NAVAL INTELLIGENCE AND THE MAFIA IN WORLD WAR II

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(Author's note: Organized crime along the New York City waterfront during the 1940s and 1950s was usually referred to as "the mob", or "the underworld". The term "Mafia" did not come into general use until a decade or more later. Because "Mafia" is the commonly-used term today, it is used throughout this article. During World War II, many people would not even have known what the term meant).

Before launching into the fascinating story of Naval Intelligence and the Mafia, it is necessary to understand a little of how Naval Intelligence was organized and operated prior to and during World War Two (WWII).

The attack on Pearl Harbor and Germany's declaration of war found Naval Intelligence scrambling to put in place the infrastructure required to support the war effort. Within the continental United States, the Office of Naval Intelligence (ONI) was charged with security of ports and naval installations against sabotage, intelligence collection and counterintelligence, security and background investigations, as well as censorship (later moved to a separate organization). These responsibilities were assigned to the District Intelligence Offices (DIOs) of the Naval Districts, where they were executed by the District Intelligence Officers, who reported to the District Commandants as well as to ONI.

Fortuitously, ONI had seen that war was coming and, in the mid thirties, began in earnest to build up a corps of reserve officers known as the Naval Intelligence Volunteer Service. Designated Intelligence Volunteer (Specialist), these officers were recruited from the ranks of lawyers, newspapermen, investigators, shipping industry executives, linguists, and other fields which might prove necessary to the Navy in time of war. They were given training and served voluntarily and without pay. In 1935, there were some 500 of them. By 1940, when a state of emergency was declared, they numbered almost 3000, and ONI began to call them to active duty. By December of 1941, all I-V(S) officers had been called up. Most were assigned to DIOs, where the District Intelligence Officer and perhaps his assistant might be retired regular Navy officers recalled to active duty, but the remainder of the DIO personnel were reserve officers and ONI civilians.

DIO Third Naval District, headquartered in New York City, was a fairly typical example of a WWII DIO. In 1938 the District Intelligence Officer was a Lieutenant Commander, with one other officer, a Yeoman, and two civilian Inspectors. One year after Pearl Harbor, there were over 300 people assigned. The DIO and his assistant were both retired Captains recalled to active duty for the duration of the war, but almost every other officer was a reservist, mostly drawn from the I-V(S) program.

In 1942, New York City was a major Navy town. In addition to the Brooklyn Navy Yard, there were a dozen other shipyards in the area building or repairing ships, and the port of New York was the major marshalling point for outbound convoys of war goods. The
security of the port and the prevention of sabotage were key to the war effort and the primary responsibility of the DIO.

At the outset of the war, Mussolini’s Italy was allied with Germany. Of particular concern to the DIO was the fact that large numbers of the work force in the port of New York were either Italian citizens or were of Italian ancestry. This included the fishing fleet which operated from the port, the wholesale and retail fish markets, the teamsters, the longshoremen, and many of the other dock workers. There was great concern that some of these workers could be Axis sympathizers who either could engage in sabotage or who could provide intelligence on ship movements to the enemy. To underline the seriousness of the threat, over 100 merchant ships sailing from Third Naval District ports in May 1942 were sunk by U-boats off the U.S. east coast. Were the U-boats being tipped off by Axis sympathizers on the New York waterfront? Ensuring this did not happen became a first order priority for the DIO.

This task was assigned to the B-3 (Investigations) branch of DIO 3ND, under the leadership of Lieutenant Commander (subsequently Commander) C. Radcliff Haffendon, a World War I veteran reserve officer with abundant intelligence and imagination, a great dedication to the Navy, and an ability to get things done. He had the good fortune of having assigned to him several Italian-speaking officers. Before the war, two of these officers had been lawyers working for Special Prosecutor Tom Dewey in his crusade against organized crime in New York City. They knew a lot about “mob” control of the docks and the fishing industry. One of these was LTJG (later Captain) Tony Marsloe, USNR (see accompanying obituary). With inputs from these officers and approval of Captain Roscoe MacFall, the DIO, and his assistant, Captain William B. Howe, Haffendon called on New York District Attorney Frank Hogan to seek permission to contact some of the Mafia figures who were key players in the waterfront unions and solicit their support in ensuring the security of the port of New York. District Attorney Hogan agreed, and the story of cooperation between Naval Intelligence and the Mafia began!

The first point of contact was Joe “Socks” Lanza, who controlled the fishing industry. He agreed to help and immediately organized the fish workers to report any suspicious activity. His efforts later extended to the fishing boats and ultimately led to a program where the Navy supplied radios and some training to deep sea fishing boats so they could report submarine sightings or other suspicious activity.

But valuable as he might be, Lanza was a relatively small player on the docks. The longshoreman’s union was controlled by Meyer Lansky, the Brooklyn docks by Joe Adonis, and New Jersey, by Willie Moretti. Frank Costello, the king of the slot machine business, was also a major player on the waterfront. Lanza could request their assistance, but there was no guarantee they would provide it. They needed to be told to cooperate by the “big boss.” Lanza advised CDR Haffendon to go see “Lucky” Luciano, who was then serving a thirty-to-fifty year sentence in a New York penitentiary, and would not be eligible for parole until 1956. After clearing it with the District Attorney, CDR Haffendon briefed the New York Commissioner of Corrections and received permission
to contact Luciano. Luciano was moved from Dannemora prison in upstate New York to Great Meadows, a much more comfortable prison outside Albany, and Lansky made the original approach to seek his assistance. Luciano agreed, despite the fact that he was repeatedly told that he would receive no favorable treatment in return for his cooperation. He was, however, to be allowed special visits by his various “associates” in order to plan and direct their cooperation with the Navy. These visits were numerous and often lengthy, and were conducted in the presence of Luciano’s lawyer, but without monitoring by any prison officials. (Of note, Luciano’s lawyer spoke no Italian, never knew what was being discussed, and took to going off in a corner and reading his newspaper!)

The results were dramatic. Cooperation with the Navy was immediate and wholehearted. Troublemakers were removed, and the word was put out to report anything suspicious and to cooperate entirely with the Navy and with the war effort. If there were any problems, Luciano was to be notified, and he would ensure the problems stopped. There never were any problems. There was no sabotage, no work stoppages, no slow-downs. The Port of New York was secure for the entire duration of the war.

That is part one of the story. Part two centers on the invasion of Sicily.

In May 1943, VADM H.K. Hewitt, Commander Naval Forces Northwest African Waters, wrote to the Director of Naval Intelligence (DNI) complaining that he had no Italian-speaking officers assigned to his staff to help him plan the upcoming invasion of Sicily. Could the DNI provide him with Italian-speaking officers, preferably with a knowledge of Sicily and Sicilian dialects? The DNI, RADM Harry C. Train, asked DIO 3ND to provide a team to support VADM Hewitt. The DIO had been collecting information on Sicily for some time and, owing to contacts within the Mafia, was able to obtain points of contact on the island. This collection program was a joint B-3 (investigations) and B-7 (counterintelligence/collections) effort. Hundreds of Sicilian natives were interviewed and the information was collated and plotted on a large wall map which was hand-drawn and maintained by ONI civilian agent George Tarbox, an accomplished artist. LT Tony Marsloe was the liaison between B-3 (CDR Haffendon) and B-7, which was headed by LCDR Herman McCarthy, and subsequently by CDR Tom Brooks, father of the author.

In response to the DNI’s request, a team of four volunteers was put together under the leadership of LT Tony Marsloe. The three other Italian-speaking officers who were members of the team were Paul Alfieri, Joe Titolo, and Jim Murray (despite his Irish name, Murray had an Italian mother and had learned the language from her). Armed with the information and points of contact the DIO had gathered, the team immediately set sail for the Mediterranean to join VADM Hewitt’s staff.

When the Sicily invasion kicked-off, Marsloe’s team landed with the first wave and immediately went inland to contact sympathetic natives who might be able to provide critical intelligence. They were able to obtain maps of minefields, both ashore and on the seaward approaches. Led by Mafia contacts, they made their way to a concealed Italian naval headquarters where Alfieri, who had been trained as a safe cracker, blew open the commander’s safe and obtained schematics of German and Italian defensive positions as
As well as codebooks for the Italian naval codes. Before departing Sicily, the team obtained Sicilian guides for Allied troops and organized the local fishing fleets to report information and bring in food for the local population.

Then it was on to the Salerno invasion in September 1943, where the team repeated its success in obtaining minefield information as well as the location of a major German railroad gun capable of ranging the landing area. While they were at it, they were able to locate a secret Italian homing torpedo. Marsloe was wounded during this operation. Titolo went on to Sardinia to help in the capture of some fleeing Italian naval officers who were seeking to help the Germans re-establish themselves on that island.

The team’s third combat landing was at Anzio in January 1944. Again with help of native guides, they made their way through enemy lines to Rome and were able to rescue Italian Admiral Franco Mangeri and another Italian who had helped the Allies and who were then in hiding. Later, they made their way to Florence where they were able to get their hands on several pieces of Italian equipment which were being sought by the Allies.

Subsequently, Alfieri, with the help of local “guides,” was able to locate Mussolini’s personal archives at a secret villa on Lake Garda.

The DIO 3ND team all received Legions of Merit (as Lieutenants!) for their heroic work. Several received Bronze Stars and/or medals awarded by the Italian underground. Their exploits would not have been possible without the contacts provided them by the New York City Mafia and the local Mafia in Sicily.

And this is part two of the story. Part three concerns Luciano and the controversy surrounding his being pardoned and deported to Sicily after WWII.

In May 1945, after the surrender of Germany, “Lucky” Luciano’s lawyer, Moses Polakoff, drew up a petition to New York Governor Tom Dewey requesting executive clemency for his client based on three premises: first, the thirty-to-fifty year sentence was excessive; second, Luciano had already served almost ten years and was a model prisoner; and third, he had helped the Navy and the nation in their fight against the Axis. Dewey forwarded the request for review by the Executive Clemency Bureau of the New York State Department of Corrections, which undertook a routine investigation into the matter. CDR Haffendon, at Polakoff’s request, submitted a letter in support of the clemency petition, stating: “...I am confident that the greater part of the intelligence developed in the Sicilian campaign was directly responsible to the number of Sicilians that emanated from the “Lucky” Luciano contact.” He went on to name the people within the New York District Attorney’s office who could corroborate this, and the District Attorney’s office did indeed follow with an affidavit supporting Haffendon’s claim. Haffendon, who was recovering from wounds suffered during the Iwo Jima landing (he had been transferred to sea duty at his own request in 1944), volunteered to provide any required additional information verbally upon release from the hospital. Although still on active duty, Haffendon sent his letter directly to the New York Executive Clemency Board and did not submit it through Navy channels.
The news of a request for clemency for a well-known “mob” figure was quickly uncovered by the press and made front page headlines in several New York City newspapers. The Navy immediately denied any knowledge and disavowed Haffendon. Files in Washington D.C. and DIO Third Naval District were ordered destroyed and pressure was brought to bear on Haffendon to say nothing more without specific approval through Navy channels. From that point on, the official position of the Navy was “we have no record of any such cooperation.” This remained the Navy’s position throughout the remainder of the 1940s.

In January 1946, acting on the advice of the Executive Clemency Board, Governor Dewey granted a special commutation of Luciano’s sentence and Luciano was immediately deported to Italy, where he lived out his life in comfort. Although he was never a U.S. citizen, Luciano always desired to return to the United States.

In the late 1940s rumors were circulated by Dewey’s political opponents that he had been bribed to commute Luciano’s sentence. The issue of the Luciano pardon received national attention as part of Senate hearings chaired by Senator Estes Kefauver in 1951, looking into organized crime. Again the question of Luciano’s cooperation arose and CDR Haffendon, whose health and mental abilities had obviously slipped, was called to testify. He gave muddled answers which neither confirmed nor denied the contacts with Luciano and their importance to the Navy.

In response to the allegations of bribery, Governor Dewey asked Judge William B. Herlands, a widely respected jurist, to form a commission and look into the entire issue of the Luciano pardon, to include the question of whether Luciano and his associates provided valuable help to the Navy during WWII. Judge Herlands wrote to RADM Carl Espe, the DNI, and asked whether such a relationship existed. In his 26 July 1954 response, Espe admitted that the relationship existed and that the information provided had been “useful.” Judge Herlands also obtained confirmation from interviews with two senior ONI officials in Washington who had been on active duty in ONI during the war and had been involved with the information obtained through Luciano. It was the Navy’s first official admission that the program had existed!

In September 1954, the Herlands commission submitted a lengthy report of its investigation into the Navy-Luciano affair, finding that Luciano’s aid was indeed sought by the “Armed Service,” that he did indeed cooperate in such an effort, and that the cooperation was valuable. Dewey’s name was cleared. The Navy objected to the publication of the full report, and it was not made public for some two additional decades!

CDR Haffendon did not live to see the Herlands Commission report, having died in 1951 from complications of the injuries he suffered at Iwo Jima. Luciano died in Italy in 1962. He got his wish to return to the United States when his coffin was flown back to New York City and he was buried in a Queens cemetery.
Captain Tony Marsloe, the last of the major players in the “Luciano Project,” died in December 2006 at age 95 (see accompanying obituary).

The cooperation between DIO Third Naval District and the Mafia provided important information at a critical time. It ensured the security of the Port of New York and saved many American lives during the invasions of Sicily and Italy. The cooperation was extensive, and, owing to the heroism of reserve officers like Marsloe, Alfieri, Tittolo, and Murray, it was extraordinarily valuable to the war effort and saved American lives. It was a hugely successful intelligence operation – by any measure but after-the-fact “political correctness.”

Source notes: For those who would like to learn more about the WWII cooperation between ONI and the Mafia, the most complete and extensive source is the 1954 report of the Herlands Commission, which is available to researchers in Albany, New York. The story is best encapsulated in Rodney Campbell’s book, “The Luciano Project” (New York, McGraw Hill, 1977), which draws heavily on the Herlands report. A Century of U.S. Naval Intelligence, by Wyman Packard (GPO, 1996) covers DIO activity in Chapter 22 and makes mention of DIO 3ND cooperation with “the underworld” on page 287. The Last Testament of Lucky Luciano by Gosch and Hammer (Boston, Little Brown and Company, 1974) purports to provide Luciano’s version of the story. Information regarding the smear campaign against Gov. Dewey can be found in a rather confused article entitled: All the Commissioner’s Men: The Federal Bureau of Narcotics and the Dewey-Luciano Affair, 1947-54, published in Intelligence and National Security magazine in 1990, and also in the Last Testament book. The author also drew on the TV documentaries, Lucky Luciano: Chairman of the Mob, Empire of Crime (part of the series “The History of the Mob in America) and America and the Mob: Wartime Friends. They contain interviews with CAPT Marsloe and are available on DVD through the History Channel on-line store. Finally, the author drew on personal interviews, oral histories, and conversations with Captain Marsloe and other participants, all now dead.
Captain Anthony “Tony” Marsloe, the highly-respected doyen of the Naval Intelligence Reserve Community in New York City, passed away on 14 December 2006 at the age of 95. He was well-known within the Naval Intelligence community for his heroic exploits during World War II.

Raised in New York City by an Italian-speaking family, he attended Cornell University and then received his Doctor of Jurisprudence degree from St. John’s Law School in the late 1930s. His first job was as an investigator in the office of the New York District Attorney, Tom Dewey, who was conducting a full-scale investigation into organized crime in New York City.

CAPT Marsloe was recruited into the Intelligence Volunteer Service (IV-(S)) program as a Naval Reserve LTJG and was called to active duty in 1941. He was assigned to the District Intelligence Office (DIO), THIRD Naval District, New York City, where he was one of a half-dozen Italian-speaking officers attached to the B3 (investigations) division. In 1942, at the direction of the District Intelligence Officer and with full cooperation of the New York City District Attorney, he assisted in putting together a plan for seeking assistance from the mafia in ensuring the security of the port of New York (see accompanying article on “Naval Intelligence and the Mafia in World War II”).

In May 1943, LT Marsloe headed a team of four Italian-speaking officers who landed with the first wave in Sicily and then operated behind enemy lines contacting sympathetic Sicilians who provided them with diagrams of minefields, locations of enemy positions, and the location of a secret Italian naval headquarters from which they were able to retrieve codes and important information on enemy strength and disposition. The team repeated their feat at the Salerno landing, where Marsloe was wounded, but succeeded in retrieving valuable data on Italian homing torpedoes and new periscope technology, as well as making contacts with locals who provided intelligence on German positions. The team made its third landing at Anzio and proceeded to Nazi occupied Rome to rescue an Italian admiral who was working on behalf of the Allies. For his exploits operating behind enemy lines in support of U.S. amphibious operations, LT Marsloe received the Legion of Merit from the president of the United States as well as the Bronze Medal for Valor from the Italian underground.

Then-LCDR Marsloe remained active in the Naval Reserve and served in the Korean War as well. He achieved the rank of CAPTAIN, and was a plank-owner in Naval Reserve Intelligence Division 3-1. He continued to be active in the NRID 3-1 Association for the remainder of his life. He enjoyed a very successful civilian career, but his first love was the Navy. In the last days of his life, he wrote an epitaph that reflected this:
I served voluntarily in the service of my choice, the United States Navy.

I served willingly because it was a privilege as well as my duty to serve my country.

I served with pride because of the heritage passed down to me by a long line of proud volunteers.

I served with honor because I was certain of the ability of my naval leaders and the future of the Navy.

I was honored to be given the opportunity to serve in the defense of our beloved nation.

Now day is done, gone the sun.

CAPTAIN Marsloe was buried in Arlington cemetery with full military honors on 31 January, 2007. In addition to Gloria, his wife of 45 years and a number of friends who had traveled considerable distances to attend the ceremony, other dignitaries present included the doyen of the 163X community, RADM “Mac” Showers, the DNI, RDML Tony Cothron and members of his staff, former DNIs RADM Tom Brooks and RADM Rick Porterfield with their wives, and CAPT John DiMaggio, representing the Commander, Naval Reserve Intelligence Command. Representing Naval Reserve Intelligence Division 3-1 were CAPT John Reed, USNR (ret) and CDR Ed Gaskell, USNR (ret).