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MR. PALMER: Another one of the 12 documents referred to on the original data sheet, Defendant's Exhibit No. 115-A:

"Office Memorandum - United States Government.

"TO: Assistant Attorney General T. Vincent Quinn

"FROM: Director, FBI

"SUBJECT: Nicolae Malaxa, with aliases

Internal Security - R - Rumanian

Registration Act.

DATE: May 15, 1948

"Reference is made to my memorandum to you dated April 28, 1948, your file reference TV "WEP:MMcK, 146-151-1348.

"This is to advise you that your suggested interview with Nicolae Malaxa will be held in abeyance pending the completion of the investigation which is now being conducted. Upon the completion of this investigation you will be furnished with copies of all investigative reports.

"For your additional consideration at this time, this is to advise you that Mr. Thomas K. Finletter, attorney, associated with the law firm of Coudert Brothers, New York, New York, was interviewed by Special Agents of the New York Field Division. He stated he was familiar with the affairs of Malaxa, having received his information from Malaxa himself. Mr. Finletter indicated that he felt there was no basis for the charge that Malaxa collaborated with the Germans and that he felt that Malaxa had presented to him fairly conclusive documentary proof of his statements. Mr. Finletter stated that Malaxa, to his knowledge, has always professed to be anti-Communist and indicated that all his financial negotiations had been entered into for the purpose of combatting Communism in Rumania and to better the economic conditions of the Rumanian people. Mr. Finletter stated that Malaxa feels, and that he is inclined to agree with him, that all of the so-called charges against Malaxa originated with the Aushit Brothers in New York City, who are bitter business competitors of Malaxa.

"Mr. Finletter stated that there is litigation presently pending between Malaxa and the Aushit Brothers, who are being represented by William Donovan.

"Mr. Finletter stated that in his opinion Malaxa has not been engaged in any pro-Russian activity but realized that he may be wrong in this

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belief and that Malaxa's explanation of why he was permitted to leave Rumania is open to question.

"According to Mr. Finletter, Malaxa told him that he was permitted to leave Rumania because he 'fooled' the Russians by his statements concerning the great things he could accomplish in the way of building up Rumania's industries and trade. Mr. Finletter stated that in fairness to a fellow human being he felt that 'charges' against Malaxa should be determined one or another. Mr. Finletter stated that he felt that if Malaxa was engaged in subversive activity he should be 'thrown out of the United States.' Mr. Finletter indicated that his law firm would like to continue to represent Malaxa but that they did not want to jeopardize their professional standing by continuing this relationship if any of the charges made against Malaxa are true. Mr. Finletter indicated that his law firm was introduced to Malaxa by the international banking firms of Lehman Brothers of New York City for the purpose of forming the 'Rumanian-American Economic Corporation,' and the Coudert Brothers have represented Malaxa in connection with his attempts to secure entry into Canada as well as the pending litigation between Malaxa and the Ausnit Brothers. They have also acted in an advisory capacity in connection with Malaxa's attempts to enter Mexico.

"Mr. Finletter stated that the Department of State had been kept informed of Malaxa's activities in the United States and had raised no objections to any of his activities. Mr. Finletter produced a copy of a letter dated April 14, 1948 which he had written to the Honorable Willard L. Thorp, Assistant Secretary of State, Washington, D.C., which mentioned that Finletter had discussed with Thorp Malaxa's intentions to form the Rumanian-American Economic Corporation, and that Thorp had indicated that the State Department had no objections to the initiation of this project.

"On May 5, 1948, Special Agents of the New York Field Division interviewed General Nicolae Radescu, the former Prime Minister of Rumania, concerning his knowledge of the activities of Malaxa at Radescu's residence located at 164 East 72nd Street, New York City.

"General Radescu stated that he had no personal knowledge concerning Malaxa's activities inasmuch as he had met Malaxa for the first time in

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December of 1944. Radescu credited his knowledge concerning Malaxa to 'public knowledge'. Radescu stated that when he became Prime Minister in September, 1944, he observed that the transportation industry was in a bad condition. He investigated and found that this condition was due to the intense rivalry between Rumania's leading industrialists, Malaxa and Max Ausnit. In December of 1944 he interviewed Malaxa and Ausnit and succeeded in getting them to cooperate.

"Radescu explained the apparent discrepancy between his statement that Malaxa was in possession of his factories in December, 1944, with the fact that the decree granting Malaxa control over his works was not signed until April 12, 1945, by stating that both Malaxa and Ausnit assumed control of their factories shortly after the Armistice in September, 1944. He stated that he was unaware of the decree of October 9, 1943, which gave back to Malaxa his rights of ownership over his property. General Radescu advised that he also charged his Minister of Agriculture to study the question of reimbursing Malaxa for the use of his factories by the Rumanian Government during the time the Germans were in control and the return of these factories to Malaxa's control. He also stated that the Russians had seized a tube mill belonging to Malaxa contrary to the provisions of the Armistice dealing with reparations, and reimbursement for this seizure was also under consideration. Radescu pointed out that although the decree which returned Malaxa to control of his factories and reimbursed him for the use of his factories by the Rumanian Government and the seizure of the tube mill by the Russians was signed after he was deposed as Prime Minister, he was responsible for its inception. He also pointed out that although the pro-Communist Government of Peter Groza was in power at that time, they did not have complete control and there was still a semblance of democratic procedure. He was unable to explain why this decree called for reimbursement to Malaxa in foreign currency. General Radescu stated that after his interview with Malaxa in December, 1944, he did not see him again until April 26, 1945. However he stated that several incidents have convinced him that Malaxa is opposed to Communism. When Radescu was deposed as Prime Minister on March 6, 1945, he fled to the British Legation

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in Bucharest for sanctuary and remained there several months. While there, Enachescu, a mutual friend, visited him and said that Malaxa was placing himself at Radescu's disposal if Radescu would try to oust the pro-Communist Government. Radescu stated that the possibility of a coup existed at the time inasmuch as the Rumanian people were still behind him and wanted him to take action to throw the pro-Communist Government out of office. In December, 1947, Malaxa sent word to Radescu that he wanted to assist Maniu and Milhalache, imprisoned leaders of the Peasant Party, if Radescu knew of any way to do so. Sometime later Malaxa again sent an emissary to Radescu and offered to back him to the limit against the Communists. On this occasion the emissary pleaded with Radescu not to reveal Malaxa's anti-Communist activities inasmuch as Malaxa feared for the safety of his wife and child in Rumania if this became known. General Radescu stated that now that Malaxa's wife and child have escaped to Switzerland, he no longer will remain quiet about his anti-Communist views and activities.

"General Radescu had no personal knowledge concerning the question of why Malaxa was permitted to leave Rumania." This portion has a red line around it. "He stated that Malaxa probably pretended that he was not opposed to the Communists and paid a large sum to Bodnarash in order to leave Rumania. He explained that Bodnarash, a Russian citizen, is Minister of War and Head of the Secret Police in Rumania and makes certain that he is well paid when anyone with money wants to leave Rumania. Mr. Radescu stated that Malaxa probably has given quite a bit of money to the Communist members of the Rumanian Legation in this country as an added measure of protection for his wife and child. Radescu mentioned that within the past week he voluntarily submitted an affidavit on Malaxa's behalf to the State Department because he needs Malaxa's assistance in delivering Rumania from Communist control.

"By memorandum dated May 10, 1948, the Department of State through liaison channels with this Bureau, forwarded a copy of the text of two papers (designated as Attachment No. I and Attachment No. II) concerning (1) Rumanian resistance groups and (2) the possibility of using Rumanian refugees in the United States Armed Forces. This material was furnished

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to an official of the Department of State on April 27, 1948, by General Nicolae Radescu, former Rumanian Premier and a leader of the Rumanian opposition in exile. The Department of State has advised that copies of these papers were understood to have been submitted to General Wedemeyer, Department of the Army, by General Radescu.

"A copy of Attachment No. I and a copy of Attachment No. II are enclosed for your use and are self-explanatory.

"In this connection, this is to advise that by memorandum dated May 11, 1948, the Central Intelligence Agency furnished this Bureau with information that has previously been brought to your attention. CIA states that Malaxa is presently financing General Radescu, who is attempting to organize his own resistance movement and, in turn, Radescu has supported Malaxa's request for an extension of his United States visa. CIA has reported that adherents of Radescu have been spreading a story that the Central Intelligence Agency has intervened with the State Department to secure an extension of Malaxa's visa, in return for which Malaxa would furnish to Radescu \$1,000,000 to finance a resistance movement.

"The Central Intelligence Agency has stated that this attempt to implicate their Agency in the affairs of Malaxa and Radescu is without foundation in fact and that Radescu has proposed that CIA transmit certain funds amounting to only a few thousand dollars to certain of his adherents abroad. The Central Intelligence Agency has stated that in view of Radescu's association with Malaxa, his proposal was rejected.

"For your additional consideration in this regard there is attached a copy of the memorandum to this Bureau from the Central Intelligence Agency dated May 11, 1948."

May I have Your Honor take judicial notice that Coudert Brothers represented the French Government and they are one of the largest firms in New York City?

THE COURT: I could not take judicial notice of that.

MR. PALMER: Will counsel concede Coudert Brothers is one of the largest law firms in New York?

MR. KELLEY: If you say that is true, we will accept it.

MR. PALMER: And Mr. William J. Donovan was the United States Attorney?

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MR. WHEARTY: That is true.

MR. PALMER: "Eastern European political leaders have been greatly elated by the news-report to the effect that several members of Congress and particularly Senator Bridges of New Hampshire would sponsor a project 'to provide aid for anti-Communist underground forces in Russia's satellite nations.' These leaders sincerely hope that such project will receive favorable consideration by the U. S. Government and Congress.

"The need for give assistance to the majorities of Eastern Europe struggling under foreign imposed and maintained yokes is too obvious to require stressing. Once deprived of any legal means of making themselves effective, these majorities cannot protect themselves and even less fight back before being thoroughly organized as a closely-knit underground movement.

"Despite the lack of any support from the free world, many underground groups have appeared in each of the Soviet dominated countries, but, owing to the lack of experience and means of their leaders, most of them were detected by the Communist police before they had time to grow into effective fighting organizations. Thousands of courageous but unexperienced patriots sacrificed themselves in this way without any real benefit to their nations.

"In view of this experience and considering that Soviet police methods against underground groups seem much more effective than the means of detection and combat employed by the Nazis, no time should be wasted in thoroughly studying this problem. The experience of anti-Nazi underground leaders should be made use of and their methods ought to be improved upon, in the light of general conditions in the Soviet sphere as well as of conditions specific to each individual country.

"The communists possess an unsurpassed experience in underground work. Hence their effectiveness in detecting and smashing such movements when hostile to them. Recent experience shows that to organize and keep in being an underground organization against the Soviets takes more than courage and spirit of self-sacrifice. Amateurs cannot prevail against the Communist police.

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"It is therefore submitted that in studying this problem, proper stress should be laid on the means of training leaders and organizers of such underground movements. The future leaders and organizers could be recruited from among refugees as well as from among members or resistance groups already existing in the different Eastern countries (for the latter, ways would have to be found to smuggle them out for proper training).

"In the meantime, however, the hard cores of existing resistance groups ought to be helped.

"There are several such loosely connected resistance groups in Rumania which keep contact with the exiled political leaders. According to reports received from their leaders, their main handicap is the complete lack of financial means. Since the currency reform of August, 1947, and the increasing difficulty of disposing of hoardings of foreign currency, coupled with the complete government control over any financial transactions of individuals or corporate bodies, the resistance groups are unable to obtain financial contributions from the private sources which assisted them so far. These leaders therefore urge the exiled political leaders to provide them with a minimum of funds. Since the latter are convinced that such requests are well-founded and since they believe that, pending the organization of the underground on a more solid basis, the existing groups ought to be kept in being, they are anxious to send to Rumania a first subsidy of 2,000 dollars. The question therefore arises whether they can be helped to transfer this amount to Rumania (including the remittance through U. S. agents of preferably Romanian currency to the payees - whose names are to be indicated in due time).

"It is also suggested that the U. S. Agency which maintains contact with existing Rumanian resistance groups should get in touch with M. Nicholas Caranfil, a former Minister of Air and Navy (11 rue Lessuer, entree 4 et. VI. dr., Paris 16), who is entrusted with the task of keeping in touch with such underground groups and who, therefore, is in a position of giving useful references about such groups and their leaders.

"ATTACHMENT NO. II.

"I. The recent suggestion of Senator Henry Cabot Lodge of Massachusetts to the effect that 50,000 young single European men should be let to

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join the United States Army has been received with interest by the exiled Romanian political leaders.

"In the hope that some such measure will eventually be adopted by the U. S. Government, it is submitted that at least 20,000 Romanian refugees of military age at present in the Western zones of Germany and Austria, in Italy and France (officers and soldiers taken prisoner by the Germans; young men sent during the war to German military schools, young men sent to Czechoslovakia as agricultural workers; political refugees, etc.) would be anxious to join any American sponsored military force. Most of them have valuable military training and all are determined opponents of Communism.

"These refugees, deprived as they are of any assistance from any quarter, are at present in utter distress. They lack food, clothing and in many cases shelter, their only means of support being occasional jobs at quarries, in lumber camps, road repair work and in agriculture. Enlistment in a military organization would save these men not only physically but also morally.

"II. Irrespective of what the outcome of the suggestions put forward by Senator Cabot Lodge will be, the exiled Romanian leaders believe that in view of the threatening international situation of the tens of thousands of Romanians who are now in the American, British and French zones of Austria and Germany should not be left to their fate. They constitute a valuable man-power asset on the side of the democracies, and, therefore - knowing what would be in store for them should they fall into the hands of the Soviets - they should be at least enabled to fight for their lives and thus help the western powers if the worst arrives. Accordingly, it is suggested that, pending further developments, the Romanian refugees of military age, at present in the Western zones of Austria and Germany, should be assembled in several American controlled camps and organized into battalions for auxiliary duties and for labor. (Among the advantages of such action would be the facilitating the recruitment of voluntary underground workers, who, after thorough training would be sent to Romania. In this connection see: Memorandum concerning the resistance movements.) - This would be a most appropriate first step towards the physical and moral rehabilitation of these victims of communism.



"The ultimate aim, however, should be the establishment of some Romanian manned and led military units that could play a not unimportant role in any future contingency and in connection with the re-establishment of a free Romania.

"III. In this connection, the attention of the proper U. S. authorities is called to the situation of the tens of thousands of Romanian citizens of German race now in Germany. There are several categories of such Romanian nationals" 1) young men of military age who have been enlisted either forcibly or, in some cases, on a voluntary basis in the German armed forces; 2) men and women who have fled from Romania in 1944 before the advancing Soviet Army (from fear of reprisals); 3) about 150,000 Germans evacuated in 1940 from Bessarabia, Northern Bucovina and the Dobrudja provinces - on the basis of a German-Soviet-Romanian agreement. The latter as well as those who have joined the German armed forces voluntarily have lost their Romanian citizenship, but the Allied authorities do not recognize them as German citizens. All would be anxious to return to a Romania reconstructed within its prewar boundaries. With some exceptions these people were loyal citizens of Romania between the two wars and played an important role in the Romanian economy.

"Properly screened, these Romanians of German race could provide a reliable and valuable manpower reserve in certain contingencies and most of them would willingly join any free Romanian military force, as well as any American sponsored foreign-manned units. It is to be noted that with their addition, several tens of thousands of Romanians of military age could be recruited in Austria and Germany.

"IV. Despite many attempts to obtain complete information about the number of Romanians in Germany and Austria, the exiled political leaders were thus far unable to get reliable and full data. They have therefore decided to send to Germany and Austria a fact-finding delegate. He will be M. Barbu Niculescu, private secretary to General Radescu. Mr. Niculescu is to leave for Europe at the beginning of May and it would be highly appreciated if the proper U. S. authorities would ask the American military government in Frankfurt A. M. and the commander of the American zone in Austria to facilitate his travels in the respective zones as well as in the British and French zones (by intervening in his support with the local

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British and French military authorities).

"Secret                      "May 11, 1948

"Memorandum for the Director, Federal Bureau of Investigation.

"Attention: Dr. D. M. Ladd.

"Subject: Nicolae Malaxa, Emigre Group.

"1. This Agency has learned that Nicolae Malaxa, a Rumanian industrialist who is in the United States, has certain financial and business relationships with individuals who might be contacted in connection with the program outlined in our SO DB 8815. The information concerning Mr. Malaxa presently available in our files is given below.

"2. Malaxa began his career in Rumania, following graduation from the school for Civil Engineers in Bucharest, by opening a small workshop for repairing railroad cars. By means of bribery of railroad officials he was able to build up a sizeable fortune, after which he undertook the manufacture of arms and munitions. In 1933 he began a campaign against the import of war material into Rumania, demanding the cancellation of contracts that had been entered into with the Skoda plant in Czechoslovakia. At this time he utilized the services of Puiu Dumitrescu, then private secretary to King Carol. Through bribery of Dumitrescu he was able to establish relations with Carol and Madame Elean Lupescu. After the dismissal of Dumitrescu, Malaxa established similar relations with the successor, Ernest Urdarianu. During the period 1933-1940, Malaxa used his influence in Palace circles to secure the appointment of his own men to such offices as Manager of the State Railroads and Minister of Communications.

"3. During 1937 Malaxa began his collaboration with the Nazi regime in Germany. He established close relations with German industrialists, including Albert Goering, the brother of Herman Goering. Malaxa gave Albert Goering an interest in all his companies, including the Resitza iron and steel works.

"4. At about the same time subject began to subsidize the Rumanian Iron Guard, a fascist organization. Following the abdication of Carol in September, 1940, Malaxa established still closer relations with the Guard, which had entered the government of General Ion Antonescu. When the Guard

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unsuccessfully rebelled against Antonescu in January 1941, it was discovered that Malaxa had procured arms for them; the Guard had so strongly fortified his residence that an artillery bombardment was required to reduce it. Following the collapse of the rebellion subject was arrested; he was imprisoned for a short period and his factories were confiscated. By means of bribery he secured the assistance of Mihai Antonescu, Vice Premier and Foreign Minister, through whose good offices he was freed from house arrest. A few of his factories were returned and negotiations for the restoration of others were nearly completed when the Antonescu regime was overthrown.

"5. After the coup d'etat of 25 August 1944, Malaxa attempted to leave Rumania, but was unable to secure a passport. Within a short time, however, he had established good relations with the Rumanian Communists and the Soviet authorities. He secured the return of three of his factories not previously returned by the Antonescu regime, and was given in addition compensation amounting to approximately a half million dollars for the profits which he could have made during the preceding three years had these factories been under his control. It has been reported that this indemnity was divided with the Rumanian Communist Party. The Soviet authorities claimed as reparations a large pipe mill owned by Malaxa. The Communist-dominated Groza Government thereupon gave subject an indemnity of \$2,400,000, which it is reliably reported he also shared with the Rumanian Communist Party. Since the Rumanian Government was unable to pay this in dollars, Malaxa was permitted to exchange into dollars the payment received in lei by selling the Rumanian currency to Americans and by exports. He realized two million dollars through sale of lei to the joint Relief Committee of New York and \$400,000 through exports.

"6. According to a reliable source, Malaxa was characterized by Col. Finogenov, Chief of the Soviet Economic Mission in Rumania, as a man who was prepared to seel Rumania to the USSR if he could profit from the transaction. For this reason, Col. Finogenov is reported to have said, Malaxa was to receive the support of Rumanian Communists.

"7. Following his arrival in the U. S. in October, 1946, subject has worked closely with Mihail Ralea, Rumanian Minister to Washington. They have succeeded in securing a commercial loan of \$13,000,000. Malaxa has also been successful in unblocking his large bank accounts in New York.

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"8. It is reliably reported that all officials in the Rumanian Legation in Washington who can serve his purposes are in Malaxa's pay, and those refusing to cooperate are threatened with recall or otherwise intimidated. Remus Lula, Commercial Attache, a nephew of Prime Minister Groza, is reported to have been threatened with dismissal at subject's instigation because he sent to Rumania quotations for oil well equipment without having notified Malaxa, who had already sent inflated quotations to Bucharest.

"9. In late 1947 subject was informed through his own channels that his enterprises in Rumania might be taken over by the government. He was in communication with Ralea, who had gone to Rumania in January, 1948, and who had promised to look into the situation. Ralea cabled subject that the situation was serious and advised him to return to Bucharest. Instead, Malaxa got his wife and son out of Rumania (his daughter and son-in-law, Dr. Gheorghe Pallade, are presently in the United States).

"10. Malaxa has established in New York a firm known as 'The Rumanian-American Economic Corporation.' Among the members of its Board of Directors are Viorel Tilea, former Rumanian Minister to London and Grigore Gafencu, former Foreign Minister. Brutus Coste, a former Rumanian diplomat and a close associate of General Nicolae Radescu, receives \$250 monthly from this corporation, allegedly for preparing reports on conditions in Rumania.

"11. Malaxa is presently financing General Radescu, who is attempting to organize his own resistance movement. In turn Radescu has supported Malaxa's request for an extension of his U. S. visa. Adherents of Radescu, notably Coste, are spreading the story that the Central Intelligence Agency has intervened with the State Department to secure an extension of Malaxa's visa, in return for which Malaxa will furnish Radescu \$1,000,000 to finance a resistance movement. This version was given by Coste when leaving a social affair in the home of Lt. Col. David Scott Crist, U. S. Army, 2501 Que Street, N.W., Washington, D.C. on April 26 or 27.

"12. This attempt to implicate CIA in the affairs of Malaxa and Radescu is without foundation in fact. Radescu had proposed that this organization transmit certain funds, amounting to only a few thousand dollars, to certain of his adherents abroad. In view of Radescu's association with Malaxa, his proposal was rejected.

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"13. This Agency would greatly appreciate receiving any information or comment the Bureau may now have relating to the background and activities of Mr. Malaxa, with special reference to his association with General Nicolae Radescu.

"Alan R. McCracken, Acting Assistant Director."

If Mr. McCracken an FBI man?

MR. WHEARTY: I do not know.

MR. PALMER: You do not know?

Mr. WHEARTY: Whatever is on the paper.

MR. PALMER: It says, "To the Assistant Attorney General T. Vincent Quinn, Director, FBI."

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