenden as observers on various fishing boats that operated out of the Fulton Market, Long Island, New Jersey, North Carolina, Virginia and Maine.

(4) Obtaining Information about the Waterfront,  
Possible Sabotage, and Leaks Concerning  
Convoy Movements

Commander Alfieri was in daily contact with Commander Haffenden by reason of his participation in extremely confidential missions (which even now are still classified) under Commander Haffenden and Lieutenant Commander Kelly.

Sometime in 1942, Commander Haffenden told Commander Alfieri about the project of underworld aid for Naval Intelligence; that he was interested in acquiring a list of informants who would supply information concerning the waterfront in the Port of New York; and that he was using Lanza to obtain information about possible sabotage, and leaks as to convoy and ship movements. According to Alfieri, Lanza could obtain information "more readily than an officer" in and around the Fulton Fish Market.

Lanza's testimony reveals that he brought into this project one Ben Espy "because he knew a lot of these people too."

In the summer of 1942, Espy and Lanza made a trip from Maine to North Carolina, stopping at about a dozen places in Boston, New Bedford, Nantucket, Block Island and Virginia Beach, even though some of these places were outside of the Third Naval District. Lanza or Espy gave Commander Haffenden a list of names and addresses of people "to see if and when he [Haffenden] wanted to get his men in" any of those places. Lanza had already made the necessary arrangements with these contacts.

Lanza's power was, as indicated in the preceding pages, largely confined to the fishing industry and to the

waterfront areas and personnel connected with that business. In the next chapter, we present the facts showing how Lanza's limited influence in other directions led to his suggesting that Luciano be brought into the Naval Intelligence activities.

## CHAPTER 4

### WHY AND HOW LUCIANO WAS BROUGHT INTO THE NAVAL INTELLIGENCE ACTIVITIES

Why and how Luciano was brought into the Naval Intelligence activities is clearly detailed in the testimony and affidavits of numerous witnesses. These witnesses include, among others, Mr. Guerin, Lanza's former attorney; Lanza; Commander Kelly; Howard W. Nugent, District Inspector of the New York State Police in 1942; Colonel Gurfein; District Attorney Hogan; Moses Polakoff, former attorney for Luciano; Meyer Lansky, long-time friend of Luciano, and several civilian special agents assigned to the District Intelligence Office.

#### Mr. Guerin's Testimony

On April 16, 1942 (the date and hour are fixed by Mr. Guerin's office diary entry), he met with Lanza. Lanza told him that he was having difficulty in getting information from and in making contacts with persons who had been born in Italy; and that "Luciano could be of great assistance." Mr. Guerin told him to report that to Lieutenant Commander Haffenden.

#### Lanza's Testimony

Lanza explains that, after he started working with Commander Haffenden, he encountered difficulties or obstacles in getting information; he did not get "whole-hearted cooperation." The indictment pending against him in the Court of General Sessions caused some people to suspect that he was working as an informer for the District Attorney's office rather than for Naval Intelligence.

Lanza's sphere of influence was located primarily around the fish market in Manhattan. He had to get help to obtain information outside the fishing industry. Lanza felt that, if Luciano "would come into this picture," he "would get all the cooperation" he wanted "from the various people in the City of New York, such as, he would send some word out to Joe Adonis or Frank (Costello), his friend" or "Lascari." Luciano "was greatly respected" by many of these people. "The word of Charlie [Luciano] may give me the right of way," according to Lanza. Between April 15 and April 30, 1942, Lanza told Commander Haffenden and "Agent X" that Luciano could be of great assistance; and that he (Lanza) felt that he could not accomplish his mission unless Luciano's assistance was secured.

Testimony of One of the Civilian Special Agents

This agent ["Agent X"] whose name cannot be revealed, also recalled that Lanza told him that Luciano's cooperation should be obtained so that additional information of value to the Navy might be obtained from the underworld; that underworld sources suspected that Lanza might be trading information with the prosecuting authorities in exchange for leniency to him with respect to his pending indictment; that Lanza stated that if Luciano's cooperation was obtained, the word would be passed to the underworld to cooperate with Lanza, and that Lanza said that Luciano was still respected by the underworld. When the agent reported this to Commander Haffenden, Haffenden said that he was "already working on it."

Subsequently, Commander Haffenden advised Lanza that Luciano had been transferred from Dannemora to Great Meadow Prison and that Lanza should "go up to see him" with Meyer Lansky and Mr. Polakoff after making arrangements with them.

Lieutenant Commander Kelly's Testimony

Lieutenant Commander Maurice Kelly testified that "Lanza was extremely valuable in making contacts [for the District Intelligence Office] at those various piers"; that there came a time when it was necessary to extend these contacts; that "our responsibility was all over the Port and we found places where Socks Lanza didn't have direct contact, and from conversations with Commander Haffenden I know that Socks Lanza suggested to him that he broaden this and seek the cooperation of somebody that had an over-all control or interest" in these characters along the waterfront "because it was found out early in the stage of this thing that union officials and people in illegal operations along the waterfront had as much influence with conditions on the docks as the shipping people themselves, and in many cases, more." Kelly further testified that he had learned, from conversations with Captain MacFall and Commander Haffenden that, as a result, the Navy had made arrangements to have Luciano transferred from Dannemora to Great Meadow Prison.

Inspector Nugent's Testimony

Former State Police Inspector Nugent testified that he had met Commander Haffenden through official contact with the District Intelligence Office, Third Naval District; and that, at a luncheon meeting, Commander Haffenden asked him where Luciano was, stating that Lanza was giving him information on the activities of the offshore fishing fleet but that they had to get the "okay" from Charlie "Lucky" to have Lanza go further. Inspector Nugent advised Commander Haffenden to see State Commissioner of Correction John A. Lyons.

Colonel Gurfein's Affidavit

Colonel Gurfein states that, during the period of several weeks following the initial meeting of Commander Haffenden with Mr. Guerin and Lanza, Commander Haffenden told him that Lanza was "working out fine." Later, Commander Haffenden informed Colonel Gurfein that Lanza needed additional contacts for which he required the "okay" of Luciano. Commander Haffenden requested that arrangements be made to have Lanza visit Luciano in jail in order to enlist his aid.

Colonel Gurfein then took the matter up with District Attorney Hogan who was of the opinion that his office should cooperate. Mr. Hogan instructed Colonel Gurfein to establish the contact. They decided to make the contact with Luciano through his former attorney, Mr. Moses Polakoff.

Acting upon Mr. Hogan's instruction, Colonel Gurfein sent for Mr. Polakoff, explained the nature of the Navy's request, and asked whether he could obtain Luciano's

cooperation. Mr. Polakoff said he would talk with "somebody" as to how to arrange the matter.

Shortly thereafter, Colonel Gurfein met Mr. Polakoff and Meyer Lansky at a Longchamps Restaurant on 58th Street. Mr. Polakoff said they felt sure that Luciano would cooperate. Colonel Gurfein, Mr. Polakoff and Meyer Lansky then went to Commander Haffenden's office at the Hotel Astor.

They discussed Lanza's going up to see Luciano. Colonel Gurfein undertook to arrange for such a visit.

#### District Attorney Hogan's Affidavit

District Attorney Hogan's affidavit (Appendix IV attached to this report) confirms all of the foregoing details.

#### Mr. Polakoff's Testimony

Mr. Polakoff has testified before us at great length about all phases of the subject-matter of this inquiry. Mr. Polakoff has been a member of the New York State Bar since 1920. He was an Assistant United States Attorney for the Southern District of New York, and Chief of the Criminal Division from June 1921 to March 1925, under Colonel William Hayward. He also served from 1928 to 1932 as a member of the State Attorney General's Office in connection with the investigation and prosecution of Election Frauds. He served in the United States Navy during World War I, from 1916 to 1918, and was honorably discharged.

In the course of his practice, he represented Luciano in the case that resulted in his conviction in 1936.

Mr. Polakoff also represented Luciano in the various appeals from the conviction. In these appeals, Mr. Polakoff was associated with former United States Attorney Martin Conboy and Francis W. H. Adams, the present Police Commissioner of the City of New York. The only other matter in which Mr. Polakoff represented Luciano was the 1945 application for executive clemency.

The last time that Mr. Polakoff had seen or heard from Luciano was on August 17, 1939, the date of his last visit to Dannemora. Since the conclusion of all of Luciano's appeals in 1939, Mr. Polakoff had not been in touch with Luciano, directly or indirectly.

Mr. Polakoff testified that sometime in April 1942, he received a telephone call from Colonel Gurfein, who told him that he would like to talk to him about Luciano.

Mr. Polakoff told Colonel Gurfein that he was no longer interested in Luciano; that as far as he was concerned the case was closed; and that he did not care to discuss the case any further. Mr. Polakoff did not know what Colonel Gurfein had in mind. Colonel Gurfein, however, said, "This is rather important and I wish you'd come to see me." Mr. Polakoff said, "If you put it that way I'll be in to see you." He saw Colonel Gurfein either that day or the next morning.

When Mr. Polakoff came to the District Attorney's office, Colonel Gurfein told him that Joe "Socks" Lanza had been brought into contact with Naval Intelligence through his lawyer, Mr. Guerin; that Lanza already was working and was of some service to Naval Intelligence; and that Lanza had stated "that if Luciano could be brought into this service that the field for possible help would be greatly

enlarged." Colonel Gurfein also told him "that Navy Intelligence desired to enlist the aid of Luciano to establish a source of information concerning the docks; \* \* \* it was also desired to set up a network of informants among the Italian element concerning any information about sabotage; and also to enlist the help of the Italian fishermen who operated fishing fleets, concerning any possible enemy submarines off our shores who were being undoubtedly refueled and furnished with food by some ships nearby."

Mr. Polakoff told Colonel Gurfein that "On an occasion like this, if I could be of any service to him or the Navy, I would be glad to do so. I told him that I did not know Luciano well enough to broach this subject to him on my own but I knew the person whom I had confidence in and whose patriotism, or affection for our country, irrespective of his reputation, was of the highest; and I would like to discuss the matter with this person first before I committed myself. I told him that I would call him as soon as I had done so. I believe it was the same afternoon that I called Mr. Gurfein back and I told him that I had spoken to Mr. Lansky, who knew Luciano better than I did, and who volunteered to do all that he could to accomplish the result desired."

Mr. Polakoff and Colonel Gurfein then made an appointment for the next morning. They and Meyer Lansky met at Longchamps Restaurant on 58th Street. Lansky told Colonel Gurfein that he would be very glad to assist in the matter. Lansky suggested "that we have to be very careful in making any moves because, at that time, Mussolini appeared to be popular with some Italians in New York." Mr. Polakoff told Colonel Gurfein that he disliked the prospect of traveling to Dannemora to see Luciano because the place was quite inaccessible and, furthermore, strangers were immediately noticed there. Mr. Polakoff suggested, therefore, that Luciano be transferred to Sing Sing. Colonel Gurfein said he would see what he could do about the matter.

Mr. Polakoff, Colonel Gurfein, and Lansky then went to a suite at the Astor Hotel. Mr. Polakoff and Meyer Lansky were introduced by Colonel Gurfein to Commander Haffenden. Commander Haffenden told them that his Hotel Astor office was a place from which he worked for Naval Intelligence "off the record" and that his official office was at Church Street.

#### Meyer Lansky's Testimony

Meyer Lansky testified that he has known Luciano about twenty years. In the early Spring of 1942, Mr. Polakoff sent for Lansky. He went to Mr. Polakoff's office. Mr. Polakoff told him "that the Naval Intelligence was very much interested in getting Italians that could be helpful in the war effort. He was seen by the District Attorney and he had a conference with Mr. Gurfein, and he told me [Lansky]

that he would take the responsibility if I would come into the picture and go to Charlie 'Lucky' and ask his assistance to solicit Italians that could be helpful in various ports in this City pertaining to watch out for sabotage or anything else, that it would be a duty to the country."

Mr. Polakoff told Lansky that they were to meet with Colonel Gurfein because "the government was fearful of the Germans getting Italians to the criminal end of sabotage \* \* \* they wanted the assistance of Italians who could be helpful in stopping such things; that they approached him, being Luciano's lawyer, that maybe he could be of great assistance through his reputation amongst the Italians."

Mr. Polakoff said he wanted Lansky "to go with him," because Lansky "knew Charlie more intimately than he did." (Up to that point, Lansky had not seen or spoken to Luciano in prison.) Lansky told Mr. Polakoff that he would be glad to do anything to help.

Within a day or two, at about 9 o'clock in the morning, he, Mr. Polakoff and Colonel Gurfein had breakfast at a Longchamps Restaurant. Mr. Polakoff introduced him to Colonel Gurfein. They were together for an hour. Colonel Gurfein told him: that "The Government was fearful of sabotage." He [Gurfein] "was out to solicit assistance so that they could watch to avoid all these things." "They were mostly worried about shipping"; many Italians "worked on the docks"; and it was felt desirable to "get some prominent Italians to get active in a movement to stop sabotage \* \* \* for that reason the name of Charlie Luciano came up." "They were also fearful of fishermen -- American fishermen bringing out provisions" to enemy submarines.

"It was a duty to our country"; would Lansky "participate." Lansky said he "definitely would."

Colonel Gurfein "wanted to know if we could trust Luciano. I [Lansky] felt we could"; and he told that to Colonel Gurfein. Lansky reasoned that Luciano's whole family -- parents, brothers, sisters, nieces and nephews -- were here. Lansky said he wanted to see Luciano and discuss the matter with him. Mr. Polakoff said he did not know Luciano well enough; and that he had confidence in Lansky and would put the responsibility in Lansky's hands.

The result of the meeting was a proposal for Mr. Polakoff and Lansky to visit Luciano. Mr. Polakoff objected to going to Clinton Prison at Dannemora because "it was too far up" and "would take too much of his time." They spoke about having Luciano transferred to a place where it would be easier to interview him and Mr. Polakoff would not lose so much time -- "snow was still on the ground up there and traveling was too hard."

Colonel Gurfein "made it clear to us that he had no compensation to offer to Charlie Luciano and that it was strictly a duty to our country."

Thereafter, Colonel Gurfein introduced Mr. Polakoff and Lansky to Commander Haffenden at the latter's office on the first or second floor of the Hotel Astor.

Commander Haffenden's Kefauver Committee Testimony  
Concerning the Origin of the Project.

Commander Haffenden told the Kefauver Committee on March 15, 1951 that Colonel Gurfein "actually introduced" him "for the first time to an attorney, Moses Polakoff, who

was the attorney, supposed to be the contact to Luciano"; that Luciano, like Lanza, was thus contacted "through Gurfein"; that "Luciano came into my [Haffenden's] jurisdiction as an informant"; and that "Gurfein was only the intermediary during the early stages of it, stepped back out, when the informants were made available to us" (Record of the Kefauver Committee, Part 7, pp. 1188, 1189, 1191).

## CHAPTER 5

LUCIANO'S TRANSFER ON MAY 12, 1942  
FROM CLINTON PRISON TO GREAT MEADOW  
PRISON, IN COMPLIANCE WITH THE  
REQUEST OF THE DISTRICT INTELLIGENCE  
OFFICE, THIRD NAVAL DISTRICT

### Introduction and Summary

On May 12, 1942, Luciano was transferred from Clinton Prison, at Dannemora, to Great Meadow Prison, at Comstock, at the specific direction of State Commissioner of Correction John A. Lyons, after he had been requested to do so in writing by Commander Haffenden and after Colonel Gurfein had requested his cooperation with the Naval Intelligence authorities.

Luciano's transfer to Great Meadow Prison on May 12, 1942, was designed to make him more accessible and therefore more effective in his war-aid activities.

Herbert H. Lehman Was the Governor, and  
His Appointee, John A. Lyons, Was the  
Commissioner of Correction in 1942

It was thus in 1942 that the Naval authorities originated, launched and began carrying into effect the vital portions of its project that called for the establishment of contacts with the named underworld characters including Luciano.

At that time, the Governor of the State of New York was The Honorable Herbert H. Lehman and the State Commissioner of Correction was John A. Lyons, who had been appointed on February 28, 1939 by Governor Lehman.

The District Attorney of New York County, in 1942 as now, was Honorable Frank S. Hogan.

Great Meadow Prison: a "Maximum Security" Prison

The word "meadow" in the name of Great Meadow Prison is not descriptive. At all of the times referred to in this report, and until April 1, 1954 (see L. 1953, Ch. 275, §3), Great Meadow Prison was a "maximum security" prison in the same category as, for example, Sing Sing Prison, Clinton (Dannemora) Prison, and Auburn Prison. Correction Law, Section 70; Rules and Regulations for Employees of The New York State Department of Correction (in effect from 1941 to 1951); Laws Applicable to New York State Department of Correction (issued 1951); American Prison Association Manual of Correctional Standards, pp. 171-172; letter of Deputy Commissioner of Correction Paul D. McGinnis to the Office of the Commissioner of Investigation, August 26, 1954.

The Navy's Written Request to Commissioner Lyons to Transfer Luciano1. The Affidavit of Lieutenant Commander Cowen

Lieutenant Commander Lawrence Cowen, a Naval Intelligence officer then assigned to the Albany area, stated in his affidavit that, in the early Spring of 1942, he received an official letter addressed to him on the stationery of the Commandant, Third Naval District, and signed by Commander Haffenden, directing him to show the letter personally to John A. Lyons, Commissioner of Correction, and thereafter to destroy the letter. Lieutenant

Commander Cowen showed the letter to his subordinate Ensign Harold V. Lamberson; and, on the same day, he and Lamberson showed it to Commissioner Lyons at the latter's office in Albany. Commissioner Lyons read the letter without comment and returned it. In accordance with his orders, Cowen thereafter destroyed the letter in the presence of Lamberson.

Lieutenant Commander Cower recalls that the letter related to Luciano; that it requested that he be transferred from Dannemora to a more accessible state penitentiary in order that Luciano could be interviewed more readily; and that the letter contained some reference to the effect "that Luciano was aiding the war effort."

### 2. The Affidavit of Ensign Lamberson

The foregoing statements by Lieutenant Commander Cowen are corroborated by the affidavit of Ensign Harold V. Lamberson.

### 3. The Affidavit of Harry L. Bonesteel

Additional details are furnished by the affidavit of Harry L. Bonesteel, presently the Senior Administrative Assistant in the Department of Correction. He has been with that Department since August 1, 1906. He recalled that, on or about May 6, 1942, Commissioner Lyons entered his office accompanied by another man. A half hour later Bonesteel was called into Commissioner Lyons' office and informed by Commissioner Lyons that Luciano was to be transferred from Clinton Prison to Great Meadow Prison. Commissioner Lyons stated that the transfer was in the interest of the United States; that Luciano was being transferred in order to facilitate his furnishing Naval authorities with valuable information "which would be of

great help in connection with the war" and that no one knew about the matter except the three of them, i.e.; Commissioner Lyons, Bonesteel and the third man in the office. After the third man left Commissioner Lyons' office, Commissioner Lyons informed Bonesteel that that person was from U. S. Naval Intelligence, and that he had requested Commissioner Lyons to transfer Luciano to Sing Sing in order that Naval Intelligence could contact him there. However, Commissioner Lyons stated that he would transfer Luciano only to Great Meadow Prison.

At that time, Commissioner Lyons also told Bonesteel that a large number of American ships were being sunk off the Atlantic Coast and that it was believed that Luciano, through acquaintances, could be of assistance in helping to suppress leakage of information concerning these ships. Commissioner Lyons told Bonesteel, also, that, if Luciano could give information that would stop the sinkings of these ships and save "the life of at least one American aboard," he would extend all possible cooperation. For this reason he was going to give Luciano every opportunity possible to assist the United States Intelligence service.

In order to avoid any publicity, on May 12, 1942, a number of inmates, including Luciano, were transferred between the two institutions.

#### The Affidavit of Vernon A. Morhous

Vernon A. Morhous, who has been employed by the Department of Correction since 1915 and has been the Warden of Great Meadow Prison since March 1, 1942, submitted the following details in his affidavit.

Shortly before May 12, 1942, Morhous saw Commissioner Lyons at his Albany office. At that time,

Commissioner Lyons told him that Naval Intelligence had requested the New York County District Attorney's Office to ask the Correction Department for its cooperation in securing information from Luciano. Commissioner Lyons stated that he was transferring Luciano to Great Meadow Prison to facilitate this cooperation, and that Luciano would be visited by his attorney, Mr. Polakoff, and other persons. Warden Morhous was told that he would be advised by Commissioner Lyons in advance of such visits; "that he was authorized to waive the usual fingerprint requirements"; and that the visitors were authorized to talk to Luciano in private. Warden Morhous was also instructed to advise the Commissioner about these visits and not to record the visits on the usual visitors record.

Luciano was transferred to Great Meadow Prison on May 12, 1942. A few days later, Morhous received a letter (dated May 15, 1942) from Commissioner Lyons that Lansky and Mr. Polakoff would visit Luciano. Morhous was informed by Commissioner Lyons in advance of all subsequent visits. After the visits were completed, he would send Commissioner Lyons a memorandum advising him of the date and length of the visit. Mr. Polakoff would generally, but not always, give Morhous or the Deputy Warden the names of the visitors, which information Morhous kept for his own records.

The policy and procedure regulating these visits to Luciano, established in May 1942, were continued thereafter without change. No special privileges were accorded to Luciano; and no deviations were made for visits to him except those permitted under the special arrangements referred to.

### 5. The Affidavit of Colonel Gurfein

It is Colonel Gurfein's recollection that he conferred with Commissioner Lyons in Albany on April 29, 1942, after obtaining the approval of District Attorney Hogan. (The date is confirmed by Colonel Gurfein's official travel expense voucher on file in the District Attorney's office.) At that conference, Colonel Gurfein explained to Commissioner Lyons that the Navy was interested in developing counter-espionage agents; that they had a particular interest in enemy submarine activity off the Atlantic Coast; that Lanza had been enlisted by the Navy to aid this project; and that Lanza needed help from Luciano to carry it forward. Colonel Gurfein told Commissioner Lyons he knew of no details; that he was simply transmitting a message from the Navy to the effect that they would like Commissioner Lyons' cooperation. Commissioner Lyons said that he would be glad to help the war effort and that he would do whatever was necessary if the Navy communicated with him.

### 6. The Affidavit of District Attorney Hogan

Mr. Hogan's affidavit is corroborative of Colonel Gurfein's recollection (see Appendix IV, attached to this report).

### 7. The Report of Commissioner Moran

Commissioner Lyons died on July 12, 1951. However, we have been able to obtain his version of his conference with Colonel Gurfein because Commissioner Lyons was interviewed on September 6, 1945 by Frederick A. Moran, Chairman of the Parole Board, at the time when Luciano's petition for executive clemency was pending. Commissioner Moran made

a written report of his interview. That report, which is part of the Parole Board's records and the case file states:

"Commissioner Lyons informed me that Mr. Gurfein, with the approval of District Attorney Hogan, interviewed the Commissioner relative to the possibility of transferring Luciano to Sing Sing Prison so that the inmate might render assistance to the war effort. At the time this request was made, it was supposed that submarines were in the New York Harbor and Mr. Gurfein stated that Luciano might be able to be of service because of the many Italians who were working on the docks in New York. Commissioner Lyons stated that Mr. Gurfein was informed that the inmate would not be transferred without the approval of Mr. Bonesteel and the Warden who would have to be told of the reasons for the transfer. Mr. Gurfein agreed to this.

"It was also understood that the individuals who were to be brought to the prison to interview Luciano would be accompanied by Mr. Polakoff who was to advise Commissioner Lyons in advance of any interviews to be held. The Warden kept records of the individuals who visited the inmate."

## CHAPTER 6

### HOW LUCIANO AIDED THE WAR EFFORT

#### Introduction and Summary

A number of Luciano's friends visited him at Great Meadow Prison. They, in turn, established the necessary contacts on the outside, reported back to Luciano and he then sent out the necessary instructions or messages. This chain reaction resulted in a network of informants and other assistance for Naval Intelligence.

Mr. Polakoff himself acted as an intermediary and contact man. It was he and Meyer Lansky who were present at all of the prison visits.

Lanza made several visits. Other visitors included Frank Costello, Mike Lascari, Willie Moretti, and Mike Mirandi. Other persons, such as Johnny "Cockeye" Dunn, Willie McCabe, Jimmy "Blue Eyes" Alo, Jerry Sullivan and "Whitey" Carney, who did not visit Luciano, were brought into the network of contacts and informants.

Commander Haffenden never saw or spoke to Luciano (Haffenden's testimony, Record of the Kefauver Committee, Part 7, p.1191). But Commander Haffenden himself and members of his staff met with a number of Luciano's associates, their contacts and their contacts' contacts.

Some of Luciano's Major Contacts

When pieced together, various bits of testimony adduced before the Kefauver Committee form a mosaic of Luciano's intimate contacts. This pattern is discernible from the following juxtaposition of such testimony (the references are to the name of the witness and the page of his testimony in the Record of the Kefauver Committee, Part 7) :

1. Lansky knows Michael Lascari "for many years" (Lansky, 615). Lascari knows Lansky for about 15 years and met him through Luciano (Lascari, 733).
2. Lansky and Joe Adonis were interested in a television company (Lansky, 142, 605). Lansky knows Adonis "a long time" (Lansky, 151). Adonis knows Lansky for "many years" (Adonis, 292) and "fairly well" (Adonis, 861).
3. Lansky knows Costello for "many years" (Lansky, 151); they were interested in a television company with Adonis (Lansky, 605; Goldstein, 142; Costello, 1635). Lansky was interested with Costello in the Beverly Country Club of New Orleans (Costello, 964) (G. Goldstein, 146).
4. Lansky knows Willie Moretti (Lansky, 153). Moretti knows Lansky "well" (Moretti, 359).
5. Lansky knows Luciano "a long time" (Lansky, 156).
6. Adonis knows Costello "twenty-odd years" (Adonis, 284).
7. Adonis knows Lascari for "many years" (Adonis, 289). Lascari knows Adonis for about 10 or 12 years (Lascari, 735).
8. Adonis knows Luciano for "twenty-odd years" (Adonis, 291).
9. Adonis knows Moretti for "many years" (Adonis, 292).
10. Moretti knew Costello "very well" (Moretti, 331.) Costello is "the Godfather of his [Moretti's] first child" (Costello, 969); and knows Moretti "very well" (Costello, 1663).
11. Moretti knew Lanza "for a long time - 20 years" (Moretti, 331).
12. Moretti knew Mike Lascari (Moretti, 333).
13. Moretti knew Luciano "very well"; he was "a good friend"; and he saw Luciano in Cuba in 1947 (Moretti, 338).
14. Lascari was a close family friend of Luciano and Luciano's parents. Luciano was the godfather of Lascari's child (Lascari, 732). He visited Luciano at Ellis Island just before his deportation (732). He gave Luciano's brother a gift of his interest in a juke box concern in liquidation (Lascari, 740-741).
15. Costello knows Luciano "well" (Costello, 1662).

In his testimony before us, Lanza stated that he had known Luciano for about twenty years.

The Procedure Followed in Visiting Luciano at Prison

Mr. Polakoff usually went up in the afternoon of the day preceding the visit. "We slept in Albany or Glens Falls, and got to the prison early in the morning. The visits were usually concluded by one o'clock so that we could travel back to Albany and make a train back to New York and get in about 8 o'clock or so."

Mr. Polakoff testified before us that he would arrange all of the visits in advance with Commissioner Lyons, whom he would call a day or two before the visit. Mr. Polakoff would tell Commissioner Lyons the date of the expected visit and the number of persons who would be present. According to the arrangement, Mr. Polakoff was the only one who signed the prison register. They would be taken to the Warden's Office. Sometimes the Warden or the Deputy Warden would ask the names of the visitors or there would be an introduction of the persons present. The visitors were not always introduced by name. They would wait in the Warden's office until Luciano was brought up. The actual interview would take place in a large room next to the Warden's office. "There were two guards at all times outside the room," according to Mr. Polakoff. They would go from the Warden's office into the interviewing room through a connecting door. The door would be locked. The visits usually took place in the morning around 9:30 or 10 A.M. Mr. Polakoff would generally sit at a table at the far end of the room, and would read a newspaper.

After the third or fourth visit, Mr. Polakoff telephoned Commissioner Lyons and asked "whether people couldn't go up to see Mr. Luciano themselves without me"; that there would be no violations of prison rules or regulations. Commissioner Lyons insisted that Mr. Polakoff be present. As stated by Mr. Polakoff to the Kefauver Committee (at its Executive Session of February 14, 1951), "Commissioner Lyons insisted that I be present, because he felt that would be an insurance against any possible violation of prison rules."

Record Facts of Some of the Visits

These facts have been compiled from the memoranda submitted by Warden Morhous to Commissioner Lyons in accordance with his instructions.

1. Recorded Visits by Mr. Polakoff

Date

1. Between May 15, 1942 and June 4, 1942
2. June 4, 1942
3. July 17, 1942
4. August 25, 1942 (with party of 7 - unnamed)
5. October 21, 1942 (with party of 3 - unnamed)
6. December 29, 1942
7. February 17, 1943 (with 2 persons - unnamed)
8. May 11, 1943 (with 2 persons - unnamed)
9. September 28, 1943
10. November 30, 1943
11. January 11, 1944
12. March 1, 1944
13. May 16, 1944
14. July 12, 1944
15. September 19, 1944

16. November 23, 1944
17. March 3, 1945
18. May 2, 1945 (and party)
19. May 31, 1945
20. August 21, 1945 (and party)

2. Recorded Visits by Moyer Lansky

Date

1. Between May 15, 1942 and June 4, 1942
2. June 4, 1942
3. July 17, 1942
4. December 29, 1942
5. September 28, 1943
6. November 30, 1943
7. January 11, 1944
8. May 16, 1944
9. July 12, 1944
10. September 19, 1944.
11. May 31, 1945

Other evidence establishes that there were additional visits by Lansky but they were not noted by the Warden or the Deputy Warden.

3. Recorded Visit by Joe "Socks" Lanza

Date

June 4, 1942

Other evidence clearly establishes that there were several additional visits by Lanza, but they were not recorded by the Warden or Deputy Warden.

4. Other Recorded Visits

<u>Name</u>	<u>Number of Visits</u>
Michael Lascari	9 (between July 17, 1942 and May 3, 1945)
Frank Costello	1 (August 25, 1942)
Willie Morotti	1 (November 23, 1944)
Michael Mirandi	1 (December 29, 1942)

The First Visit to Luciano:  
Between May 15 and June 4, 1942  
by Mr. Polakoff and Meyer Lansky

Mr. Polakoff testified that Luciano was "surprised" to see him and Lansky. Luciano said, "What the hell are you fellows doing here?" As far as Luciano was concerned, the visit was completely unexpected; "apparently he wasn't told the purpose of the transfer when he had been transferred."

Mr. Polakoff and Lansky explained the Naval Intelligence situation to him. Luciano said he would be willing to do what he could toward helping the military services. Mr. Polakoff and Lansky told him that Lanza had already been contacted and was working with Naval Intelligence; and that Luciano's name had been mentioned by Lanza as a source of assistance. Luciano suggested that they bring Lanza up and that he would tell Lanza "what to do and who to see." Lansky's function "was to act as a liaison between Luciano and the people \* \* \* whose aid was to be enlisted. Those people knew that if Lansky said he was acting for Luciano, that statement would not be questioned." Luciano said "that he would be very glad to do what he could but he didn't want it to become public property, or that people, generally should know about it." Luciano explained that a warrant of deportation had been lodged against him; and "When I get out -- nobody knows how this war will turn out -- whatever I do, I want it kept quiet, private, so that when I get back to Italy I'm not a marked man."

Lansky testified that Luciano did not know why he had been transferred to Great Meadow Prison. Mr. Polakoff and Lansky told Luciano that Mr. Polakoff had been approached by the District

Attorney's office for the Navy to find out whether Luciano could and would be of assistance to the government in view of the fear of sabotage. They told Luciano that he had the duty "to give assistance" and that he should go ahead and help the United States Government. Luciano agreed to help on condition that his aid should be kept "secret" because a deportation warrant had been lodged against him shortly after he entered prison in 1936 and that if he ever were deported to Italy "he might get lynched there." "He was fearful of bodily harm." They assured him that his cooperation would be "kept secret." Luciano said that "he knew the people that were on the waterfront and he knew people of importance -- and that he felt if he asked them to get interested in the war effort that they would be helpful."

Details of Meyer Lansky's Naval Intelligence Activities

A detailed picture of how Lansky operated in the field of Naval Intelligence following his initiation into the project and his visits to Luciano is set forth in the following summary of his testimony before us.

Lansky had numerous conferences with Commander Haffenden. Commander Haffenden told him of his suspicions about the fishing fleets and ex-rum-runners selling fuel and other supplies to U-Boats. Commander Haffenden also told

him that he needed assistance with respect to the waterfront, loaders of ships, dock employees, and receiving information about fishing boats and their movements outside of port.

Lansky saw Lanza at the Astor a number of times with Commander Haffenden. On those occasions the conversations "was all pertaining to fishing boats."

Lansky described his own function in the following words: Commander Haffenden "would tell me [Lansky] just what he wanted; \* \* \* I would seek the man that I [Lansky] thought could do best to fulfill his needs; \* \* \* anyone that could be of assistance in the war effort; \* \* \* I would introduce them" to Commander Haffenden and "then they would follow up in their own way." Lansky thus brought in "certain people" who he thought "would be of assistance to the Navy" and "introduce that person to Haffenden." Most of Lansky's visits with such persons were at the Astor Hotel, but he also went to the Church Street office of the District Intelligence Office.

Commander Haffenden assigned a code number to Lansky, Lanza, "Cockeye" Johnny Dunn, and to others. Lansky used that code number in communicating with Commander Haffenden to identify himself and "not to be exposed." Regarding the code numbers, Commander Haffenden told Lansky "that everyone would be protected, that their names would not be revealed \* \* \* everything would be done by numbers, no names would be revealed."

On one occasion, Commander Haffenden told Lansky that they suspected certain German and Italian enemy aliens in certain hotels. Commander Haffenden wanted to place Naval Intelligence operatives in those hotels. Lansky said he would contact certain "people in the labor movement" who had "entry to these things," and Lansky did perform that assignment successfully.

On another occasion, Commander Haffenden said that he wanted to get information through civilian agents placed as employees of a New York City hotel with respect to suspected saboteurs who might be stopping there at that time. Lansky brought to Commander Haffenden "Cockeye" Johnny Dunn, the late waterfront racketeer who "took over the contact from there in." Dunn told them that "he could help in getting employees placed" in that hotel.

Other similar assignments that Lansky performed at Commander Haffenden's request were (a) contacting waiters who could be sources of information through other waiters as to what they overheard in the way of conversations of sailors or any military men; and (b) placing waiters in certain restaurants and hotel lounges.

On still another occasion Commander Haffenden asked for union cards to be used by agents of Naval Intelligence. Dunn produced them.

Lansky's mission in connection with a seamen's club in Brooklyn in which Commander Haffenden was interested, could not be completed because the matter had received premature newspaper publicity.

Commander Haffenden was particularly anxious to get "Cockeye" Johnny Dunn's help because of "his knowledge of the waterfront on the West Side which was very important" and because the Navy at that time suspected sabotage in connection with the "Normandie" fire. After Lansky brought Dunn to Commander Haffenden, Dunn continued to see Commander Haffenden. Dunn told Lansky "he was up there carrying out a few orders," complying with Haffenden's specific instructions and requests. For example, Dunn told Lansky that one of his assignments "was to be a watchdog on the piers \* \* \* to have trusted employees amongst the loaders \* \* \* to make friends with the crew and to \* \* \* get reports if there was any bad men around the crowd \* \* \* men that may lend themselves to sabotage or leakage. He also got friends along the waterfront in the barrooms. If any of the crews got drunk and they would talk something that you would feel is subversive, to report to him or whomever else he placed on that to assist him on that." Lansky knows that Dunn "took care of it."

Joe Adonis also knew Dunn and Dunn's brother-in-law, E. J. McGrath, the latter's business being "waterfront organization," according to Adonis' testimony before the Kefauver Committee (Record of the Kefauver Committee, Part VII, pp. 860-861).

Lansky told Joe Adonis that he had talked to Luciano. Adonis had been mentioned by Luciano. Adonis told Lansky "he was very willing to help." Lansky had known

Adonis for twenty years. He introduced Adonis to Commander Haffenden at Church Street. "Joe Adonis brought foreign Italians that could be of effort [sic] to the Navy." Lansky solicited Adonis "as to what Haffenden was seeking. He dug up some foreign Italians and we brought them down together to 90 Church Street." Adonis had to bring those Italians for Lansky. Adonis had about six Italians with him when Lansky introduced him to Haffenden. These Italians were turned over to Commander Haffenden so that they could be interrogated in connection with obtaining "strategic intelligence" about Sicily.

In addition to Mr. Polakoff, Lansky would sometimes be accompanied on his visits to Luciano by such other persons as Lascari, Lanza, Mirandi, Willie Moretti, and others whose names he cannot recall at present. The purpose of the visits by these persons was "for Luciano to instruct them just that he was personally interested in this movement and it was also their duty, and to stress to go all-out to give this assistance." Lansky testified that each of these persons did subsequently cooperate with Naval Intelligence. And, Lansky told us that "Through these people I [Lansky] was given a number of Italian people whom I [Lansky] brought both to the Astor and, on two or three occasions, to 90 Church Street to meet Commander Haffenden." Lansky would turn them over to Commander Haffenden. At times, Lansky would hear the discussion. "Prior to our attack on Sicily \* \* \* the conversations ran of their knowledge of the coastline and the contour of the land off the coast." Commander Haffenden wanted to know whether they themselves, or anyone that they knew, could tell him "about all the channels around there." Commander Haffenden "pulled out big maps -- and he showed them the maps for them to recognize their villages and to compare the maps with their knowledge of their villages."

Commander Haffenden "pulled out big wall maps and these Italians were trying to recognize how much knowledge they had of this map; to relate to the Navy whether the map was correct or there was something else there they had something. \* \* \* The Navy wanted from the Italians all the pictures they could possibly get of every port in Sicily, of every channel. Also to get men that were in Italy more recently and had knowledge of water and coastlines -- to bring them up to the Navy so they could talk to them."

Details of Lanza's Naval Intelligence  
Activities After Luciano Was  
Brought into the Project

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It is Mr. Guerin's recollection that some time after April 16, 1942, Lanza told him that arrangements were being made to transfer Luciano from Dannemora to Comstock. Thereafter, in 1942, Lanza told him that he had seen Luciano; that Luciano's assistance had been helpful; that Luciano had sent word out through sources for these people to cooperate with Lanza; and that Costello's, Joe Adonis' and Mike Lascari's cooperation had been secured through Luciano. Lanza also introduced Mr. Guerin to Meyer Lansky. Lanza told Mr. Guerin that he had gotten Luciano's aid in regard to the so-called Italian locals of the ILA.

Lanza himself has supplied us with the particulars of the operation. On June 4, 1942, when he visited Luciano at Great Meadow Prison, in company with Mr. Polakoff and Meyer Lansky, Lanza told Luciano what he was doing. He related his difficulties, mentioning Johnny Dunn and the Camarda brothers. He told Luciano that "if he [Luciano] sent out word that he was interested in this thing," Lanza "would be very respected" and "they would all look up to me[Lanza]," when he would "meet these people in these locals." Dunn was connected with the freight handlers' union on the waterfront and Emil Camarda was an ILA vice-president. (According to former Mayor O'Dwyer's testimony before the Kefauver Committee, part 7, p. 1521, there were six Camarda locals under the control of Albert Anastasia, Emil Camarda, Jack Parisi and Anthony Romeo.)

Luciano said: "Joe, you go ahead. I will give word out and everything will go smoother."

Luciano instructed Lanza to go to Joe Adonis and to Frank Costello and to use his (Luciano's) name with them in connection with this aid-the-war effort project: to tell them "that it was all right for them to cooperate." Luciano told Lanza "he would get word out to other people" also to cooperate with Lanza. Lanza told Luciano, "I'll be up again and let you know how it's working out." Lanza thereafter visited Luciano several times.

After Lanza's first visit to Luciano on June 4, 1942, he "definitely" found that he received increased assistance from other persons, which he particularizes as follows:

"Costello was helpful in the way that he would O.K. me to go and see people where I got the right of way through Charlie." Lanza "used Costello's influence" by saying "that Costello was in favor of the project." Lanza spoke to Costello several times about this; and Costello said, "It's a good thing and you go along with it." One Jim O'Connell, "a friend of Costello's," also acted as a contact man between Lanza and Costello. (The official prison records indicate that Costello visited Luciano on August 25, 1942.)

Lanza also received a considerable amount of cooperation and assistance after June 4, 1942 from Joe Adonis, Johnny Dunn, Jerry Sullivan, the Camarda brothers, and others. As Lanza puts it, after June 4, 1942, "the welcoming was better"; "when I would go up it was different than when I previously went."

Mike Lascari was a New Jersey contact for whom Luciano was responsible. Lanza needed a contact in New Jersey "to watch the piers over there; there was Army

bases there"; and Lascari was helpful in that connection.

On all of his visits to Luciano, he was accompanied by Mr. Polakoff and Meyer Lansky; and on one of the occasions, Mike Lascari also went along.

Lascari, who visited Luciano more frequently than Lanza, would bring messages to Lanza from Luciano. Lascari also kept in touch with Lansky.

Both Adonis and Costello were helpful, according to Lanza, with the Camarda brothers of the Brooklyn waterfront, and with Johnny Dunn and Jerry Sullivan of the West Side Manhattan waterfront. They were activated to place and alert men on the waterfront to look out for sabotage and espionage. Through them, Commander Haffenden was able to get longshoremen's union cards for his men. When Commander Haffenden's men were introduced as "okay, regular guys" by Lanza or Sullivan, they were able to conduct discreet operations on the waterfront and do "anything they wanted without anybody asking them questions." These operations included surveillance of suspicious persons and observations of ships and piers.

As a result of this greatly expanding network of waterfront contacts, Lanza was readily able to locate such persons as bosses of pier gangs, waterfront workers and seamen who possessed pertinent information about Sicily. Lanza would bring them to Commander Haffenden for questioning.

Among those who assisted Lanza in his work for Commander Haffenden were Willie McCabe and Ben Espy. Willie McCabe was a well-known underworld figure in the Harlem area with strong connections among gamblers and policy operators. Ben Espy was, in his own words, a "free lance solicitor for truckers," who confined his activities to the Fulton Fish Market area. As such, he had steady contact with Lanza.

Wire-Tap Corroboration of the  
Underworld's Intelligence Activities

From November 23, 1942 to February 24, 1943, pursuant to an order signed by John A. Mullen, Judge of the Court of General Sessions, the District Attorney of New York County, in connection with a criminal investigation then pending in his office, had installed wire-taps to intercept telephone communications transmitted over telephone numbers WOrth 2-7624 and WOrth 2-7626. The telephones were in the Meyer's Hotel located in the heart of the Fulton Fish Market at 117 South Street, Manhattan. This waterfront hotel was then Lanza's headquarters and the centre of his activities.

The conversations so intercepted took place contemporaneously with some of the events discussed in this report; were simultaneously recorded by detectives assigned to the District Attorney's Office; and have since then been preserved by the District Attorney.

We have examined and analyzed the transcripts of these intercepted conversations. Pursuant to permission granted by an order signed by Judge Mullen, we shall now refer to and quote from these transcripts insofar as they bear upon the subject-matter of this report.

These conversations, which were recorded during

only a relatively brief period in the course of the Navy's project, furnish dramatic corroboration of many of the underworld's naval intelligence activities cited in this report. Because of their significance we have set forth excerpts from a number of them.

1. November 24 and 26, 1942: Lanza, McCabe, Lansky and Commander Haffenden re subversives and subversive literature.

On November 24, 1942, Lanza and Commander Haffenden had a telephone conversation, in the course of which Commander Haffenden said: "On that Harlem thing do you think that Meyer Lansky knows anything there?"

Lanza testified that this conversation related to an organization in Harlem that was printing subversive literature. Commander Haffenden was anxious to place an agent in their printing plant. He had given Lanza pictures of certain men who were considered dangerous and for whom Naval Intelligence was looking. Through his connections in Harlem, Willie McCabe was able to place Naval Intelligence operatives in strategic locations.

On November 26, 1942, Lanza and Commander Haffenden had another telephone conversation about the above "Harlem situation" on which McCabe was working.

In the November 24th conversation, Commander Haffenden also inquired: "On that cabaret in Harlem, is that some of Brown's stuff?", referring to a suspected subversive. Lanza replied: "We will get some of your people in on that"; and Lanza then referred by name to a certain official of the hat-check girls' union.

Lanza made contact with that individual and told him, "I wanted to get some union cards off him and get them into these cabarets." After getting the union cards, Lanza

gave them to Commander Haffenden. Commander Haffenden was thus able to place his agents in that particular cabaret.

Thereafter, Commander Haffenden was introduced to the union official and from time to time, when the occasion arose, this union officer, through Willie McCabe, made available to Naval Intelligence such union cards as were required.

In the same November 24th conversation, Commander Haffenden also inquired about a certain restaurant by name; and Lanza answered: "I will get something on that."

Since Commander Haffenden wanted to "keep an eye on" someone there, he (Lanza) and McCabe visited the place. After Commander Haffenden surveyed the situation, McCabe secured the necessary union cards, and some of Commander Haffenden's agents were "planted" there.

2. November 25 and December 22, 1942: Lanza, McCabe and Commander Haffenden re Harry Bridges

On November 25, 1942, Lanza and Commander Haffenden had a telephone conversation, in the course of which the following exchange took place:

"HAFFENDEN: How about that Brooklyn Bridge thing? I don't want any trouble on the waterfront during the crucial times.

"LANZA: You won't have any. I'll see to that. I'll give you a ring. We'll get together."

According to Lanza, the reference to "Brooklyn Bridge" meant "Harry Bridges" in connection with the Brooklyn waterfront, and potential "trouble" there by Bridges. Lanza explains that Commander Haffenden had told him that Bridges wanted to bring some West Coast people to Brooklyn in order to organize that section of the waterfront; that he [Haffenden]

was afraid of trouble if Bridges got a foothold there; and that he [Haffenden] asked Lanza to help -- which Lanza did. In Lanza's words: "We stopped him from coming in here." Bridges tried to hold a meeting at Webster Hall to organize the longshoremen. But as a result of Lanza's intervention, Bridges quickly returned to the West Coast.

On December 22, 1942, the following exchange of conversation took place between Commander Haffenden and Lanza:

"HAFFENDEN: How about the waterfront condition in Brooklyn?

"LANZA: Bridges' men were stopped. We saw to that. Everything is under control.

"HAFFENDEN: Swell."

3. November 30, 1942: Lanza, McCabe, "Agent X" and Commander Haffenden

On November 30, 1942, Lanza and Commander Haffenden had the following telephone conversation:

"LANZA: We got all the data for you. Willie [McCabe] could come up or call you up and give it to you.

"HAFFENDEN: [Explained he was very busy and said] Suppose you call [Agent X]. Give it to him."

Lanza does not now recall what this information related to.

Twenty minutes later, Lanza called McCabe and told him: "I called that party. He was very busy, and he said to give that data to [Agent X]."

4. November 30, 1942: Lanza and Commander Kaitz

On November 30, 1942, Commander Kaitz made a telephone call to Commander Haffenden from the telephone at Meyer's Hotel. Commander Kaitz, one of Commander Haffenden's men, had been down to see Lanza at the Meyer's Hotel, in accordance with Commander Haffenden's instructions. Commander

Kaitz was one of the Navy contacts with Lanza.

5. December 7, 1942: Lanza, McCabe and Commander Haffenden re "Splendid work"

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On December 7, 1942, Commander Haffenden telephoned Lanza about the "Spanish thing," saying:

"HAFFENDEN (to LANZA): I want that fellow to get in touch with me. He did some splendid work. \* \* \* He's in a good spot there. He has been able to get me some good information and will be able to get me some more."

According to Lanza, the foregoing conversation related to "some information in Brooklyn" that Commander Haffenden sought. Lanza had told him "that there was a Spanish fellow over there" whom Willie McCabe had contacted directly. "McCabe carried on from there on with the Commander."

6. December 7, 1942: Lanza and McCabe re getting a waiter in a place for Commander Haffenden

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On December 7, 1942, Lanza and Willie McCabe had a telephone conversation about McCabe's efforts "to get a waiter in a place for the Commander [Haffenden]."

7. December 7, 1942: Lanza, McCabe, Adonis and Commander Haffenden

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In the December 7, 1942 telephone conversation between Lanza and McCabe, McCabe said: "Joe A. was downtown." According to Lanza, this referred to Joe Adonis and one of his visits to the District Intelligence Office at Church Street.

McCabe told Lanza that Joe Adonis saw Commander Haffenden at Church Street from time to time. "Adonis was helpful in a lot of things because he kept direct contact with Haffenden," according to Lanza.

Later, on December 7, 1942, Lanza and McCabe had another telephone conversation in which there was a reference to "that big fellow in Brooklyn." This, according to Lanza, again refers to Joe Adonis. In the same conversation, Lanza told McCabe:

"Don't see Wade. You see him -- you know -- the Commander."

Commander Louis Wade was then assigned to the District Intelligence Office, Third Naval District.

8. December 8, 1942: Lanza, McCabe and Commander Kelly

On December 8, 1942, Lanza and McCabe had a telephone conversation, in which McCabe said:

"Kelly said he called up. You weren't home. He'll get in touch with you again. Those people from Brooklyn are coming over today."

9. December 8, 1942: Lanza, McCabe, Adonis, Mangano and Commander Haffenden

Later on December 8, 1942, Lanza had another telephone conversation with McCabe, in which reference was made to a man from Brooklyn named "Vincent."

"Vincent", according to Lanza, was "Vincent Mangano," who had been brought into the Navy project under the following circumstances: Commander Haffenden told Lanza that he wanted to interview people who were intimately familiar with Sicily; he particularly wanted to obtain all possible information about the physical aspects of Sicily, including terrain, roads, towns, coast lines and other significant information. Lanza set out to obtain such information by locating people who were familiar with Sicily and persuading them to come in and talk to Commander Haffenden. One such person was Vincent Mangano, who was formerly in the export and import business between Italy and the United States.

Lanza asked Joe Adonis to have Mangano visit Commander Haffenden. Adonis did so.

Lanza further testified that Joe Adonis also tried to get other people (in addition to Mangano) to see Commander Haffenden and to supply him with information about Sicily. Adonis told Lanza that through his efforts other people had met with Commander Haffenden and furnished him with such information.

10. December 14, 1942: Ben Espy, McCabe and Adonis

On December 14, 1942, there was a telephone conversation between Ben Espy and McCabe, in which McCabe said he had to see Joe Adonis.

11. December 26, 1942: Lanza and Lansky

On December 26, 1942, there was a telephone conversation between Meyer Lansky and Lanza, in which Lansky said he would be right down to see Lanza.

12. December 28, 1942: Lanza, Lansky and Lascari

On December 28, 1942, there was a telephone conversation between Lanza and Lansky, in which Lanza said:

"Listen, I can't come. Mike is going with you and the other guy."

According to Lanza, this conversation referred to a visit by Lansky, Mike Lascari and someone else to see Luciano, which, the records reveal, took place on the following day.

Details of the Intelligence Activities as Related by Mr. Polakoff

The previously described activities are confirmed in all substantial respects by Mr. Polakoff in his testimony

before us. His testimony is predicated upon his personal knowledge gained by having served as the person who initially contacted Luciano at the request of Colonel Gurfein in behalf of Naval Intelligence; and secondly, by his numerous visits to Luciano in prison accompanied by all of the other visitors who were used in the Naval Intelligence activities. Mr. Polakoff also had direct personal conversations with Commander Haffenden, Lanza, Lansky, Adonis, Lascari, and others about these activities.

Disclosure of the basic facts was made by Mr. Polakoff in 1945, when he was interviewed by Parole Investigator Healy, and on February 14, 1951, when he made a statement at an Executive Session of the Kefauver Committee (Record of the Kefauver Committee, part 7, pp. 607, 608). Although he expressed readiness to testify at the Committee's public hearings, Mr. Polakoff was not called.

Mr. Polakoff personally participated in some of the activities in order to aid Naval Intelligence. For example, Commander Haffenden would sometimes communicate directly with him for assistance. Mr. Polakoff would then convey the request to Meyer Lansky who would then make contact with "the proper people; and things that he [Haffenden] wanted were done."

On another occasion, involving an incident in Brooklyn concerning a Senator Walsh, Commander Haffenden asked Mr. Polakoff for "some informants"; whereupon Mr. Polakoff called upon Lansky and Lascari. Thereafter, Commander Haffenden expressed his appreciation to him "for the help he had gotten."

On two or three other occasions, when Commander Haffenden began collecting information about Sicily, Mr. Polakoff himself "brought up a group (of Italians); they were told to bring photographs, letters, any documents they had concerning their home town." Some of these people were elderly Italians. Some could not speak English. Sometimes

Commander Haffenden would turn those Italians over to his assistants. Mr. Polakoff was supplied with these informants by Lansky and Lascari; and, on one occasion, Joe Adonis brought him four or five individuals.

Another illustration of Mr. Polakoff's activities involves Johnny Dunn, who came to Mr. Polakoff and complained about the way certain ships were being loaded at the piers. Dunn thought that a bomb could be placed in those ships so readily that their security was endangered. It was decided that Lansky would take Dunn to see Commander Haffenden and have Dunn give this information directly to Commander Haffenden.

In the course of his visits to Commander Haffenden's offices at Church Street and the Astor Hotel, Mr. Polakoff met Captain MacFall, Captain Howe, Lieutenant Commander Kelly, and other Naval personnel.

Finally, Mr. Polakoff explained that "it was agreed at the beginning that this was all supposed to be off the record; that the informants would be protected, their names would not be disclosed; a lot of them were Italian people who didn't want to become involved one way or the other."

#### Other Corroborating Evidence

Additional corroboration of some of the details of the Navy Intelligence project is supplied through the testimony of such witnesses as Ben Espy and Ben Jacobs. The latter was secretary-treasurer of the Checkroom Attendants Union, Local 135, in the years referred to in this report. He told us that after Lanza introduced him to Commander Haffenden, he furnished a number of union cards for use by Naval Intelligence agents. Ben Espy has personal knowledge of how Lanza secured the cooperation of such underworld characters as Dunn, Adonis, the Camardas and Mangano through the use of Luciano's influence. Espy was present at the restaurant meeting between Lanza and Adonis when Lanza first told Adonis about his work for Naval Intelligence and about Luciano's request for Adonis'

cooperation. At that meeting Adonis agreed to do so. Thereafter, Espy saw Adonis from time to time in connection with their work for the Navy.

The Intelligence Activities of Luciano and His Contacts: As Disclosed to and Viewed by Naval Personnel

The underworld contacts and their activities -- starting with Lanza and Luciano and fanning out through known intermediaries and informants to anonymous sub-contacts -- was a project that was disclosed in varying degrees to many persons connected with Naval Intelligence. The degree and extent of the disclosure to them depended upon their official position and relationship to the project.

In brief, they testified as follows:

1. Captain MacFall, the District Intelligence Officer during most of the period covered in this report, stated:

"The use of underworld informants & characters, like the use of other extremely confidential investigative procedures, was not specifically disclosed to the Commandant or other superior officers as such use was a calculated risk that I assumed as District Intelligence Officer. It was my responsibility to use my best judgment as to the ways and means of getting information in which Naval Intelligence was interested.

"From time to time, Lt. Commander Haffenden (who worked directly under me) gave me significant information about waterfront activities that came through the underworld. It developed that some of these informants had previously been members of a gang headed by one named Charlie Lucky Luciano, a notorious underworld gangster, in jail under a long sentence. Lt Commander Haffenden also informed me that Luciano still had influence in his underworld organization & had given orders for his henchmen to assist the District Intelligence Office.

\* \* \*

"It was the general custom to give each informant a number & the informant would thenceforth be known by his number. When underworld sources were used or informants turned up by underworld characters, their names would not be kept & no filed records were maintained of their information, as their activities & identities were considered extremely confidential, except that temporary files were kept for the purpose of preventing interference with other intelligence agencies.

\* \* \*

"Prior to the landing of U. S. forces in North Africa, and also subsequent to that time, the District Intelligence Office concentrated a considerable portion of its forces on the collection of strategic intelligence in the North African theatre and the Mediterranean basin. Lt Commander Haffenden was taken from Section "B-3" activities & placed in charge of "F" Section which undertook the collecting of strategic intelligence in the aforesaid area.

"It was felt that, since Mussolini had been responsible for the expulsion of many Sicilians, persons of Sicilian origin might be willing to aid Naval Intelligence.

"Haffenden would report quite frequently to me that he and the men under him were interviewing large numbers of persons of Italian birth, & that many of these informants came to Naval Intelligence through the instigation of Luciano.

"All of the information from all sources, with reference to the entire Mediterranean basin including Sicily & Italy proper, was charted. One of the civilian agents in an office who mounted the data on the chart was G. M. Tarbox.

"A great deal of similar data was sent to the headquarters of Naval Intelligence in Washington, D. C. While the names of certain classes of informants were then kept, such as banking house personnel & records, business men, etc., it was not deemed necessary or desirable to record permanently the names of underworld informants or persons coming through them."

2. Captain Wharton, during the period referred to in this report, was assigned to the Washington headquarters of Naval Intelligence in charge of the section responsible for Italian espionage, counter-intelligence and sabotage. In his affidavit, among other things, he stated:

"In the course of my official activities, I met Commander C. Radcliffe Haffenden. I first met him around the middle of 1942, the occasion being his coming to Washington with information for the official use of O.N.I.

"Thereafter, on a number of occasions (during the period terminating some time in 1944), I met Commander Haffenden in Washington at my office in the old Navy Building. These meetings were in the nature of conferences dealing with official business. I was not a social acquaintance of Commander Haffenden.

"Commander Haffenden would bring with him to Washington files and reports which he would deliver as follows:- Those intended for the Counter-intelligence Section would be deposited by Comdr Haffenden with the "A" Section (Administrative Section), those intended for the "B-3" Section and "F." Section would be delivered to them. Such files and reports would include, typically, such material as 3 x 5 flimsies and cards, blown-up photos, post cards & sketch maps, and also reports on official O N I forms.

"Most of the time he would report to me orally, outlining his various activities. He would also mention Italian and other foreign names of persons who were either suspects or who were supposed to do something to further our war effort. He also mentioned the commercial fishing fleet project several times, which I understood was concerned with & directed at anti-enemy submarine activities.

"On the occasions when Comdr Haffenden gave names to me, he told me that he had obtained these names from his contacts in the underworld. The names of the individuals in Sicily who could be trusted (these being names obtained by Comdr Haffenden as stated above & turned over to me) turned out to be 40% correct, upon eventual check-up & on the basis of actual experience.

"No reports or memoranda were ever made by me of my conferences with Comdr Haffenden. To the best of my present recollection, no other persons were within hearing distance during such conferences.

"During World war II., Comdr Haffenden told me about activities that involved the use of various underworld characters or contacts for the following purposes: (a) helping the fishing fleet project; (b) preventing sabotage by enemy aliens in the Port of New York; (c) placing Naval Intelligence Agents in factories, buildings, piers, boats, trucks, hotels, restaurants, night clubs, and getting union cards for them; (d) getting the names of Sicilians and Italians who might have strategically valuable information or otherwise helpful information; (e) getting the names of Sicilians or Italians then resident in Sicily or Italy who might be friendly or helpful to our Armed Services in the event of an invasion in or about the area where such Sicilians or Italians were natives; and (f) getting other strategic intelligence or counter-intelligence information.

"There came a point of time when Comdr Haffenden mentioned to me that he was getting names and information through underworld sources. The first such reference took place in or around the middle of 1942. (Haffenden would come down to Washington, D.C. at least once a month.)

"I do not presently recall whether Comdr Haffenden mentioned the name of Joe "Socks" Lanza to me specifically. He may have; but I do not recall such name at this time as having been called to my attention by Comdr Haffenden.

"However, I distinctly remember that an indefinite number of official reports on O.N.I. forms came over my desk (and I saw such reports) from the D.I.O. of the 3rd Naval District, & that some of those reports mentioned Lanza. Those reports were filed, at first in the files of the Counter-intelligence, & later in the Central Files.

"On various occasions when I was in New York, I visited the Office of Naval Intelligence at Church Street & there saw an 'overlay' map, which consisted of a map with intelligence information on it & with a cellophane overlay on it. The cellophane sheet (which overlay the map itself) contained a summary of all information plus references to reports (by report numbers) within the scope of Naval Intelligence. This was done under Captain MacFall's general supervision as D.I.O., 3rd N. D. Comdr Haffenden participated in that overlay map project. I did not take off the charted information as I had the reports themselves insofar as they related to my section." (Emphasis added.)

3. Colonel Cincotta testified that the District Intelligence Officer was not required to disclose the name of his informants in his reports. Colonel Cincotta saw Commander Haffenden in Washington a number of times. Commander Haffenden transacted his business with Captain Waller (who was Cincotta's superior) or with Captain Wallace Wharton (who was the officer in charge of OP-16-B7 which dealt with information about Italy including sabotage, espionage and counter-intelligence). On some of these visits Commander Haffenden brought with him photographs, maps and drawings of various Italian cities which Haffenden described to Cincotta as "possible target maps for bombing." There was a section in Washington that was set up to receive photographs, maps and drawings of possible target areas. Cincotta saw Commander Haffenden visit that section.

4. Commander Marsloe had an intimate knowledge of Sicily and its dialects. While assigned to the District Intelligence Office as officer in charge of the linguistics section, from time to time, various personalities "otherwise unidentified" were sent to him by Commander Haffenden. These persons were interviewed by him, and photographs, documents, or other matters of interest were obtained from them and turned over to Commander Haffenden. From his conversations with Commander Haffenden, Marsloe understood that these informants were sent to the District Intelligence Office by underworld contacts as part of the underworld project. Some of these informants were not identified by name in his reports. A confidential file of informants was maintained in the District Intelligence Office. In addition, "there was a book which Commander Haffenden maintained within his own security having a black cover in which code names or key letters were given to the informants; and it was not within the province of my duties to ask for further identification."

Evaluating the benefit of the underworld aid in so far as it affected foreign intelligence, Commander Marsloe testified as follows:

"Q. After landing in Sicily, particularly at Gela, did you carry on a counter-intelligence mission for the Navy?

"A. Yes, sir.

"Q. In carrying out that counter-intelligence mission in Sicily, can you evaluate in your own mind of what if any benefit accrued as a result of the information you obtained from the underworld project set up by Commander Haffenden in which he brought in Lanza, Luciano, and other underworld characters?

"A. Well, I'll have to implement my answer by stating that we were the beneficial recipients of intensive indoctrination in North Africa from sources such as American and British monographs of the area, aerial photographic intelligence, industrial surveys, etc., in addition to knowledge gained within the continental limits of the United States and specifically the Third Naval District during the course of interviews with informants and others. It was of tremendous help following the landing because we gained an insight into the customs and mores of these people -- particularly Sicilians -- the political ideology and its mechanics on lower echelons, the manner in which the ports were operated, the chains of command together with their material culture which enabled us to carry out the findings and purposes of our mission.

"Q. In brief, the information that you obtained from these informants that came to the District Intelligence Office as a result of this underworld project in which Luciano and Lanza participated was of some material benefit to you in your counter-espionage activities in Sicily?

"A. I could summarize it by saying that it was constructive and of a positive nature, and certainly, together with other information, helped insure the success of the duties which we carried out not only in Sicily, but in the following years.

"Q. In the following three years, did you participate in any of the missions in Italy?

"A. Let me say that I hold seven battle stars and participated in every mission from the landing in Salerno until the final German surrender. I was the planning officer for 'S' force, a group of combined U. S. Navy-Royal Navy officers and enlisted personnel which operated in the forward lines moving with the Fifth and Eighth Armies into new areas to exploit targets of Naval interest." (Emphasis supplied)

5. Commander Alfieri, while in the District Intelligence Office, Third Naval District, heard about Luciano's activities in enlisting the cooperation of the underworld for Naval Intelligence. He saw underworld characters interviewed at the District Intelligence Office. He received "pertinent information relative to Sicily" while he was in the District Intelligence Office, before he went overseas and participated in the Sicilian invasion. He stated that this information, particularly the information about possible informants in Sicily, was "extremely important." He pointed out that "one of the most important plans [in the invasion of Sicily] was to contact persons who had been deported for any crime from the United States to their homeland in Sicily, and one of my first successes after landing at Licata was in connection with this, where I made beneficial contact with numerous persons who had been deported." These contacts "were extremely cooperative and helpful because they spoke both the dialect of that region and also some English." In this connection, he further testified, it was common knowledge among investigators that Luciano was reputed to have been an important figure in the Mafia; that one of his (Alfieri's) "immediate projects" on landing in Sicily was to contact the criminal and underworld characters in Sicily who from "my investigative experience" were members of the Mafia. They were "extremely cooperative to me and also to various other intelligence officers." Alfieri "made it my business to make that [Mafia contact] my first step." Alfieri pursued the same technique of contacting former underworld characters in the subsequent invasions and operations on the Italian mainland with the same success.

6. Commander Joachim Titolo, together with Commander Paul Alfieri and Commander Anthony J. Marsloe, actually participated in the first assault wave at Licata, Sicily. Commander Titolo testified that the information about Sicily obtained from informants in the District Intelligence Office, Third Naval District was "extremely important," particularly for counter-intelligence purposes. Strategic information, when received by Titolo, had been recorded on 3 x 5 chits or "flimsies"; and he himself had prepared "well over a hundred" such records. The information he thus obtained enabled him to make valuable contacts in Sicily with the members of the Mafia and the underworld.

7. Lieutenant Commander Kelly, who presently is Director of Security of one of the largest industrial firms in the United States and who has a background of twenty-five years of police and investigative experience, was assigned to the "B-3" (Investigations) Section under Commander Haffenden. As such, he was in a position to evaluate professionally the extent of the assistance given to Naval Intelligence through Luciano's and the underworld contacts. He testified that he frequently saw Lanza and Joe Adonis at Haffenden's office at Church Street and that he saw Meyer Lansky at Haffenden's office at the Hotel Astor. He also testified that Vincent ("Jimmy Blue Eyes") Alo, an associate of Lansky, furnished Haffenden with port security information. Commander Kelly also testified that contacts made through Luciano and Lanza were exploited for information for the "F" Section.

The following, taken from Commander Kelly's testimony before us, sums up Luciano's aid as seen through the eyes of a seasoned and professional investigator:

"It was necessary for us to interrogate people coming off ships or people assigned to ships or docks -- the longshoremen, the checkers, the stevedores, the loaders, and we found that the avenue of approach to those people was immediately opened and cooperative in every sense -- after this interview with Luciano in prison \* \* \* I know from the time that Commander Haffenden made these contacts with Luciano there was a very open and cooperative condition that existed between the investigators from our agency and the people that were very influential on the various docks in the Port of New York.

Q And among the people who were very influential on the docks of New York were ex-convicts; is that right?

A Yes, sir.

Q Now, you were engaged in investigative work on the piers and on the Port of New York before the Navy contacted Luciano, and you continued such investigations after the Navy contacted Luciano: can you tell me, as an experienced investigator and officer attached to the District Intelligence Office of the Third Naval District under Lieutenant-Commander Haffenden, what, if any, change of attitude you encountered during those two periods?

A There was a decided and definite cooperative approach to all those people after that. There was no hedging. We met the assigned person we were designated to see on the particular pier -- because Commander Haffenden would lay the plans for you. They spoke straight from the shoulder; they assisted you in obtaining the information you wanted to obtain: they would finger people for you: watch out for certain baggage -- whatever problem was at hand -- and it was full and whole-hearted cooperation.

Q Now, before the contact with Luciano by the Navy, what was the experience that you had with those same persons?

A Well, we ran into great difficulty in obtaining reliable informants along the waterfront, or people who would give us an honest answer to any question we had there. Because of the make-up of the people that work these piers -- they were suspicious of any investigator and it was part of their being that they

just refused to talk to anybody, war effort or no war effort. They didn't know whether it interfered with somebody who was running the pier and until such time as they got definite orders to cooperate it was a different situation entirely.

Q How was that difficulty manifested?

A In their refusal to give you a statement or to answer any questions -- they didn't know, they didn't see him, they didn't know the guy you were inquiring about. There was absolutely -- they were void of any cooperation at all.

Q And so whatever investigation you conducted before the contact with Luciano was an investigation, of necessity, that took a great deal of time and effort: is that the fact?

A And delayed very important investigations where an element of time entered into it.

Q And you say that time was of the essence in all these investigations?

A Absolutely.

Q But after the contact with Luciano the attitude of these persons whom you had formerly contacted apparently changed to one of great cooperation with you and other persons working for the District Intelligence Office: is that right?

A It definitely changed.

Q And it follows, therefore, that your investigations were reduced, in so far as time consumption was concerned?

A Absolutely.

Q And also, I take it, with respect to the reliability of the information that you received from these sources?

A Absolutely."

8. Willis George, a civilian agent connected with the District Intelligence Office, Third Naval District, had at the outset been asked by Commander Haffenden to act as liaison with Lanza and Luciano. As George was fully engaged in other official activities, he could not undertake this assignment.

9. Charles J. Hoyt, another civilian agent, learned that Commander Haffenden was getting information and certain union books from and through underworld characters, including Luciano.

10. Commander Hanly learned, between November 1942 and September 1943, that Commander Haffenden was working with underworld characters on Naval Intelligence matters. He saw Joe Adonis come to Commander Haffenden's Church Street office some time after Commander Haffenden took charge of the "F" Section.

11. Lieutenant Commander Cowen recalled that Commander Haffenden told him, in the spring of 1942, "that Luciano was helping in the war effort."

12. Captain Henry was told by Commander Haffenden that Luciano had been useful in obtaining valuable information about Italy.

13. Commander Kaitz, who was connected with the "B-3" Section of the District Intelligence Office, Third Naval District from October 1, 1942 to December 1943, was assigned by Commander Haffenden to what was then called the underworld project. In compliance with orders, Commander Kaitz reported orally to Commander Haffenden. In connection with his assignment, Commander Kaitz met Joe Adonis (two or three times); Willie McCabe (about six times); Lanza (twice); "Whitey" Carney, a former numbers runner, and other underworld characters, through them.

14. One of the civilian agents testified that, to his own knowledge, Joe Adonis and Meyer Lansky visited the District Intelligence Office, Third Naval District, as a result of the Luciano project.

15. Another civilian agent testified that he met Joe Adonis in Commander Haffenden's Church Street office around November 1942. He "was made to understand" that Adonis' assistance was based on Luciano's cooperation. This agent was told by Commander Haffenden that, through Luciano, the proper contacts had been made, that he (Haffenden) "had everything sewed up tight," and that he did not care "from what source we got the information as long as it was for the war effort."

16. Elizabeth Schwerin, who was then Commander Haffenden's executive secretary at the Hotel Astor office, was told by Commander Haffenden that Luciano's influence had been of tremendous value in connection with waterfront problems.

17. Commander Murphy recalled that Commander Haffenden often referred to a chart or map of Sicily, which contained various items of intelligence information. On occasions, he saw Commander Haffenden with small hand-drawn maps or sketches embodying data or information about Sicily. He states that Commander Haffenden was the source of a great deal of information about Sicily.

18. Lieutenant Commander MacDowell, while in the "B-3" Section, heard of the underworld project in the District Intelligence Office, Third Naval District, and heard Luciano's name mentioned in that connection. Informers, used in this and other confidential projects, were designated by some code name or number. He also stated that not all of the confidential informants were listed or identified in the Central Files.

Lieutenant Commander MacDowell also disclosed that, some time before August 29, 1945, "there was a clearing of files" within the District Intelligence Office; records were "physically destroyed"; there was "wholesale destruction"; and this was, in his opinion, "a rather drastic step both in volume and from the viewpoint of the quality of the material which was to be destroyed." This was done on orders from Washington. He does not know whether the destroyed records contained identifying information or reports about informants.

19. Yeoman Kathleen Mitchell Cowen, who handled the file of informants in the "F" Section during the period from July 1943 to the summer of 1945, recalls that, in her presence and on a number of occasions, Commander Haffenden mentioned Luciano's name in connection with the subject of Italian informants. She is also familiar with the destruction of "F" Section files in 1945.

20. George Tarbox, civilian agent, is the artist who prepared the maps, charts, and picturegrams in the "F" Section, visualizing the strategic information collected by that section, then headed by Commander Haffenden. A large map of Italy and Sicily, with transparent overlay drawings, reflected the information obtained from "several thousand" reports which were referred to by identifying numbers on the map. All "F" Section maps and drawings were exhibited by Commander Haffenden to authorized persons of other branches of the Armed Services and to Naval Intelligence officers from Washington. Originals of all reports were sent to Washington; copies were retained in the District Intelligence Office. After the invasion of Sicily the maps were destroyed in the District Intelligence Office; and after V-J Day, the copies of the reports were destroyed in the District Intelligence Office.

21. John R. McNaught, confidential clerk-stenographer and subsequently chief yeoman in the District Intelligence Office, Third Naval District, had charge of the routing of all reports to Captain MacFall, and later to his successor, Captain Howe. He definitely recalls that there were memoranda and reports marked "Underworld Informants" emanating from Commander Haffenden, at first from the "B-3" Section and later from the "F" Section.

These memoranda and reports had a filing number "A-8-5"; and, in addition, 3 x 5 chits of the data on differently colored papers were prepared in the "B-1" Section. Mr. McNaught further testified that Commander Haffenden's use of the underworld people in the "B-3" and "F" Sections was generally known in the District Intelligence Office.

#### Findings

The evidence demonstrates that Luciano's assistance and cooperation were secured by Naval Intelligence in the course of the evolving and expanding requirements of national security.

No practical purpose would be served by debating the technical scope of Luciano's aid to the war effort. Over and beyond any precise rating of his contribution is the crystal-clear fact that Luciano and his associates and contacts during a period when "the outcome of the war appeared extremely grave," were responsible for a wide range of services which were considered "useful to the Navy."

## CHAPTER 7

### LUCIANO'S APPLICATION IN FEBRUARY 1943 TO HAVE HIS SENTENCE REDUCED BY SUPREME COURT JUSTICE McCOOK

By notice of motion, dated February 1, 1943, and a supporting affidavit of George Wolf, Esq., sworn to February 1, 1943, a motion was made in the Supreme Court, New York County, to modify the sentence theretofore imposed on Luciano. The motion came on for argument on February 8, 1943 before Mr. Justice Philip J. McCook, who had originally sentenced Luciano in 1936. On February 10, 1943, Mr. Justice McCook made an order and filed a memorandum of opinion in which he denied the motion. (Justice McCook's opinion is set forth in Appendix VI attached to this report.)

By this application Luciano sought to be placed on probation after he completed serving the first group of sentences of ten to twenty years imposed on him. The combined sentences, based on all of the counts, amounted to a minimum of thirty and a maximum of fifty years.

One of the grounds urged by Luciano's attorney was that Luciano "has been cooperative in the war effort."

The testimony of Mr. Polakoff and Mr. George Wolf, who was retained by Mr. Polakoff in behalf of Luciano, establishes that the brief reference in the moving affidavit to Luciano's war aid -- that he "has been cooperative in the war effort" -- represented a compromise of the differing views of Mr. Polakoff and Mr. Wolf. Mr. Wolf was of the opinion that he should devote a considerable part of his affidavit in detailing Luciano's war-aid efforts because he "believed that would be the thing that would appeal to

Judge McCook who was a veteran himself." Mr. Polakoff, expressing Luciano's wishes in the matter, was of the opinion that no public mention should be made of such efforts because Luciano was fearful of what might happen to him in Italy should he eventually be deported there; and also for reasons of national security, as we were then in the midst of the war.

Upon the oral argument of the motion, as appears from the Official Stenographer's Minutes (pp. 8-11), the following colloquy took place, in part:

"Mr. Wolf: With respect, your Honor, to his effort to aid the military authorities which I briefly mentioned in my affidavit, because I felt that those were matters which the authorities themselves might not wish to be made public, for obvious reasons --

The Court: Let me interrupt you. The practice that I employed in one of the cases you cite -- People against the Metropolitan, etc.

Mr. Fuld: Williams and Retik.

The Court: The practice that I followed in that case and I am prepared to follow here, if you desire it. That is, I am willing to see in private any person who is willing to submit himself under oath or not, as I see fit, and tell me privately matters that ought not to [sic] made public either on account of the war now in progress or because of the interest of the public as expressed by the District Attorney.

Mr. Wolf: I should like that, your Honor.

The Court: Where are these people?

Mr. Wolf: I have the names of those two individuals.

\* \* \*

Mr. Wolf: I have since been advised, your Honor, that these two are available to your Honor at any time you see fit.

\* \* \*

Mr. Wolf: Could I arrange to have them come in today to your Honor in chambers?

\* \* \*

Mr. Wolf: I made those arrangements, your Honor, and they asked me to ask your Honor, instead of coming into open court --

The Court: I don't want them to come into open court."

Thereupon arrangements were made for Commander Haffenden and Colonel Gurfein to appear before Justice McCook in his judicial chambers. They were privately interviewed by the Judge. The nature and scope of this interview have been confirmed to us by Justice McCook.

Colonel Gurfein told the Judge what he knew of the matter, commencing with its origination by the District Intelligence Office, Third Naval District, and leading up to the establishment of the contact with Luciano through Mr. Polakoff.

Captain MacFall's sworn statement to us is that "when the newspapers reported that Luciano was applying before Justice Philip J. McCook to have his sentence reduced, I sent Haffenden to see Judge McCook (whom I knew personally) and to explain to him the circumstances under which Naval Intelligence was having contacts with the underworld \* \* \*. Haffenden returned from this interview with Judge McCook and told me that everything had been satisfactorily explained, as he and Mr. Gurfein had seen Judge McCook."

In his letter of July 25, 1945 to the Commandant of the Third Naval District, Commander Haffenden describes his appearance before Justice McCook in the following words:

"During February of 1943, the writer appeared before Mr. Justice Philip J. McCook with the permission of Capt. Roscoe McFall, District Intelligence Officer, Third Naval District, at which time the writer was questioned and testified to the facts set forth herein, together with the possible assistance given to Naval Intelligence by said Charles Luciano. As we were at that time involved in war with Germany, no information was given in my testimony, other than generalities, as to the assistance rendered by Charles Luciano;

no case, no facts, or anything that could be inferred as jeopardizing Naval interest was brought forth by the writer. Lt. Col. Gurfein appeared before, and was interviewed by, Justice McCook at the same time."

In his opinion (New York Law Journal, February 11, 1943; Appendix VI attached to this report), Mr. Justice McCook made the following comment upon Luciano's war effort:

"Finally, we reach the argument that the defendant has assisted the Government in the war effort. Following the precedent in the Metropolitan matter, the authorities have been interviewed, privately, in the public interest. As a result, the Court is able to conclude that the defendant probably attempted to assist them, and possibly with some success. Again we are presented with a situation far from justifying the Court in granting the present application. If the defendant is assisting the authorities and he continues to do so, and remains a model prisoner, Executive clemency may become appropriate at some future date."

Mr. Justice McCook has since advised us that he wanted to be sure that our Government received the fullest possible benefit from the activities described by Commander Haffenden and Colonel Gurfein; and, for that reason, he made the suggestion in his opinion about possible executive clemency "if the defendant is assisting the authorities and he continues to do so \* \* \*."

Mr. Justice McCook's reference to possible executive clemency was in line with the long-established policy of the Governors of the State of New York to exercise executive clemency in favor of prisoners who render services to the authorities during the period of their incarceration. (See Appendix VII attached to this report, setting forth an analysis of such cases during the period from January 1, 1923 through December 31, 1942.)

CHAPTER 8THE PETITION FOR EXECUTIVE CLEMENCY  
IN MAY 1945

Moses Polakoff, as Luciano's attorney, filed a petition for executive clemency sworn to May 8, 1945.

A comprehensive study of all of the papers, files, and reports in the executive clemency proceeding, as well as an examination under oath of numerous witnesses, including Parole Officer Joseph F. Healy (a Civil Service employee who conducted the parole investigation) and Margaret Grogan (secretary to the Board of Parole) leads to the following findings of fact:

1. This matter was handled in the normal and regular procedure;
2. There were no special instructions or requests from anyone;
3. The matter was investigated thoroughly and reported upon in writing in the form of a first report dated July 5, 1945, a supplementary report dated August 13, 1945, and another supplementary report dated September 25, 1945;
4. Each of the three reports was approved in writing by the Senior Parole Officer;
5. The Parole Board recommended the granting of commutation for purpose of deportation;
6. In the course of the parole investigation, the following witnesses, among others, were interviewed:

<u>Witness</u>	<u>Date</u>	<u>Interviewer</u>
Commander Haffenden	June 5, 1945	Jeffrey J. Robertson, Parole District Supervisor, by telephone
Commander Haffenden	June 22, 1945	Healy
Charles Luciano (in prison)	June 13, 1945	Commissioner Moran
District Attorney Hogan	June 25, 1945	Healy
Moses Polakoff	June 25, 1945	Healy
Commander Murphy	June 25, 1945	Healy
Lieutenant Commander MacDowell	June 26, 1945	Healy
Moses Polakoff	July 19, 1945	Healy
Meyer Lansky	July 19, 1945	Healy
Commander Haffenden	July 27, 1945	Healy, by telephone
Captain W. B. Phillips (then DIO, 3 N.D.)	July 30, 1945	Healy
Charles Luciano (in prison)	August 18, 1945	Commissioner Moran
Joe "Socks" Lanza (in prison)	August 23, 1945	Commissioner Moran
Commissioner John A. Lyons	September 6, 1945	Commissioner Moran

CONCLUSION

The securing and use of Luciano's aid and that of his associates and contacts were a project that Naval Intelligence originated and operated in the light of the national emergency then existing. At first Joe "Socks" Lanza and then Charles Luciano became the pivotal figure in the project, which operated from the spring of 1942 until sometime in 1944. The details of that operation have been described in this report. There can be no question about the value of the project.

The facts set forth in this report demonstrate that the Governor's statement in his commutation message with respect to Luciano's war-aid was conservative.

Respectfully submitted,

*William B. Herlands*  
William B. Herlands  
Commissioner of Investigation