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Office Memorandum • UNITED STATES GOVERNMENT

TO : FBP

DATE: March 3, 1948

FROM : CSB

SUBJECT: MALAYA, Nicolas

There is transmitted herewith a report received from our field office concerning the above named Subject, which, we believe, is of primary interest to your office.

This report may be permanently retained in your office.

Chief, Security Branch, SO

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*L 3 reports
on 21/4/47
That some
particulars
be included
in the
summary
Encl. 1-*

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NAZI WAR CRIMES DISCLOSURE ACT
DATE 2004 2006

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MALAXA, Nicolae

Brief summary

Born 1883, Barlau, Moldavia.

Began to assume prominence in Rumanian economy about 20 years ago and rose rapidly to the position of one of Central Europe's foremost industrialists. He acquired a fortune estimated at half a billion dollars largely through lavish bribery of government officials, being always loyal to whatever party could serve his purpose at the moment. His phenomenal rise in business was also due to his friendship with King Carol whose fortune Malaxa helped to increase. He was a member of a group of industrialist financing the pro-Nazi Iron Guard movement. In 1945, he secured restoration of some of his properties and indemnification for a mill seized by the USSR by making large financial contributions to the Communist Party.

It was in 1928 that the "N.Malaxa Locomotive Works" was formally organized. Through extensive gifts to Madame Lupescu's friends, he gained access to the inner circle of Lupescu and King Carol. Secured Rumanian State contract to build locomotives and through State money paid in advance, built factories. The State paid several times more for his rolling stock than for that produced elsewhere in Europe. Malaxa organized important branches of the Rumanian economy with Carol's approval; his official collaborators received "commissions". (A steel tube plant built from government advances and products supplied at exorbitant cost to petroleum industry behind 1000% tariff wall.) Backed Tatarescu in his split from National Liberal Party of Bratianu; sought control of Resita industrial plant in which he held 12% interest over which original cooperation with Max Ausnit turned to rivalry as Ausnit, as representative of British Vickers-Armstrong interests, refused to play and Malaxa and Carol had him jailed. In 1939, interests reorganized into three firms: N.Malaxa Co., N.Malaxa Tubes & Steel Plants, N.Malaxa Tohanul Vechiu Plant.

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 (Malaxa Co.)

1940: Negotiations with Goering for German participation in his interests. After flight of Carol, financed the Iron Guard; Iron Guard revolt of January 1941 was directed from headquarters in Malaxa's home. Because of inadequate personal arrangements, refused to sign agreement for Hermann Goering Works as to control of properties. He was taken into mild protective custody, released soon. In February 1942, the State by decree formally expropriated Malaxa-interests after investigation charging that he had made fantastic profits on state business. The State leased to the Germans all plants and called them Rogifer Company, under joint German-Rumanian control. In 1943, Rumania bought back the German half of the project; at the end of that year, Malaxa was restored to participation in half of ownership and shares. Following the Rumanian Armistice, Fall 1944, he failed in offers of controlling

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interest in enterprises to American capital and in offers to American agents of enormous bribes to effect this. Turned to Rumanian Communists and other politicians, and on arrangement for large sums to Party war chest and personnel, bribes such as houses to Communist Minister of Communications Gheorgiu-Dej and to Groza, then Communist Vice President of Council of Ministers and at present Premier, secured favorable approval to annul the Rogifer set-up and restore all properties fully to Malaxa.

1945, April 13, Government decree returned properties, gave highly favorable credit and raw materials terms for future operations, named commission to fix compensation to Malaxa for lost profits 1941-44, and awarded \$ 2,460,000 compensation for 14-inch rolling mill taken by Russians under Armistice terms. Malaxa arranged payment of \$ 6000,000 of the sum to Ausnit to clear certain debts. Since October 1945, despite official American opposition to dollar payments of compensation to Rumanians before American claims on Rumania were satisfied, he arranged for several million dollars in license-free accounts in U.S. although all not registered in his name. Ausnit was now forced to cooperate in business and arranged for 30% Soviet frozen funds participation in Resita. Striving still to unblock his frozen funds in America through various devices, in 1946, and to secure American capital investment in his enterprises such as with Kaiser-Frazer Automobile Company. In April 1946, became member of Rumanian-American Chamber of Commerce Delegation to go to U.S. to represent the Rumanian Government unofficially.

He has a plan for the development of Rumanian industry by joint Soviet, Rumanian and American participation. By securing American capital investment in his interests, he hopes to prevent or reduce his personal loss should his enterprises be socialized.

Palaxi

He is of Greek stock, reportedly Jewish*, married to Natasha Malaxa, 2 children. Son has no ostensible occupation, left Bucharest University before graduating. Daughter, whose name was linked with King Michael when he was Crown prince married a Rumanian doctor and both emigrated to the U.S. from Turkey where Mrs. Malaxa and daughter waited out the last phase of the war.

Petracarp

Malaxa is clever, complex, unscrupulous, intelligent, hard-working; a combination of robber-baron and Greek businessman. Most generous to those who befriended him during his lean days. In the Fall of 1944 he was anathema to the Russians as a Fascist who could not clearly explain his wartime German & Antonescu relations. His chief engineer, Karp (Carp), was prominently associated with the Nazi hierarchy.

Today, his top political men are Tatarescu, Groza, Gheorgiu-Dej, Bejan, Solacolu, Ionel Pop, and reportedly Hadulescu.

He likes a quiet home life and has one recreation rather typical of the man -- he loves to play poker.

* not likely

Malaxa
Dimitri

FADEC

NICHOLAS MALAXA.

In 1946 Malaxa and Max Ausnit made up their past differences, under the auspices of the Groza government, and proceeded on an "economic mission" to the U.S. As it transpired later, this was merely a "marriage de convenance" for the purpose of getting out of Rumania and promoting their own interests. The two entered into a "gentlemen's agreement" to share on a fifty-fifty basis in whatever profits may result from the transactions they might succeed in putting through between Rumania and other countries, chiefly the U.S.

This arrangement has been short-lived. The first estrangement occurred in Paris, when Malaxa was refused a British visa. Ausnit went to London alone, and Malaxa came to U.S. under a visitor's visa, together with his daughter and son-in-law, Dr. Pallady.

In New York, Rales, the Rumanian Minister to Washington, tried to patch up things between the two, but after a few abortive attempts the final parting of the way occurred in 1947, when Ausnit brought a law suit against Malaxa for non-compliance with their agreement. Malaxa might, perhaps, have succeeded in winning the case, as Ausnit could not produce a written engagement to prove his claim, but Malaxa did not care to give testimony in court that might have brought out some unsavory business of the past. He, therefore, preferred to settle the case out of court and paid Ausnit a sizable amount of money which, it is said, ran into six figures.

It is interesting to note that about the time of the law suit Ausnit's apartment in New York was entered into and searched by unknown persons.

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After this, Rales, at the instigation of Malaxa, cabled out a report to Bucarest denouncing Ausnit and all those who were on his side, especially ^{Malaxa} ~~Nica~~ Georgescu, as working against the interests of their country. The Minister accused them of obstructing Malaxa's and his efforts to obtain grain for the starving Rumanians from the U.S., in order to put through their own scheme of selling the grain with the help of American credits, which would have enabled them to make a handsome profit. This report brought immediate results. Both Ausnit and Georgescu were denounced as traitors to their country and deprived of their citizenship. The Malaxa grain transaction, which eventually was accepted by the Rumanian government, was based on credits opened in New York on a Gold guarantee in Switzerland. From this operation, it is said, a substantial commission reverted to Malaxa and others.

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It is stated on good authority that every member of the Rumanian legation in Washington, and of the New York Consulate, who can be useful to Malaxa, is in his pay, and that those who are unwilling to take bribes are intimidated and threatened with recall if they refuse to work with him. Thus, Remus Lula, the Commercial Attache, a nephew of Groza, complying with a request sent direct to him by the Ministry of National Economy, cabled quotations for oil well equipment, obtained from the manufacturers in this country, without the knowledge of Malaxa. Malaxa called Lula to his office, gave him a dressing down, and threatened him with dismissal if he would again interfere with the work he was doing for the Rumanian government. Lula, apparently, did not know that Malaxa had sent his own inflated quotations for similar equipment to Bucarest. The Malaxa relented, began praising Lula's efficiency and ability, and tried to enlist his cooperation.

Towards the end of 1947 Malaxa was informed through his own private channels that his situation in Rumania was somewhat shaky, and that his enterprises were in danger of being taken over by the government. Rales, who went to Rumania in January last,

*the latter was

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Malaxa.

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promised to look into the matter and try to remedy the situation through his influence with Ana Pauker and his other friends in the government. From Bucarest Ralea cabled to Malaxa that the situation was more serious than he had thought, and that his presence in Bucarest would be desirable. Malaxa demurred, and probably fearing his position, took his precautions. He managed to get the rest of his family - wife and son - out of Rumania. It seems that these two are at present in Istanbul, travelling with false papers.

Malaxa will probably have to choose now between his interests in Rumania and his personal safety. Judging by the example of Czechoslovakia it is likely that his enterprises in Rumania may eventually be taken over. Having all his family out of danger, and most of his available cash out of Rumania, he may have no other choice but to endeavour to stay where he is and give up as lost his interests in Rumania.

Then he may turn against the Communists and enter upon a new phase of his variegated career.

April 12, 1948.

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