

R1/AR

LS-3297

2 December 1944

MEMORANDUM FOR Mr. Hendrick Van Oss

SUBJECT: Nicolas Malaga

The attached Memorandum contains information concerning the above subject which would appear to be of interest to your office.

Thomas W. Dunn
Lt. (j.g.) USNR
I-2 Branch

SOURCE: Memo from Klassen 12/1
TWD/eh

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CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2004 2008

3

SECRET

SUBJECT: Nicolae MALAXA

EVALUATION: P-0

COMMENT: The attached was originally prepared and given unsolicited by Max AUSNIT to one of our field representatives. AUSNIT is known as a bitter enemy and competitor of Nicolae MALAXA. The evidence in the attached has been checked and substantiated on the spot. In the course of this investigation our field representative learned that the business methods of MALAXA and AUSNIT are substantially the same -- it's a good deal like "the pot calling the kettle black." The one great difference in these men appears to be that AUSNIT is genuinely pro-Allied -- for this reason he was imprisoned for a considerable period of time -- while MALAXA is known to have collaborated with the Germans. The extent of the latter's collaboration is still unknown, but will be investigated further.

This report is forwarded as of possible interest. Our field representative has learned that MALAXA is sending an emissary to London in an effort to contact the British and Americans. Accordingly, MALAXA intends to offer 40 per cent of stock of his various companies to British and American interests and thus hopes to avoid confiscation of his property. The information in this paragraph has been obtained from an independent source believed to be reliable and does not come from AUSNIT.

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Nicolae Balaban

1. In 1923 BALABA formed a company with Eng. KALINIKO, formerly the General Manager of the Rumanian Railways. Their capital consisted of 1,000,000 Lei. With the support of his partner KALINIKO obtained a railway contract with guaranteed orders for ten years. With these guarantees and cash received he began to build locomotives, assisted in this enterprise by the German Börsig-erke. The signing of this contract marks the genesis of BALABA's corruption of the Railways--before this date subject had held two insignificant positions, as a small railroad employee during the last war (1916), and as a truck repairman after the war.
2. BALABA's next advance came in 1921 when he was made a member of the Board of Directors of Asvita, the largest company supplying railroad equipment such as locomotives, rails, bridges, etc., at this time was having difficulty in dealing with the railway administration. Therefore, Max BUNYI proposed that BALABA be made a member of the Board to deal with the railway authorities. Though the Board was against accepting BALABA, he was finally admitted as a member of the Asvita Board of Directors.
3. Through his position in Asvita and cooperation with Max BUNYI, BALABA's credit increased rapidly. He became an ardent supporter of ex-King CAROL and the camarilla around the King. BALABA receives the first large railway contract for motorization through his contacts with King CAROL. From this contract he derived huge profits; for example, according to documentary evidence he charged the Railways Lei 1,200,000,000 for deliveries in value of Lei 884,000,000.
4. In the meantime BALABA became interested in the armament industry. The Skoda works controlled practically all sales and deliveries in Rumania. In order to get away with this competition BALABA, aided by Iuliu BUCURTESCU, a member of the King's camarilla, managed to involve SHIMIZKY, Skoda representative for Rumania, in a lawsuit for allegedly corrupting Rumanian government

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officials. SELETZKY was condemned to five years imprisonment and with the Skoda works thus discredited in Rumania, MALAXA gained all control in the armament field. In 1936 he began working on huge contracts amounting to tens of billions lei with advances of 40 per cent and enormous profits.

5. From 1936 on MALAXA developed increasing influence with CAROL's camarilla following. He was known as a great friend of Mme. LUPESCU. In order to appease the Iron Guard, which he feared, he became one of their great financial backers.
6. MALAXA's armament factories were all built with German assistance. He had several meetings with Marshall GOERING and worked strenuously for a Rumanian rapprochement with Germany. He also gave strong support to TATARESCU and his ambition to destroy TITULESCU's influence.
7. In 1939 Max AUSNIT formed the British-Rumanian Corporation in London in order to counter-balance the German-Rumanian commercial treaty then enforced by Germany. The Germans demanded that drastic measures be taken against AUSNIT. At this time MALAXA, then Administrateur-délégué, and URDARIANU, Chairman of Resita, afraid that AUSNIT might disclose their dishonest political and economic dealings, framed AUSNIT with fabricated charges and had him convicted to six years imprisonment. Thus they gained a free hand in Resita and other concerns, making dishonest armament deals at the expense of Resita, Astra, etc., and of course to the advantage of MALAXA. MALAXA, URDARIANU, and Mme. LUPESCU won the King's approval of this frame-up with the argument that it would prove to the Germans that CAROL had freed himself of Anglo-Jewish influence.
8. After the imprisonment of AUSNIT, MALAXA had his personal friend, Minister of Justice JARANDEI, issue the decree of 7 December 1939 whereby the shares belonging to MALAXA and AUSNIT--blockaded in London under a voting-agreement--were liberated and duplicates of these shares were given to MALAXA. By the same decree the GOERING-Werke was allowed duplicates of the shares belonging

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to the Ceko-Brojevska forces, which were also deposited in London. Thus MALINA and the 1st BNSO group obtained majority control over Asitia. It is of interest to note that JAKOBI, in the will published after his death, declared MALINA his great benefactor.

9. The financial support rendered by MALINA to the Iron Guard paid its dividends in September 1940 when CAGEL was forced to leave the country. At this time the Iron Guard regime came into power, though MALINA was known to have been very close to the King and to Luce. LITZSCH, during the two weeks of the new regime he established close contacts with chiefs of the Iron Guard. His nominee and protege in Asitia, ION GHELETSANU, became General Manager of the Asitia and the MALINA companies, having as collaborators many members of the Iron Guard.
10. In December 1940 Marica, leader of the Iron Guard and Vice-President of the Council of Ministers, who had become very close to MALINA, proposed to Marshall ANTONESCU, head of the Iron Guard (Legionary) Government, that MALINA be made a councillor (dictator) in the government. ANTONESCU refused to consider MALINA for such a post, for he knew of the latter's corrupt financial practices.
11. It is certain that MALINA supported ELKA in his revolt against the Marshall. MALINA was arrested and accused of complicity with the Iron Guard but was later acquitted as no evidence could be found against him and because of the influence of his many supporters. It became quite clear, however, that MALINA had defrauded the state of many millions of lei through shady armament contracts. In order to escape further prosecution he donated 50% of his shares to the state. As this was not considered sufficient the remaining 50% was expropriated by the state until such time as the commission controlling contracts should make its report.
12. At this point MALINA's German friends, who were not satisfied with his dealings, realizing his bad position, dropped him and joined the state in forming the Rogifer Company. This company was to absorb the MALINA interests.

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But MALAXA went to work. In a few months he won the full support of Mme. BOGA, Princess Alice NIKOLAI, the Marshalless, and the Vice-President Mihail ANTONESCU. As a result, on 3 October 1943, before any serious investigation of his armament contracts had been made, Mihail ANTONESCU issued a decree restoring to MALAXA all previously donated and confiscated property. According to this decree, which ANTONESCU forced Armament Minister LOBNE to sign against his will, MALAXA was also given control of the state ore mines and steel factories of Hunedoara. In addition the state guaranteed to secure raw materials, orders, and finance the enterprise.

13. This new arrangement was so scandalous that the Ministry concerned refused to go through with the deal. MALAXA did not press the matter further for he foresaw the danger of bombardment and evacuation and wanted the state to remain responsible for his property.
14. Since 1943 two of MALAXA's closest friends have been ministers in the government. Mr. Atta CONSTANTINESCU became chairman of MALAXA's Socotub Company in 1936, and ORDONAS manager of the firm in 1937. The latter particularly helped MALAXA in his contacts with the Gestapo. ORDONAS had considerable influence with the Gestapo through the German Minister KILLINGER, principally because he was the fiance of KILLINGER's daughter. ORDONAS was recently arrested and afterwards committed suicide.

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