



United States Department of Justice  
Federal Bureau of Investigation  
Washington, D. C.

CONFIDENTIAL  
BY SPECIAL MESSENGER

IN REPLY, PLEASE REFER TO  
FILE No. 100-344488

grrt

Date: May 21, 1948

Em

To: Director  
Central Intelligence Agency  
2430 E Street N. W.  
Washington, D. C.

*original (Nicholas) Malaxa*

Attention: Mr. Alan R. McCracken

*JCH*

From: John Edgar Hoover - Director, Federal Bureau of Investigation

Subject: NICOLAE MALAXA, with aliases  
Nicholas Malaxa, Nicolie Malaxa, Nicolai Malaxa  
INTERNAL SECURITY - R - RUMANIAN

Reference is made to your memorandum dated May 11, 1948, in which you state that Nicolae Malaxa, a Rumanian industrialist, is in the United States and has certain financial and business relationships with individuals who might be contacted in connection with the program outlined in your memorandum number SOLE 8815.

*No info*

This is to advise you that this Bureau at the present time has a pending investigation concerning the activities of Malaxa. It is requested that your Agency not interview Malaxa in connection with your program relating to emigre groups until the completion of this Bureau's pending investigation. At the completion of this investigation you will be promptly notified and you will be furnished with the results of this investigation. Malaxa's activities are now being considered by the Criminal Division of the Department of Justice in connection with the provisions of the Foreign Agents Registration Act.

There are set out hereinafter pertinent background information and information relating to Malaxa's activities:

Background

On January 19, 1948, the Royal Canadian Mounted Police furnished this Bureau information reflecting that Nicolae Malaxa, the former Rumanian steel industrialist, was born in Barlad, Rumania, December 10, 1884. He arrived at the port of New York during September, 1946, and was applying for a permanent admission into Canada. The Royal Canadian Mounted Police have stated that Malaxa is well known to Russians who may be exploiting

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him as a suitable instrument to initiate trade agreements with the British and Americans.

Entrance into the United States and Purpose

During February of 1948, the New York Field Division of the FBI reviewed the records of the Immigration and Naturalization Service, 70 Columbus Avenue, New York, New York, and it was determined that Immigration and Naturalization Service file No. 0300/174060 indicates that Nicolae Malaxa entered the United States at the port of New York on September 29, 1946, via the TWA plane 86511, Manifest No. 2-130-15436, and that Malaxa was issued a nonimmigrant visa No. 670 at Paris, France, August 7, 1946, under Section 3/2B; he has been receiving extensions periodically on this visa to August 15, 1948. Malaxa carries Rumanian passport No. 029576, issued April 15, 1946, at Bucharest, Rumania, by the Minister of the Interior, which also has been extended to April 15, 1949.

The records of the Immigration and Naturalization Service reflect that originally Malaxa requested entry into the United States for five months and overstayed his entry visa before applying for extension. Through his attorneys, Phillips, Mizer, Benjamin and Krim, 1501 Broadway, New York, New York, Malaxa explained his delinquency by stating that it arose through his limited knowledge of the English language and the belief that the visa was valid for twelve months.

Through liaison channels with the State Department on May 2, 1946, the FBI received a copy of an incoming State Department telegram from the American diplomatic representative in Bucharest, Rumania, to the Secretary of State, dated April 19, 1946. This incoming State Department telegram reflected that the American Service Officer, Berry, stated that plans of the Rumanian Government to send an official commission to the United States had been dropped. However, a small unofficial delegation from the American Chamber of Commerce in Rumania desired to visit the United States. The chairman of this delegation was to be Max Ausnit, and this delegation desired to renew old connections and to secure information on further trade relations. Foreign Service Officer Berry told Max Ausnit that he did not think American capital would be interested in Rumania until the political conditions were settled, and it was indicated by Malaxa that this delegation had no plans for investments. Foreign Service Officer Berry indicated that aside from Ausnit, the delegation would be made up of Aionica Weiss, Jacques Bochori, Nicolas Malaxa, and three technical experts, namely, Dan Dragomirescu, Lahar Stoicescu, and Marcel Petreanu. These technical experts were to be designated by the Rumanian Government. Berry indicated that the three technicians, since they were designated by a Communist Government, were probably favorable to it. It was further indicated that Malaxa

was working close to the present Rumanian Government, and that if American business expected to make any move in Rumania, they could be sure that Malaxa would have a part in it. Berry stated that after careful consideration he had decided to approve the delegation, who would secure visas in Paris.

On January 27, 1948, the Washington Field Division of the FBI determined that the Department of State records failed to indicate that Nicolae Malaxa had ever applied for, or was refused, a visa for permanent residence in the United States.

#### Political Ramifications of Malaxa in Rumania

During November of 1947 the Washington Field Division of the FBI made inquiries of the Department of State to determine the status of Malaxa in the United States. At that time the files of the Visa Section of the State Department were reviewed and it was indicated that Malaxa was not in the United States in a diplomatic capacity. However, it was determined that Mr. James Donovan, Division of Foreign Activity Correlation, State Department, was in a position to make available the State Department files relating to Malaxa. These files in the State Department reflected that Malaxa was a mere Rumanian railway employee in 1916 and was a railroad truck repairman after World War I. There was no indication as to Malaxa's activities from World War I until 1931, at which time it was noted that Malaxa was appointed a member of the Board of the Rumanian Railway Supply (The Resita). The pertinent comments concerning Malaxa's association with this railway supply company indicated that Malaxa had grown wealthy through his association with Max Ausnit, who was at that time Rumania's leading industrialist.

It was further indicated that Malaxa became an ardent follower of the then King Carol of Rumania, and that he joined King Carol's Camarilla Puiu Dumitrescu, and that Malaxa, through his connection with Dumitrescu, was successful in discrediting one Beletzky, the Skoda Armament manufacturing representative of Rumania. These State Department records further revealed that Malaxa had gained complete control of the armament manufacturing field in Rumania by 1936.

In a report submitted to the State Department from the American Minister to Rumania, Franklin Mott Gunther, it was noted that Mr. Gunther was of the opinion that Malaxa had been successful in "framing" Max Ausnit, and that the latter was convicted and imprisoned for six years. On March 14, 1940, Ausnit was deprived of his civil rights in Rumania for a period of four years and received a fine in the amount of 250 million lei, which amount had been paid by him as damages to the Rumanian Government. The

Gunther report pointed out that Ausnit had formed a British-American corporation in London in 1939, and that Ausnit had endeavored to counter-balance the German-Rumanian Commercial Treaty. It was on the basis of the formation of the corporation and the British-American collaboration that Ausnit was convicted, according to the report.

The files of the State Department contained a report on economic developments for the State Department, dated July 15, 1946, which portrays information indicating that if Rumania failed to negotiate the desired arrangements which Malaxa had been working on with the United States Government, Rumania would feel that the United States had abandoned the idea of helping Rumania, and that Rumania would inevitably make peace terms with the U.S.S.R. A second documentary memorandum was reviewed by the Washington Field Division of the FBI in the State Department files which had been prepared by the Division of Economic and Security Control, and it was noted that the American Consul General at Istanbul, Turkey, made a report which, in part, is as follows: "He, (Malaxa) is considered entirely unscrupulous turning with the wind and like a cat has developed to a high art the knack of landing on his feet. He is considered to be essentially a dangerous type of man from the standpoint of being an opponent of a truly democratic regime in the country (Rumania)."

The State Department files also reflect that Malaxa was the owner of three factories in Bucharest which were making shells and tanks and were, as late as August, 1941, working for the benefit of the Germans. It was further noted that Malaxa was reported to be the owner of a small shell factory near Bran, Rumania, and, also, an airplane factory near Braşov, Rumania.

A memorandum that was prepared in the State Department on October 23, 1946, reflected that Malaxa and Ausnit (presumably Max Ausnit) had arrived in the United States as members of the American-Rumanian Chamber of Commerce. It was indicated that their primary interest in the United States was in the developing of commercial relations between the two countries, namely, the United States and Rumania.

Malaxa's Association with the Rumanian Mission in the United States

Special Agents of the Washington Field Division of the FBI interviewed on October 31, 1947, Pamfil Riposanu, the former Counselor of the Rumanian Legation in Washington, D. C., who stated at the time of the interview that he had heard from reliable Rumanian sources in New York

that Nicolae Malaxa was financing the Communist members of the Rumanian Mission in the United States, and that all financial negotiations between Malaxa and the Communist members of the Rumanian Government in the United States were on a cash basis. Riposanu stated that while he was a member of the Legation in Washington he personally knew of cash gifts made by Malaxa to members of the Rumanian Mission and added that he has since understood that Malaxa contributes in cash sums of money to the Rumanian Minister, Mihail Ralea. These contributions are amounts which approximate \$4,000 monthly.

During November of 1947 a reliable confidential informant, who has an excellent knowledge of Rumanian activities in the United States, advised that it was his understanding that Malaxa contributed heavily toward Rumanian Minister Ralea's expense account which was over and above the Minister's regular salary.

A reliable, confidential informant advised this Bureau on December 22, 1947, that Ion Crivelescu, Attache, and Mircea P. Metes, First Secretary, Rumanian Mission, had a discussion concerning the funds of the Mission and, according to this informant, it was reported that the original sum of \$375,000 was placed at the disposal of the Rumanian Mission when it was opened as a Legation in 1946; of that amount only \$30,000 was left. Metes indicated that the difference has been spent by the Legation for salaries, transportation and other miscellaneous expenses. He stated that \$29,000 had been spent for transportation alone. Metes also mentioned, according to this informant, that salaries which had been paid by the Mission amounted to \$42,000, and he indicated that this amount was a separate amount from the original sum of \$375,000.

A reliable, confidential informant of the FBI who is familiar with Rumanian activities advised that both Radu Stoichita, Third Secretary of the Rumanian Mission, and Riposanu, former Counselor of the Rumanian Legation, have indicated that a separate sum is available to the Rumanian Legation for salaries over and above the stated allowance made by the Rumanian Government, and that this fund was maintained by Malaxa.

During January of 1948, an informant of the FBI, who is reliable and who is considered an excellent source of information with regard to Rumanian activities, particularly concerning the Rumanian Mission in the United States, and who is not in sympathy with the present Rumanian Government, advised that he had been placed in a very embarrassing "spot" with

the Rumanian Legation by the fact that Nicolai Malaxa, a wealthy Rumanian national in the United States, had reported to the Rumanian Minister Ralea that he, the informant, was an American spy. The informant stated that this charge was made by Malaxa because he, the informant, would not compromise himself in any way in the dealings which Malaxa was engaged in here in the United States. The informant stated he was convinced that Malaxa was the most dangerous Rumanian as far as being able to control Rumanian affairs in the United States. He further stated that Malaxa's wealth permitted him to buy his way wherever he felt it would yield the greatest return. He indicated that Malaxa has always been successful in dividing opinion, that he, in this capacity, has been successful in dividing the opinion of the Rumanian Legation in Washington, and that he presently is endeavoring to make a breach in the Rumanian resistance movement here in the United States. The informant stated that it is common knowledge in Rumania that Malaxa was a powerful financial support behind the German Iron Curtain, and that it is apparent today that Malaxa has been successful in ingratiating himself with the Russian Communists.

This informant commented that he hoped that Malaxa would not be able, through his money, to buy the support of any of the Rumanian members who presently were engaged in a resistance movement in the United States. He stated that another former powerful Rumanian manufacturer, Max Ausnit, was also living in New York City, and that Ausnit was lending support to the Rumanian resistance movement. The informant said, as concerns Ausnit, that there could be no question as to Ausnit's sincerity and desire of furthering democratic interests in Rumania. He related briefly how Ausnit had been done out of his huge manufacturing holdings in Rumania by trumped-up and faked charges which he felt were the underhanded dealings of Malaxa.

A reliable confidential informant advised that on October 29, 1947, Mrs. Frances Rogers, Secretary of the Rumanian Mission, Washington, D. C., contacted Miss Ruth Allen, listed as a typist in the Rumanian Mission in New York City, and advised Miss Allen that Minister Ralea desired to send invitations to a number of New York people for a reception at the Legation on November 8, 1947. Among those to be invited was Mr. Nicolae Malaxa.

#### Activities in the United States

An article appeared in the 4-star edition of the newspaper, "New York Journal American," page six, issue of Monday, January 6, 1947, which consisted of a column by Cholly Knickerbocker, which states as follows:

"Ex-King Carol of Rumania wasn't just a shrewd ruler who managed to remain on a tottering throne in one of the most volcanic Balkan countries, and a faithful lover to his red-haired Magda. He was also a clever businessman with contacts all over the world. Among his best business partners in Bucharest were Nikola Malaxa and Viorel Tilia, both at present visiting in this country. (Tilia)

"The commercial alliance between the sovereign and his two subjects was so strong that Tilia was appointed Rumanian Ambassador to the Court of St. James before the war. After his resignation, he remained in England and tried to start a Free Rumanian Movement--but this plan failed.

"Tilia is the typical example of a political opportunist. When Hitler's Quisling, Antonescu, took over in Bucharest, Tilia became a fervent Iron Guardist. But when the Nazis were kicked out, only to be replaced by another kind of scum--the Communists--Tilia changed again. He's now an obedient servant of the new Red regime.

"Here in New York Tilia renewed old acquaintances and associations with Nikola Malaxa, his former boss. Both characters are engaged in financial deals with the Rumanian Red Govt. Their main task is to procure U. S. dollars for the Reds in Bucharest--and both seem to be doing very well.

"How long is Uncle Sam going to be a sap and let things of this sort go on under his very nose?"

#### Construction of Penicillin Plants in Rumania

During April of 1946, Colonel Frank W. Wozencraft and George C. Hargrove of the E. B. Badger and Sons Company, New York City, were interviewed by representatives of the FBI in connection with the construction of penicillin plants in Rumania. Mr. Hargrove advised that a conference was held in New York City the latter part of March and the first part of April, 1946, at which were present the following individuals: Robert Kratschner of the Sardik Products Company, New York City; Emil Svec, former member of the Board of Directors of the Skoda Works; and Bernard L. Lauren of the law firm of Engel, Judge and Miller, New York City.

Lauren is the American representative of Nicholas Malaxa, an associate of former King Carol of Rumania. He is also believed to be a relative of Madame Lupescu. Malaxa is, himself, said to be the owner of a steel and locomotive works in Rumania.

Resulting from this conference, E. B. Badger and Sons drew up an agreement to furnish plans, designs and material for the erection of a penicillin plant in Rumania to cost approximately \$2,000,000. Kratschner and Svec were to receive a five per cent commission as negotiators of this transaction. Lauren indicated that Malaxa was to arrange for the payment of the \$2,000,000 for the plant, after which Malaxa would set up a holding company which would operate this penicillin plant. One-third of this holding company stock would be assigned to Malaxa, one-third to a Russian interest and one-third would be transferred to an American holding company. Badger and Sons would be assigned a percentage of the stock in the holding company on the following conditions:

- (1) That Badger and Sons furnish technical advice and service to the penicillin plant after it is completed.
- (2) That should anyone contract with Badger and Sons for the erection of any other penicillin or streptomycin plants, in any of the Balkan countries, Badger and Sons would advise Malaxa who would have the right to erect these plants himself as he so desired. (Streptomycin is a drug similar to penicillin.)

It also appeared that Lauren, on behalf of Malaxa, had been negotiating with Kaiser-Frazer in Detroit for some Rumanian contracts.

Mr. Hargrove stated that the E. B. Badger and Sons Company would complete their original contract for the erection of a penicillin plant if it was accepted by Malaxa, and that his firm was extremely skeptical of the holding company deal and would, therefore, not enter into any portion of a transaction unless the FBI or the State Department deemed it advisable. On April 5, 1946, the FBI advised the State Department by memorandum of the pertinent information concerning the construction of penicillin plants in Rumania which was obtained from Mr. Hargrove.

Also during April of 1946, Mr. George C. Hargrove and Mr. W. C. Rousseau, representatives of the E. B. Badger and Sons Company, were interviewed and it was determined that during the early part of March, 1946,



E. B. Badger and Sons were approached in an effort to have this firm erect a penicillin plant in Rumania.

It appears that Robert Kratschner, who is connected with the Sardik Food Products Company of New York City, first approached Mr. Rousseau and indicated that he had been negotiating with one Nicolas Malaxa and his associates for the erection of industrial plants in Rumania. It also appears that Kratschner has some sort of a working agreement with one Emil Svec, who apparently was at one time the president of the Bren Company, and also a director of Skoda in Rumania, and that both Svec and Kratschner are interested in industrializing Rumania through American corporations.

On February 21, 1946, Mr. Rousseau had a conference in Mr. Svec's suite at the Hotel Pierre, New York City, at which time Mr. Kratschner was also present, and a tentative agreement was entered into at this time, whereby the E. B. Badger and Sons were to supply Kratschner and Svec's principal with material and engineering plans for the erection of the penicillin plant in Rumania that would cost approximately \$1,400,000. At this meeting Svec indicated that since he had several partners with him in on the deal he did not see how he could make any commission at this price and it was then tentatively agreed that the price would be in the neighborhood of \$1,370,000, which would afford Svec and his associates with a commission for the transaction.

About a week later Mr. Hargrove received a telephone call from Bernard R. Lauren of Engel, Judge & Miller, attorneys at 7 East 44th Street, New York City, suggesting that Mr. Hargrove make himself available for a conference relative to the actual contract for the erection of the above-mentioned penicillin plant in Rumania. Mr. Hargrove stated that at this meeting Lauren held himself out as the United States representative of Nicolas Malaxa, an alleged well known industrialist in Rumania, and further negotiations were had concerning the actual drawing up of a contract for the creation of a penicillin plant.

It appears that two contracts were to be entered into regarding the erection of this facility, and that the first contract would call for a consideration of approximately \$1,425,000 to be paid by Mr. Malaxa and his associates as follows:

An immediate deposit of one-third of the purchase price; reserve of ten per cent as guarantee of completion of performance, and the balance (sixty per cent) as the job progressed.

Thereafter a second contract was to be entered into which would provide the organization in Rumania with an operating company to manage the penicillin plant for profit. The operating company would rent the plant from the Rumanian purchaser, but would pay only a nominal rent so that the major revenue would inure to the benefit of the stockholders of the operating company.

About 22½ per cent of the Rumanian operating company would be reserved for the American group, who will pay nothing for it. The balance of the stock in the Rumanian operations would be held by Mr. Malaxa and/or other European interests.

Subsequently, there would be organized in the United States an American engineering or holding corporation. The stock in the Rumanian operating company reserved for the Americans would be turned over to the American holding corporation. The Europeans, out of their stock, would turn over an equal amount of the Rumanian shares to the American company. The American holding corporation would then issue its shares 50 per cent to the American group and 50 per cent to Malaxa.

However, notwithstanding the fact that the American group would hold 50 per cent of the stock of the American engineering corporation, the first one and one-half million dollars of its profits would go two-thirds to Malaxa and one-third to the American group, after which time the income would be divided equally.

Lauren then stated that a percentage of the American engineering company holding stock would be assigned to the E. B. Badger & Sons without any consideration. It was Mr. Hargrove's recollection that E. B. Badger & Sons would profit to the extent of between 20 per cent and 25 per cent of this holding company stock, depending upon final completion of the plant and the output of penicillin after it was in operation.

According to Lauren, the purpose of organizing the American engineering company would be to establish a liaison between Rumanian enterprises and the general fields in which the American group is engaged. Further, in order to enable the Rumanian operation to maintain its plant on a technically high level and to keep it abreast of competition, the Rumanian corporation or the American corporation should be given a right of first refusal for its territory upon improvements in methods of penicillin manufacture and upon related or similar products of the American group. The territory covered by the contracts and by the first refusal should be Eastern European states.

In connection with the remark made by Lauren that part of the European holding company would be owned by "other European interests," as mentioned above, Hargrove stated that his impression from the results of the whole meeting indicated pretty clearly to him that in the final analysis the profits of the penicillin plant would inure one-third to Malaxa, one-third to the Russian Government, and one-third to the American holding company.

He also stated that Lauren's remarks relative to the manufacture of related or similar products to penicillin by the American group had specific reference to the new drug streptomycin.

Continuing, Hargrove stated that he had learned through another source that Malaxa and his associates were attempting to enter into some sort of an agreement with Kaiser-Frazer for the manufacture or importation of Kaiser-Frazer products by the Malaxa group into Rumania and the other Balkan countries.

Hargrove stated that his firm has been dealing with European countries for a good number of years and has erected many large facilities in Russia and Europe and as a result has had a great deal of experience with foreign governments. He said, however, that this was the first time that his firm had ever encountered a holding company proposition whereby they would receive stock in the holding company without paying any money for it and that this, of course, was the reason why he had communicated with the Federal Bureau of Investigation.

It was Hargrove's personal opinion that Malaxa and his associates were using this holding company idea for a dual purpose. First, by entering into this second contract and accepting the holding company's stock the E. B. Badger & Sons would have to service the penicillin plant, which is not their usual custom, and that, further, they would have to inform Malaxa and his associates of any plants that they contemplated building in the Balkan countries for other governments. Malaxa would then be in a position to determine whether such an individual plant would be profitable and, if so, the Malaxa interests would then have the first chance of building this plant themselves.

Secondly, by this holding company scheme the Malaxa interests would be in a position to determine from E. B. Badger & Sons a great many technical and industrial secrets that would not otherwise be accessible to them.

Hargrove further stated that if they were entering into such an agreement with E. B. Badger & Sons it was highly probable that they would attempt this sort of thing with other large corporations.

In conclusion, Mr. Hargrove stated that E. B. Badger & Sons have actually entered into a contract for the furnishing of material, plans, and technical data relative to the erection of this plant, for which they will receive approximately one and one-half million dollars. Further, that his firm has no desire to enter into the second contract or to accept any of the American holding company stock under the terms of this contract.

Mr. Hargrove related that if his firm should enter into this agreement, a means might be afforded to obtain information not otherwise available concerning Malaxa and his associates, and any other political groups who might be tied up with Malaxa and his outfit. He continued that his firm would be willing to enter into this second contract and cooperate 100 per cent.

#### Association Between Malaxa and the Ausnit Brothers

On August 31, 1947, a detective assigned to the New York Police Department telephonically notified the New York Field Division of the FBI that the Police Department was investigating a burglary at the residence of Edgar Ausnit, 46 East 61st Street, New York City. Ausnit alleged that his residence had been entered on a previous occasion by unknown persons who took nothing of value although there were various valuables about, but did attempt to open and remove his safe. Ausnit claimed to have certain documents relating to correspondence between Herman Goering of the German Government and Nicolae Malaxa, whom Ausnit termed a Rumanian Communist working in the United States.

On September 4, 1947, Edgar Ausnit was interviewed by Special Agents of the New York Field Division of the FBI, at which time Ausnit stated it was his belief that the forceful entry to his home was undertaken at the instigation of Malaxa to recover the documents between Malaxa and Goering. Ausnit, during the course of the interview, related that he and his brother, Max Ausnit, were associated with Malaxa, ex-King Carol of Rumania, and Vickers-Armstrong and Czechoslovakian interests in the formation of an armament combine prior to the outbreak of World War II in Rumania and Czechoslovakia. In addition, Max Ausnit was an elected Senator of the Rumanian Parliament.

Edgar Ausnit claimed that Malaxa has been an industrial and political opportunist who had control over the Rumanian Iron Guard, a counterpart of the German Nazis. Malaxa at the termination of Rumanian hostilities made a deal with the U.S.S.R. personage Vyshinsky, in which for personal advantages, Malaxa delivered the support of the Iron Guard to the Russians. Edgar Ausnit alleges that Max Ausnit had been convicted on trumped-up charges of violation of Rumanian currency regulations and for a period of four years was alternately released and imprisoned in an effort to get from him his holdings in the armament combine. He was finally released in August, 1946, when he came to the United States.

Max Ausnit, according to his brother, has letters and other material in a safe deposit vault in New York City bearing on Malaxa's activities. While he was in Rumania, he was in contact with members of the Allied Control Commission and the United States State Department. The material referred to was brought to the United States and turned over to Edgar Ausnit by a Colonel Edward Farnsworth, when he returned at the completion of his work as a member of the Allied Control Commission in Rumania.

Edgar Ausnit made available to the New York Field Division photostatic copies of a three-page letter written in German by Albert Gearing to Malaxa, dated June 21, 1940, which concerned negotiations in which the Germans were seeking control of the Rumanian armament industry with the approval of the then King Carol. A photostatic copy, as well as a translation, is available in the files of the FBI relating to this letter.

It was the opinion of Edgar Ausnit that Malaxa has continued his association with the Russians and may be acting as a financial agent for them. Malaxa has been involved in many transactions involving millions of dollars since his entry into the United States, according to Ausnit. Some of this money came to him through his position with the Joint Jewish Distribution Committee because he has the only license to exchange dollars into Rumanian lei at a special rate of exchange granted by the Rumanian Government.

Lieutenant Colonel Edward Ellis Farnsworth, former Executive Officer, United States Military Representative, Allied Control Commission, was interviewed by Special Agents of the FBI at Kansas City in November, 1947. Colonel Farnsworth was attending the Command and General Staff School at Fort Leavenworth, Kansas, at which time he stated that he first met Max Ausnit in December, 1941, while serving at Bucharest, Rumania, and that most of his dealings with Max Ausnit were on a social basis,

but, in 1946, Max Ausnit had attempted through the Army to obtain a release of certain funds that were tied up in Rumania. This assistance was denied by the Allied Control Commission. Max Ausnit, to his best memory, had been a German prisoner for about a year or a year and a half and was released by the Germans through the intercession of friends of the then dictator of Rumania, Antonescu. Ausnit professed strong anti-Communist sympathies.

Lieutenant Colonel Farnsworth advised that Max Ausnit had control of a rather large steel company, is married, and has one son, and that according to information received by him, his wife was in Portugal during the war and his son, Stephen or Stefan, served in the American Army during the war. He advised that Max Ausnit and Nicolae Malaxa were very strong business competitors and in his opinion would do anything to discredit one another. He stated that from information which came to his attention during the time he was in Europe he did not believe that Max Ausnit could return to Rumania and be in good standing due to his anti-Communist sympathies.

With respect to Malaxa, Lieutenant Colonel Farnsworth advised that he understood that Malaxa was responsible for Max Ausnit being placed in jail the early part of the war and that he had the reputation of being very closely affiliated with Russian stooges and advised that he was not well acquainted with Edgar Ausnit and had merely met him in New York and associated with him for a few days in New York City. He stated that prior to leaving Rumania, Max Ausnit's secretary, Rosin, full name not recalled, handed Farnsworth an envelope to deliver to Edgar Ausnit in New York City and that he was of the opinion this envelope contained business papers and he had been requested to deliver the envelope because of Rumanian Communist censorship on all mail going out of the country.

In November, 1947, the files of the Visa Section of the State Department were reviewed concerning Malaxa, and a memorandum concerning Edgar Ausnit was reviewed in the Malaxa file. This memorandum was dated April 25, 1942, in the Protocol Division of the State Department, which reflected that Edgar Ausnit was born at Galati, Rumania, July 18, 1894; his parents were listed as Osias and Clara Marcus Auschnit; and that the Cuban Embassy had requested on April 6, 1942, that Edgar Ausnit should be recognized as the Cuban Consular in Charge of Consular Matters, Atlanta, Georgia, having assumed such duties on March 28, 1942. This memorandum further reflected that Ausnit arrived in the United States at the port of New York on the Yankee Clipper, July 10, 1940, with his wife, Claire Esther Ausnit, and one son, age 10. The Ausnits were on a temporary visitors visa. Ausnit's business connections were listed as Cis-Atlantic

Corporation and the Cis-Oceanic Corporation, both located at 1819 Broadway, New York, New York. Ausnit was indicated as being the president of both these corporations. Ausnit's New York address was reflected as being 46 East 61st Street, New York City.

Another memorandum appeared in the State Department files which reflected that Edgar Ausnit was interested in the safety of Othon E. ~~Serwischer~~, General Manager of Sartid, a subsidiary of the Cis-Atlantic Corporation which is located in Belgrade, Yugoslavia.

During January of 1948 the New York Field Division of the FBI interviewed Edgar Ausnit. During this interview Ausnit related that Malaxa led the revolt of the Iron Guard, a political party, in 1941 against the Antonescu dictatorship which failed. Malaxa was thereafter imprisoned for two weeks, but under German pressure his release was secured, and, in 1945, after Malaxa had negotiations with Vyshinsky, the Russian representative in Rumania, a new Rumanian government was formed under the direction of Malaxa with the conservative portions of the National Liberal and the National Peasant Parties excluded. The new government included the dissident National Liberal and Peasant Parties, the Socialists, the Communists, and the Iron Guard.

Upon the arrest of Malaxa after the abortive Iron Guard revolt the entire fortune of Malaxa was confiscated by the Rumanian Government. As part of the condition for his release he donated one half of his fortune to secure the return of the other half. At one of the first cabinet meetings of the new government formed by Malaxa, an act was passed which became a matter of public record in the "Monitorul Oficial" (Equivalent of the Federal Register). The act granted Malaxa the return of all but \$2,600,000 of his fortune.

The second element of the agreement was his free exit from Rumania to the United States. It was Edgar Ausnit's contention that Malaxa's grasp over the politicians he controlled was acquired because of the fact that he was able to find out enough about each of the politicians individually to have them executed, not merely imprisoned, should he make his disclosures. Edgar Ausnit stated that he was present on one occasion when Malaxa spoke in such a manner to Tatarescu, the former Rumanian Ambassador to France and later the Premier of Rumania, so that any other explanation could be safely disregarded.

Ausnit claims that Malaxa is looked upon as a Jewish benefactor because of his relations with the Joint Jewish Distribution Committee in

the United States. Ausnit claims that a transfer of currency for the Joint Jewish Distribution Committee is accomplished by turning dollars over to Malaxa with the written approval of Rumanian authorities, who in turn issue lei to Rumanian Jews out of government funds, and in this way Malaxa receives the balance of his confiscated fortune. Ausnit related that he has knowledge of a business transaction in which Malaxa owed to the Ausnit brothers the sum of \$18,700, which was cleared through the issuance of a check in that exact amount drawn by Malaxa on the Joint Jewish Distribution Committee.

#### Malaxa's Attempts to Infiltrate the International Peasants' Union

The International Peasants' Union is an organization recently formed in the United States which is made up of deposed members of governments of the Balkan countries and has national headquarters at 3100 Connecticut Avenue, N.W., Washington, D. C., which is the apartment of George Dimitrov, Bulgarian political leader. It aims to unite nationalistic forces to combat Communism in the Balkan countries. The IPU is dependent financially on its members and outside contributions.

(New York 100-211)  
A reliable confidential informant advised the FBI on February 2, 1948, that Gregori N. Buzesti, a member of the Central Committee of the Rumanian Peasant Party, was in Paris, France, where he was negotiating with members of the Rumanian Peasant Party in an effort to persuade ex-King Michael of Rumania, who was in Switzerland, to come to the United States. This informant stated that the Rumanian Peasant representatives in the United States who are represented in the International Peasants' Union were very desirous of settling the difficulty which had arisen as a result of trouble which was started by Nicolae Malaxa, wealthy Rumanian manufacturer presently in New York City, and his spokesman, Charles Davila.

This informant stated that Malaxa had been successful in converting Davila and General Nikolae Radescu to his plan for a strong Rumanian resistance movement. In other words, the informant stated that Malaxa was not in accord with Buzesti and was, therefore, trying to gain control of the Rumanian Peasant Party Resistance Movement in the United States and, by so doing, hopes that strong men like Davila and General Radescu will be of assistance to him. This informant related that during February, 1948, General Radescu was in London endeavoring to win support for the Rumanians in that country.

#### General Information

It was reliably reported that during the early part of February, 1948, Malaxa caused a translation to be made of the French language book,



"Discovering Russia," by Henri Massis, which was originally published in Canada by Lardanchet. The theme of this book is anti-Russian and deals with a third World War to be fought between the U.S.S.R. and the United States as the principal contenders. There was no known reason for Malaxa's desire for the translation other than an expression of an opinion on the part of Malaxa that such a publication reflected the recurrent imperialism in Russia with new masters in place of the old, but in effect it amounted to Soviet propaganda in that it reflects their achievements since the revolution.

It has been determined that on frequent occasions Malaxa has referred to himself as acting for the best interests of the Rumanian people, claiming he is acting as an individual spending his own money.

It was determined that as of February, 1948, Malaxa has changed his residence from the Sherry Netherlands Hotel, New York City, to 30 Sutton Place, New York City, and from this address is temporarily conducting his business. As soon as space is available to him he anticipates moving his office to a building on Park Avenue and 56th Street, New York City, which is now under construction. Malaxa is negotiating for space on the 14th floor of this building.

#### Banking and Business Operations of Malaxa

It was determined by the FBI that Malaxa deposited \$62,533.86 in Bucharest, Rumania, to the account of the "Sociedad Anonimo" at the Chase National Bank of New York as of December 20, 1940.

The New York Field Division of the FBI advised in July, 1943, that Emil Svec, then residing at the Hotel Pierre, 61st Street and Fifth Avenue, New York City, said that he was a citizen of Czechoslovakia, but that prior to coming to the United States in 1940 he had lived for twenty-five years in Rumania and had been General Manager of Skoda Works and the Bren Works. He explained that both of these Works are about 75 per cent State-owned so that for all intents and purposes he was employed by the State.

Svec stated that Edgar Ausnit had interests in various steel and munitions companies, the largest of which was known as the Titan Nadrag Colon Company. Svec had interests in companies in which Ausnit also was interested and was, therefore, in close contact with him for a number

of years. Svec did a good deal of traveling and states that there was a definite agreement among the governments and industrialists of Czechoslovakia, Yugoslavia, and Rumania to collaborate in preventing any armaments or steel from going to Germany. Ausnit always cooperated fully in this collaboration and never had any dealing with the Germans that could possibly be avoided.

Ausnit's greatest business rival was one Nicolai Malaxa who was regarded as an industrial bandit and who had many steel factories and armament works in Rumania. He had been educated in Germany and was very openly pro-German. Through maneuvering he was able to get a controlling interest in the Resita Iron and Steel Works, which had been mainly owned by Ausnit. Through his German connections, Malaxa kept gaining strength and Ausnit, fearing that he would be replaced, started sending his money out of the country. He formed the Cis-Atlantic and Cis-Oceanic Corporations in New York for the purpose of sending his money to them.

Malaxa, through King Carol, arranged for the arrest of Ausnit's brother, Max Ausnit, on fake charges of stealing bonds from his company. He was sentenced to six years in prison, which sentence was later reduced to three years.

Edgar Ausnit has had no business interests here except some investments and is very anti-Nazi. To get his money out of the country, Svec had friends of his send money from a Swiss bank to the Cis-Atlantic Corporation, and Edgar Ausnit has since repaid this money. Svec feels that Ausnit's wife is responsible for their divorce.

Fred Gruder, manager for the branch of the Bank of Prague at 67 Williams Street, stated that he has known both the Ausnits for a number of years. He states that Max was by far the stronger of the two and that both were persecuted because they were Jewish and had always been pro-Ally. They dealt only with the British and the French.

Edgar Ausnit had large investments in Rumania which would have been lost in the event of a German victory. Edgar Ausnit is disliked by many people because of his personal life and the fact that he divorced his wife. Gruder felt that there should have been no divorce and stated definitely that Edgar Ausnit has always been very anti-German.

The files of the FBI contain a copy of a report prepared by the Economic Warfare Section, War Division, Department of Justice, dated March 21, 1944 captioned "The Rumanian Metallurgical Industry - Absorption by Reichswerke Hermann Goering."

Page one of this report reflects the following:

"The penetration and eventual absorption of Rumania's metallurgical industry by the Reichswerke Hermann Goering was accomplished through conquest, political manipulation, procurement of special royal decrees, coercion and, to a small extent, through stock purchases. (1) The operations rested on a background of German domination of the country's economy, a condition which had developed since 1930 when England and France began to relinquish their dominant positions. The absorption was facilitated by the consolidation of the metallurgical industry, between 1930 and 1938, into four major concentrated groups which were interlocked and interdependent.

"The four industrial concentrations found by the Goering Werke in 1939 were:

- "1. The Resita Steel Works, (2) the producer of the bulk of the country's iron and steel. This company was controlled by the brothers Max and Edgar Ausnit, Rumanian industrialists.
- "2. The Malaxa Companies, (3) Nicolae Malaxa, pro-German promoter-industrialist, was in sole control of his three companies which produced a large part of Rumania's railroad equipment and munitions. In addition, he had an equal voice with Max Ausnit in the management of Resita and, by agreement with the Ausnits, had a claim against half of their Resita stock.
- "3. Titan Nadrag Calan, (4) the producer of the greater part of Rumania's light iron and steel products, was 70% owned by the Ausnits.
- "4. Ceskoslovenska Zbrojovka, (5) a Czechoslovakian company controlled by the Czech government, operated and controlled, through investments and by agreements with Resita, a number of arms and ammunition plants in Rumania. In addition, it held a substantial stock interest in Resita."

Page two of this report reflects the following:

"This concentrated control of the metallurgical industry and its involvement with the Carol political regime permitted penetration and absorption by the Hermann Goering Werke.

"The conquest of Czechoslovakia in March 1939 made Zbrojovka one of the spoils of war. Through banking intermediaries, the Goering Combine acquired it. (5a) The acquisition gave the Combine one of the heads of the Rumanian metallurgical industry, as well as a foothold in another head, Resita, through a substantial stockholding.

"The Goering Combine, aided by Malaxa and by King Carol and his group, obtained legislation and judicial action in Rumania which gave it physical possession of Zbrojovka's Resita stock held in London. Subsequently, further acquisitions of Resita securities gave the Combine control of the company and, thus, of another large segment of the metallurgical industry.

"The Malaxa Works came into the hands of the Rumanian government in 1941 as a result of Malaxa's implication in the revolt of the German-inspired Iron Guard. Through its domination of the Rumanian government, the Goering Combine obtained a one-half interest in a new company, Rogifer, set up to lease the Malaxa Works. Thus the third segment fell into the hands of the Goering Combine."

Commencing on page four this report reflects the following:

"The monopolization by the Resita-Malaxa-Titan Zbrojovka group of iron and steel production and fabricated products gave them complete domination of the Rumanian market. The Resita Steel Works produced 100% of the country's metallurgical coke. (13) Resita and Titan together accounted for 90% of Rumania's pig iron. (14) The government-owned Hunedoara Works produced the balance, but most of it found its way to the shops or steel furnaces of Resita, Titan or Malaxa. (15) Resita, Malaxa and Titan together produced 90% of all the steel in Rumania. Hunedoara's output was used almost exclusively by the Malaxa Works.

"In the production of fabricated and semi-fabricated metallurgical goods, the situation in respect of the combine was virtually the same. For example, Resita and Malaxa monopolized all manufacture of railroad equipment. (16) Their shops were the only ones in Rumania which could produce locomotives. The Resita subsidiary, Astra, was the only freight and passenger car manufacturer. It also manufactured tank cars for the oil industry. The Resita Works made most of the semi-finished locomotive and car parts, such as wheels, axles, chassis, springs, etc. (17) Resita also exclusively produced track, switches, points, crossings and railway bridges. The Malaxa Company turned out diesel engines, signalling

equipment and other mechanical devices. (18)

"Resita and Titan controlled the entire output of semi-processed sheets and bars, Resita concentrating on heavy work and Titan on light work. (19) Subsidiary companies belonging to Titan and Resita made hardware and other finished articles such as nails, wire, enameled products, hoop iron, etc.

"Resita's forges and foundries were the only ones in Rumania able to handle large forgings and castings. Its structural steel shop was the only one for making structural steel for buildings, bridges, derricks, trestles, etc. (20) Subsidiaries of the large companies gave them monopolies in the production of merchant shipping and non-ferrous metals."

Page six of this report reflects:

"Sales of railroad equipment to the Rumanian railways were exclusively in the hands of the Resita and Malaxa companies. The two divided this business on a 50-50 basis. Since this arrangement favored Malaxa, he in turn agreed to purchase all his semi-finished parts from Resita instead of German suppliers. Nicolae Malaxa, president of the Malaxa enterprises at this time, personally supervised both the Resita and Malaxa companies' dealings with the railroad administration. He was able, through his political connections, to obtain from the railways a guarantee automatically increasing orders for these companies in the event the railroads made any foreign purchase. (27)"

Commencing on page eight and continuing on page nine of this report, the following is reflected:

"When Carol II ascended the Rumanian throne in 1930 he soon abandoned his program of agrarian reform and the elimination of special privilege, and rapidly became authoritarian. He sought to dominate Rumanian political life (42) and to make the Rumanian heavy industry finance his personal needs (43) and his political ambitions. His political supporters and court conferees followed in Carol's footsteps and used their posts for political advancement and personal gain. (44) The amazingly fruitful Rumanian agricultural economy was permitted to deteriorate and Rumanian peasants discovered a degree of hunger and poverty that was new even to them.

"Few scruples were exhibited by Carol in political manipulations or in dealing with Rumanian industrialists. (45) After Carol proclaimed his new constitution in 1938 (46) and created his new one-party system, Carol's aide, Ernest Urdareanu, became party member #1. Magda Lupescu became an important point of contact with Rumanian industry in addition to assuming new power and influence in Rumanian court circles. (47)

"Nicolae Malaxa, pro-German friend of Hermann Goering and high-pressure financial operator was the individual toward whom Rumanian business and industry looked if political dealings were needed, or financial contributions were in order. (48) He had long established close relations with the ministers handling government purchases. He generally had advance information of prospective appointments and would openly support the candidate in question, thus gaining his lasting indebtedness. The appointee, aware of his obligation, always cooperated with Malaxa in matters involving contracts for the firms in which Malaxa was interested. Persons who have been at conferences between Malaxa and the various governmental officials have stated that the following men were taking orders from him on an employer-employee basis: (49)"

Page ten of this report reflects:

"The channel through which loot flowed into the coffers of the political authorities also carried back a sufficient quid pro quo. In all matters where Government favors were required, the big industrialists obtained their money's worth. Protective tariffs were granted with no economic justification. (56) The Malaxa Tube Factory is an example of the application of the tariff for the enrichment of the King's clique rather than for the protection of a home industry. A tariff and quota system had been arranged several years before Malaxa completed his plans for the plant. The plans never provided for a self-sustained domestic industry. The billets, the basic semi-manufactured product out of which the tubes were made, had to be imported from Germany. The effect of the protective tariff was not to make Rumania independent of foreign sources, but only to raise tube prices far higher than import prices."

The following is contained on page eleven of this report:

"After Carol's abdication in 1940, Antonescu was compelled to make some effort to stamp out the institutionalized system of corruption which had engulfed the entire economy and the Government as well. (62) He attempted to cure the evil with a series of sweeping decrees. One decree ordered that anyone who had purchased shares belonging to Carol in the Banca de Credit Roman, the textile works of Buhshi and Scherg, the iron works of Resita or Malaxa, the gold mines of Mica, the sugar factory of Lugani and Ripiceni, the Bank Marmorosch, or the Rumanian telephone company, must deposit them within five days with the Bucharest Court of Justice. (63) Another decree brought under sequestration and investigation all holdings of former Premiers, Ministers and other statesmen who had held office in the last 10 years. (64) A decree ordered an investigation of rearmament appropriations and of Carol's secret armament fund. (65) There was also an investigation into transactions in foreign currencies at less than the normal rate. (66) An inquiry was ordered into deliveries to the State Railroads, directed openly against 'N. Malaxa, engineer

and armament leader who was an intimate friend and poker partner of Carol and Mme. Lupescu.' (67)"

The following is reflected on page 14 of this report:

"CEPI and Malaxa organized another Monaco holding company, the Societe pour la Centralization de l'Industrie, referred to as 'Centrind.' The new company was jointly owned by CEPI and Malaxa. (88) CEPI transferred its 330,000 shares of Resita to Centrind which then replaced CEPI as a party to the arbitration agreement with Zbrojovka. An additional arbitration agreement was then made between Malaxa and CEPI, thus placing Centrind's 330,000 Resita shares, already trusteeed, under an additional trust. The Malaxa-CEPI agreement and correspondence relating thereto are included in the appendix as Exhibit No. 3."

Commencing on page sixteen and continuing through to page twenty of this report the following material is found:

"Even before the Hermann Goering Werke interests began their economic invasion of Rumania, internal dissensions in the management of Resita were evident. The co-managers, Max Ausnit and Nicolae Malaxa, were unable to adjust their differences and administer the affairs of the firm efficiently. An official of an American concern dealing with Resita in connection with the construction of oil-well equipment reported the following situation in 1938: (92)

"Conditions existing in the Bucuresti office of the above plants, at the time of leaving Rumania and for several months previous was very chaotic, particularly from an organization standpoint.

"According to their general rule, nothing of importance can be sanctioned without the signatures of both managers of Resita, namely, Ausnit and Malaxa, and for some unaccountable reason, one of them always manages to be absent.

"When they are both present, which happens occasionally, the secretary-treasurer would be missing and nothing could be authorized without his signature.

"As a result, very little of importance is being accomplished. In the meantime the work is carried on through subordinates who have very little if any authority.

"This has not only to do with our project. All of their

business was affected and no department was functioning normally. No doubt this condition was the result of some political move of the higher ups for purposes known only to themselves.

"It is very evident that Malaxa and Ansnit have very little use for each other, but are forced through business reasons to carry on.

"From the lack of interest being taken lately at Resita by Ansnit and the lack of support he is giving his managers, also the concessions he is making to Malaxa, leads one to believe he is gradually losing out, while Malaxa is fast assuming control over the Resita Works.

"Personally we believe that Ansnit, being a Jew, sees the writing on the wall and is cleaning house as rapidly as possible preparatory to relinquishing his authority in Resita.

"Malaxa we understand owes Resita so much money that he actually controls same and we are sure Max would welcome an opportunity of getting out of his responsibility as joint manager before any official investigation takes place as no doubt the Resita plant has been exploited.

"The two principals are of entirely different types. Ansnit, under normal conditions is trustworthy and will live up to any contract which he may enter into, while Malaxa is typically Rumanian and naturally tricky. He considers no obligation binding unless it is to his personal interest.

"This condition probably was not improved by the infiltration into Resita, as into most other companies, of members of the ascendant Iron-Guard who obtained managerial positions and proceeded to leot to their hearts' content.  
(93)

"When Reichswerke Hermann Goering took over Ceskoslovenska Zbrojovka in 1939, it obtained effective physical control of Resita. Of the two co-managers of Resita, Malaxa was anxious to cooperate with the Germans and Max Ansnit was in no position to raise objections. The accomplishment of 'legal' control, however, required physical possession of Zbrojovka's Resita stock and elimination of Ansnit. Because of the agreements under which the stock was blocked in London, these problems were interrelated and their solution



was undertaken in one general plan. The basic necessity was to obtain abrogation of the Centrind-Zbrojovka agreement and the CEPI-Malaxa agreement. Malaxa and Zbrojovka (Hermann Goering) were, of course, ready to abrogate the agreements. An Ausnit signature was needed, however.

"The Goering-Malaxa conspirators went into action. In June of 1939, the resignation of Edgar Ausnit as a director of Resita was obtained, and Ernest Urdareanu, the King's Marshall of the Palace, private confidant, and partner in commercial enterprises, was named to replace him. (94) Urdareanu then became President of the Board of Directors by agreement of Max Ausnit (under the blandishments and threats of Malaxa). (95)

"Meanwhile, Malaxa tried to persuade Max Ausnit to sell him his Resita shares. According to one source, Malaxa was quite frank with Max, telling him that the stock he sought was not for himself, but for 'someone else,' and that Max was sufficiently well informed to see the handwriting on the wall and to know that the 'someone else' would find means of obtaining the shares. The expropriation of the Ausnits, according to this informant, had been planned at the Hitler-Carol meeting in November 1938. It was provided for in a secret clause of the Wohltat Agreement of March 1939. In fulfillment of its treaty obligation to get rid of the Ausnits, the Rumanian Government assisted Malaxa in his campaign to 'persuade' Max Ausnit. The Chief of Police, to help Max make up his mind, seized his passport. Max finally agreed to sell his stock in return for permission to leave Rumania. (96)

"Max's agreement to sell, however, was ineffective because the London trustee refused to recognize it. Max wrote a formal request to the Westminster Bank in London for the release of the stock. The Westminster Bank, having been apprised by Edgar Ausnit of the circumstances under which Max had executed the request, obtained a legal opinion to the effect that surrender of the shares would leave the bank liable to the Ausnits, and refused to yield the stock. (97) On October 1, 1939, the bank formally advised the Rumanian Embassy in London of its refusal. With regard to Zbrojovka's Resita shares, the bank replied that, the war having broken out, the shares had been sequestered by the British Government as enemy property and could not be transferred without violating the British 'Trading with the Enemy Act.'

"The Germans were not taken by surprise by this development. They had already arranged for alternate means of achieving their ends. At a meeting in the German Embassy in Bucharest, it is reported, plans had been made to use Rumanian law to get rid of Ausnit and obtain the stock. (98) When the Westminster Bank's unsatisfactory reply was received, Carol invited Max Ausnit to join him on a 2-week yachting excursion, leaving his co-conspirators free to

prepare their plans without interference. On November 8, 1939, a few days after Max's return from the yachting trip, three events occurred: i-Max was arrested on a charge of having defrauded Resita; ii-Edgar was deprived of his Rumanian citizenship; and iii-a decree was issued with respect to the stock which was the bone of contention.

\*i- Arrest and Trial of Max Ausnit

\*Max Ausnit was charged by Ernest Urdareanu, President of the Board of Directors of Resita, with having enriched himself at the expense of Resita. There had, of course, been personal enrichment at the expense of Resita. As was known even to foreigners, however, this was more on the part of Malaxa than Ausnit. (99) Resita had borrowed money from Titan Nadrag Calan, another Ausnit company, giving government bonds as collateral. When Resita fell behind in payments of interest and principal, Titan demanded and received additional collateral. The prosecution construed this as an exaction of double payment and is said to have based its case on this transaction. Malaxa and his attorneys worked with the prosecution. (100) Ausnit and his attorneys were subjected to a barrage of written and telephoned threats. Some of the threats were actually executed, some of the attorneys for the defense being deprived of lucrative Government posts. (101) Max Ausnit's trial was characterized by one observer: (102)

"The court had nothing to decide. The thing was decided before it reached the court. The King himself okayed Malaxa's plan to deprive Max Ausnit of his money and I have not the least doubt that the King was to get a nice slice of the loot.

\*On March 14, 1940, Max Ausnit was convicted.

\*After Max's conviction efforts were made by Edgar Ausnit and others to obtain the intercession of the British and French legations in Bucharest. The British Minister refused to take any step in the matter of Max's fate, his interest being only in the Resita shares in the hands of the British Enemy Property Custodian. Insofar as the French Ambassador was concerned, Edgar and his associates found means of persuading him to intercede. (103)

\*Malaxa, under the terms of a contract with the Rumanian Government for the supply of tanks, was making extensive purchases from the French Renault Works. An agreement had been worked out between Malaxa and Renault whereby Renault would overcharge the Rumanian government and divide the loot with Malaxa. Edgar Ausnit and his friends in Paris obtained proof of this agreement and of deposits of

12,000,000 francs made under it to Malaxa's account in Paris. They approached the French Government with this information and made veiled threats to disclose the story and involve Renault in a scandal. The French government thereupon instructed its Ambassador to Bucharest to intercede on behalf of Max Ausnit.

"Malaxa, meanwhile, brought pressure to bear in France and succeeded in having the French Ambassador in Bucharest instructed not to bring up the Renault story in his discussion of the Ausnit case with the Rumanian authorities. Without referring to the Renault affair, there was little the Ambassador could hope to achieve. Urdareanu, the Marshall of the Palace, granted him an audience set for the evening of May 10, 1940. This appointment was then put off until the next day, the very day fixed for sentencing Max. The Ambassador urged the Marshall to be humane and to remember his former friendship with Max and the Marshall requested the Ambassador not to interfere in the internal affairs of Rumania. (104)

"On May 11, 1940, Ausnit was sentenced to 6 years imprisonment and loss of civil rights for 4 years. (105) In addition, he was required to pay a huge sum to Resita as damages. (106)

"This sentence was never executed because Ausnit took an appeal which came up after the abdication of King Carol and which seems to have been heard under more or less normal circumstances without the extraneous pressure exerted at the trial by the Malaxa-Carol cabal. The conviction was set aside. That, however, did not prevent the German-dominated Rumanian government from throwing Ausnit into a concentration camp soon afterwards and from time to time thereafter, in an effort to extract from him his foreign-held property. (107)

#### ii- Denationalization of Edgar Ausnit

"The method of disposing of Edgar Ausnit was simpler. Edgar was in England when the Goering-Malaxa conspiracy came into the open. All that it was found necessary to do was to deprive him of his Rumanian citizenship.

"Late in 1939, Edgar Ausnit went to Cuba where he procured an appointment as Cuban consul at Savannah, Georgia. This appointment gave him honorary Cuban citizenship and entrance into the United States. He is now in the United States and has applied for naturalization."

Continuing on page twenty-one this report reflects:

"In December 1939, a month after the arrest of Max Ausnit, the denationalization of Edgar Ausnit and the promulgation of the decree, an account was

opened for King Carol in the Chase National Bank of New York, a deposit of \$381,777.60 being forwarded through the Rumanian National Bank.

"In March of 1940, the month in which Max Ausnit was convicted and the special court rendered its verdict in favor of Malaxa and the Germans, Carol made an additional deposit of \$231,506.00 to his account at the Chase Bank. This deposit was made through the Swiss Bank of Basle. At the same time, also through the Swiss Bank, an account was opened for Ernest Urdareanu in the Chase Bank with a deposit of \$91,385.00.

"Malaxa has two accounts at the Chase National Bank of New York, one in his own name and the other in the name of 'N. Malaxa', S.A.R. Both of these accounts were active. In March, 1940, deposits were made to those accounts through the Swiss Bank, totalling \$689,824.72. The Swiss Bank had never before, and has not since figured in deposits to Malaxa's accounts. (111)

"In 1941, when the duplicate certificates were issued, substantial holdings of Resita stock were as follows: (112)

"Ausnit	- 200,000 shares
"Malaxa	- 200,000 shares
"Zbrojovka	- 177,600 shares
"Zam (a holding company owned by Zbrojovka)	- 10,000 shares
"Banca de Credit Roman	- 60,000 shares
"King Mihai	- 100,000 shares

"After the issuance of the duplicate stock Hermann Goering Werke obtained control of 247,600 shares, those of Zbrojovka, Zam, and the Banca de Credit Roman. Later, Hermann Goering Werke was reported as controlling 20% of Resita (113) or 400,000 shares, which suggests that Malaxa's shares have found their way into the capacious portfolio of the Reichswerke Hermann Goering."

Commencing on page twenty-three and continuing on page twenty-four the report reflects as follows:

"The Goering Combine experienced no driving need to get its hands on the Malaxa Works. Malaxa had cooperated fully with the Germans before 1939 and

was hardly likely to cause them any difficulties after their unofficial occupation of the country. He fell into the hands of Goering as a result of backing the wrong horse in the Iron Guard uprising of January 1941.

"Malaxa's operations, as has been shown, depended upon his relations with the political authorities. Consequently, he was always cementing relations in all directions, sometimes going to great extremes. Not content with having influence with King Carol through the royal mistress, he is said to have sought the same relation with the heir apparent by making his daughter, Irene, the mistress of young Prince Mihai. (120) That Malaxa's political manipulations were fruitful is indicated by the fact that, in 1940, he owed the government and the Rumanian National Bank a total of 13,000,000,000 lei (about \$65,000,000). (121)

"When the Germans took over in Rumania, Malaxa's general policy was decided for him - he was to remain pro-Nazi. The only difficulty involved in his relations with the Germans was that he had to conduct them through Albert Goering, the younger brother of the Reichsmarshal. In the spring of 1940, Albert Goering was made representative of the Reichswerke Hermann Goering for Rumania, Yugoslavia, Hungary, Bulgaria, Greece, Turkey and Italy. (122) Goering occupied his position of authority through the fact of his relationship with his brother (123), rather than for any personal aptitude. It was difficult to tell, very often, whether Albert Goering was correctly representing the desires of Berlin, nor was it always certain that he would correctly interpret Malaxa's efforts to fulfill those desires. (124) The difficulties Malaxa experienced in his relations with the Germans were of essentially minor character.

"The greater part of his dealings, however, had to be with the Rumanian Government and that Government was so unstable as to require him to continue his lightning political maneuvering.

"The political situation facing Malaxa was the most difficult in his career. The customary political forms disappeared in 1938 when Carol set up his personal dictatorship and liquidated all political parties, establishing a national party, the Frontul Renaasteri Nationale, under the leadership of Ernest Urdareanu. Superficially, this may appear to have smoothed Malaxa's path, for Urdareanu is known to have been Malaxa's man. Beneath the surface, however, was the Iron Guard which, dissatisfied with partial successes, kept up a steady campaign for power. Malaxa's normal inclination to play with the Iron Guard as with any other political group was strengthened by the open support which the Germans were giving the Guard.

"The disappearance from the official scene of the old political parties proved to be a real difficulty when Carol abdicated taking Urdareanu away with

him. Premier Antonescu gave extremely wide authority to his nephew Vice-Premier Mihai Antonescu. The latter was a new type of politician for MALAXA. He conceived himself to be a great man (125) and, therefore, had to be handled with more diplomacy than Malaxa had found it necessary to use for many years.

"Malaxa pursued his usual practice of playing all parties and found his Waterloo. When the Iron Guard staged its open revolution on January 21, 1941, Malaxa was revealed as one of their supporters and, when the outbreak had been crushed, he was arrested. Malaxa had supplied the Iron Guard with weapons, including tanks. When the time for action arrived, he turned his town mansion in Bucharest over to them as a fortress. His instincts were still functioning, however, for, when the Guardists settled themselves for the siege, he left by the back door and telephoned Premier Antonescu, reporting that his home had been seized and demanding protection. His effort to disguise his participation in the rebellion failed. When the Germans, disgusted by the amateurish manner in which the Iron Guard had conducted the fight, deserted the Guard and supported Antonescu, the latter threw Malaxa into jail. (126)

"On January 28, 1941, Malaxa was put on trial on charges of complicity in the revolution and of defrauding the Government. He sought to extricate himself from Antonescu's clutches by donating half of the shares in his companies to the Government. His act of appeasement was unavailing, however, because, in February of 1941, the Government seized the other half as well. (127)"

On page twenty-nine the report reflects the following:

"The Malaxa enterprises constitute the second largest segment of the Rumanian metallurgical industry. They account for 50% of Rumanian locomotive production; 25% of heavy locomotive repairs; all of the self-propelled rail cars; all of the vacuum brakes; all the steel tubing and pipes for the petroleum industry; one-third of Rumania's artillery shell production; two-thirds of the shell fuses; and about half of the shell filling and assembling. The Malaxa Works serve the German Army as a tank repair depot."

Page thirty-one of this report reflects the following:

"Nicolae Malaxa founded his first company in 1919, when, with Alexander Perietzianu, he organized the Fabrica Romaneasca de Masini Ing. 'N. Malaxa.' This enterprise, established for the repair of railway equipment and locomotives, was capitalized at 900,000 lei, with a majority of the stock held by Malaxa.

"In February of 1928, this company was succeeded and absorbed by the Fabrica de Locomotive 'N. Malaxa' S.A.R. The new firm had an original capital of 10,000,000 lei. After 1930, the company began to expand rapidly, adding new plants and equipment. This growth reached its height in 1938 when ammunition plants, steel furnaces, and a large tube mill were built. By 1938, capitalization had increased to 500,000,000 lei. Malaxa owned most of the stock and was sole manager and director of the works.

"In January 1939, Malaxa reorganized his business, creating three new companies. 'N. Malaxa,' S.A.R., took over the locomotive, rail car and machine departments. Originally capitalized at 80,000,000 lei, through new issues, this company was soon capitalized at 1,000,000,000 lei. 'N. Malaxa' Fabrica din Tohamul Vechiu, S.A.R., took over the ammunition plant at Tohamul Vechiu. The original capital of 20,000,000 lei rapidly increased to 300,000,000 lei. 'N. Malaxa' Uzine de Tuburi si Otelarii, S.A.R. acquired the tube factory, the steel works, and the forge plant. The original capitalization of 100,000,000 lei rose to 750,000,000 lei.

"Fabrica de Locomotive 'N. Malaxa,' S.A.R. remained as a holding company.

"An indication of the kaleidoscopic development of the Malaxa concern, which, it must be kept in mind, was a one-man enterprise, is the increase in capital from 10,000,000 lei to over 2,000,000,000 lei during the period of Carol's reign. (151)"

Commencing on page thirty-eight and continuing on page thirty-nine, this report further reflects the following material:

"With respect to the Malaxa Works, the Germans have actually begun the process of returning the property to Nicolae Malaxa and may by this time have completed it. In October 1943, Rogifer, the jointly owned German-Rumanian company which leased and operated the Malaxa Works, was liquidated. The Malaxa companies were reorganized, a new organization being created to act as an 'administrative council.' Malaxa, himself, was released from confinement and became a member of this 'council,' Miscarea Socetatilor Anonime. (162) Indications are that Malaxa has been partially reinstated to his original position in respect to the Malaxa enterprises.. (163)

"From the Goering Werke point of view, Malaxa is well qualified to receive his property, since he possesses sufficient liquid assets to pay a substantial ransom. Aside from his Rumanian holdings, he has sizable credits abroad. There are large dollar deposits to his account at the Chase National Bank in New York City. (164) Balances have been maintained at the Westminster and Chase Banks in London. (165) The Swiss Bank Corp. of Basle, Switzerland, continues to act as his agent and depository. (166) In 1941, Malaxa was attempting to open accounts in Istanbul, Turkey; Teheran, Persia; Rio de Janeiro, Brazil; and Buenos Aires, Argentina. (167)

"In spite of the fact that these accounts are blocked, they hold out inviting possibilities to the Goering Werke or its representatives. Nicolae Malaxa in the past has used every possible device for overcoming monetary regulations and

restrictive orders. When the Rumanian National Bank refused to license dollar transfers except for special purchases in the interest of national defense, Malaxa was able to get around the requirements. He placed an order with the U. S. Steel Products Co. of New York in 1940 for \$140,000.00 worth of steel billets. After payment in advance was completed through the Rumanian National Bank, he cancelled the order. The money was then repaid to Malaxa's accounts at the Chase Bank in New York. The Rumanian Government formally accused Malaxa, in January 1941, of using transactions of this type as a means of avoiding monetary regulations. After the United States blocked transfers between Rumania and this country, Malaxa tried to get free dollars on two occasions. In early 1941, he offered to sell dollars to the Standard Oil Co., of New Jersey, provided a large commission be paid to his nominee in Philadelphia. Later in 1941, Malaxa tried to transfer some of his frozen funds at Chase to this same Philadelphian. (168)"

This report set forth considerable footnotes to the complete report. Pertinent informative footnotes applicable to the above referred to portions are as follows:

- 5a. "The Czech Government's Zbrojovka stock, held by the Prague Credit Bank, was acquired by Reichswerke Hermann Goering a few days after the occupation. Officials of Zbrojovka and of the Prague Credit Bank have been able to say that the stock passed through the hands of a number of Czech and German banks acting as intermediaries. It has been impossible, however, to identify the banks and thus trace the passage of the stock.
13. "About 100,000 tons annually.
14. "Resita and Titan produced about 120,000 tons of a total Rumanian production of 140,000 tons of pig iron.
15. "It has been stated that the Hunedoara Works was for all practical purposes under the control of Nicolas Malaxa who saw to it that its steel and iron output was diverted to his factories.
16. "Through working agreements with the Railroad Administration, Resita and Malaxa were assured a monopoly in the supply of railroad materials.
17. "All manufacturers and repair shops for the Rumanian railroads depended upon Resita for semi-finished and finished material.
18. "The Malaxa Company would first obtain licenses from German and Hungarian manufacturers to sell their equipment to the Rumanian railroads. When Malaxa had instituted production of the articles in his own shops, he secured protective tariffs to exclude the foreign supplier.



19. "By agreement between the companies Resita produced heavy plates, bars, and beams. Titan limited itself to sheets, and lightweight metal products.
20. "This shop, which once produced some of the largest bridges in eastern Europe, now concentrates on military items such as hangars, portable bridges and metal landing strips.
27. "All Rumanians who are familiar with the situation have agreed on these facts in interviews conducted by the Economic Warfare Section of the Department of Justice at its New York office.
42. "Carol was determined to wield supreme and unquestioned authority. The policies of the new Government, therefore, were enforced with the aid of a powerful secret police force, a thorough censorship, arrests of the rebellious and corruption of the amenable.
43. "According to several sources, Carol's construction of a new section of his Bucharest palace is an illustration of his misuse of Rumanian funds. To make way for the addition to the royal domicile, buildings covering several city blocks and including modern apartment houses were torn down. The area was an active business center and its demolition meant the financial ruin of many individuals.
- "The palace wings that were erected displeased Carol, who had them torn down and rebuilt with a slight change in orientation. Ultimately, a fence was built to hide the new construction from the public eye. The wasteful expenditure occurred at a time when state funds were insufficient to pay the salaries of Government officials.
44. "Very rapidly Carol reduced to impotence such personalities as Iuliu Maniu, Dinu Bratianu and Marshall Avarescu and raised to prominence a new group of politicians exemplified by Vaida-Voevod, Tatarescu, Goga, Gigurtu and Manoilescu who were ready, willing and able to secure personal power and loot and cared little about the interests of the Rumanian people. All these changes were occurring in a period when the Rumanian agricultural economy was crumbling as part of the world-wide depression.
45. "Carol turned everything to a double profit. When the Iron Guard began to achieve some prominence, Carol is said to have solicited and obtained large contributions from business men to fight the menace. Part of this money went into Carol's pocket and the balance was used to finance the Iron Guard over its lean periods, for Carol, despite his open enmity toward the Guard, found it useful in crushing Maniu's followers.

46. "By 1938, Carol's manipulations had progressed sufficiently to permit the realization of his dream of personal dictatorship. In February of that year, he proclaimed a new constitution, placing all power in his own hands. The new constitution was ratified by 'an oral ballot of the citizens.' (Mallory, Political Handbook of the World, 1940, p. 161.) He dissolved all existing parties and created a single new party, the Frontul Renasterie National (National Rebirth Front). Elections were abolished, public meetings were forbidden, and all Government officials were required to belong to the new party. Expulsion from the party was tantamount to dismissal from office. Political doubts and questions therefore, were not forthcoming.
47. "Magda Lupescu acted for the King in some of his most important financial transactions and speculations. Her political influence is illustrated by the reported dismissal of Ion Antonescu from his position as Chief of Staff, the day after he refused to remain at a dinner because she was present.
48. "Malaxa remained out of political office by choice. Informants believe that he could have been Premier at any time he chose.
49. "These names have been supplied by Rumanian industrialists who were very close to the situation and able to observe the manipulations of Malaxa.
56. "A profitable practice, according to one Rumanian, was the importation of a nearly finished product, its subjection to a minor processing operation in Rumania, and the subsequent sale at far higher prices than the original imported article could command.
62. "Having made a superficial effort to sweep the slate clean of the men and organizations who had been milking the Rumanian economy, Premier Antonescu, together with his nephew Mihai and the young King Mihai, formed a new syndicate for the purpose of systematically looting almost every company in Rumania. The New York Times January 2, 1944.
63. "The New York Times, September 9, 1940.
64. "The New York Times, September 8, 1940.
65. "At one of the investigations a former Chief of the Army Secret Service Colonel Moruzov, disclosed that he had spent, during 10 years, 528,000,000 lei as secret expenses.

88. "Malaxa, when Centrind was organized, withdrew from the board of CEPI. Eduard Outrata, representing Zbrojovka, was placed on the CEPI board.
92. "Report of an American business man to his home office.
97. "Copies of the legal opinions are on file with the Department of Justice, War Division, New York, N. Y.
98. "According to a former Czech industrialist in Rumania, Max Ausnit was informed of the decisions by a person who had been present at the meeting.
100. "Malaxa was said to have been permitted by the official Government censor to place one of his agents, one Mateesco, in the censor's office to take charge of newspaper publicity concerning the trial. Letter to former Rumanian industrialist from his European representative, dated March 9, 1940.
101. "Mircea Juvara, for example, a former Minister of Justice was said to have lost his post as Vice-President of the municipally-owned Bucharest transit system because he agreed to act as chief defense counsel for Ausnit.
- o DJUVARA
- "It is doubtful whether Juvara's subsequent activities in behalf of Max Ausnit proved distasteful to Malaxa-Goering group, for Juvara soon afterward became President of Resita.
102. "Czech industrialist who managed the Goering enterprises in Rumania till the summer of 1941.
104. "Letter to former Rumanian industrialist from his European representative, dated May 9, 1940.
105. "The New York Times, March 15, 1940.
106. "According to The New York Times of March 15, 1940, the amount was 18,000,000 French francs, 75,000 pounds sterling, and 30,000,000 lei. A Czech industrialist who was in Rumania at the time reports that the amount was 2,000,000,000 lei (about \$10,000,000).
111. "Credit and correspondence files, Foreign Department, Chase National Bank of New York.

113. "Der Neue Tag, Prague, June 16, 1942.
120. "That this device was something to be reckoned with is indicated by the fact that, when Marshall Antonescu had solidified his position, he separated the 18-year old Irene Malaxa from King Mihai and locked her in a convent. London Daily Express, December 20, 1941.
122. "In 1943, he was an officer or director of the following middle European companies (Compass-Personenverzeichnis, 1943, p. 327. (German Directory of Directors):
- Resita, Bucharest
  - Copsa-Mica si Cugir, Bucharest
  - Farola, Bucharest
  - Metrom, Bucharest
  - Zam, Bucharest
  - Prague Credit Bank - Rumanian Branch, Bucharest
  - Skoda-Steyr, A.G., Bucharest
  - Skodawerke, Pilsen
  - Tobis Tonbild-Svodikat, Berlin
  - Bickford & Co., A.G., Wiener Neustadt
  - Rudnica, A.G., Dubrovnic
  - Steyr-Skoda, Sofia
123. "As though aware of the importance to him of his kinship with Hermann, Albert was extremely alert to detect insinuations that they were only half-brothers. He is reported to have gone about threatening to throw into a concentration camp the next man who dared attack his (or Hermann's) mother's chastity.
124. "Numerous stories are told of Albert Goering's unreliability and of the difficulties involved in dealing with him. In addition to his testiness on the subject of his relationship with Hermann, he was constantly embarrassing lowly non-German pro-Nazis by boasting that his brother Hermann ought to be the Fuehrer rather than Hitler.
- "His personal cowardice sometimes made him unavailable for business for long periods. When an earthquake struck Bucharest, Albert was the only tenant in his apartment house to flee. He slept in his car outside the city limits for a week and then found an excuse for going to Italy. On his return, he took a one-story house. Goering's consideration for his personal safety gave rise to the popular belief in Bucharest that when he left some dire catastrophe was in prospect, for his brother usually managed to give him advance notice of future events. Albert was absent from Bucharest, for example, when Transylvania, Dobrudja and Bessarabia were ceded, when Carol abdicated, when the Iron Guard revolution broke out, and when the war with Russia began.

- "Malaxa used a tried and true device to obtain Albert's support, but without success. The plan was to have Albert divorce his wife and marry Malaxa's daughter, Irene. One informant reports that the plan failed because of Goering's preference for Gypsy girls.
125. "Mihai Antonescu is reported to have plans to become Rumania's Badoglio and to be building up a personal foreign service. Confidential Government Report, December 17, 1943.
- "The man's idea of his own importance is illustrated by an article which he had published in the Bucharest evening newspapers. Under a caption "Great Men of All the Ages", appeared four portraits, all of equal size: Alexander the Great, Hitler, Stalin, and Mihai Antonescu.
127. "The New York Times, February 19, 1941.
151. "In this period dividends paid by Malaxa's companies totalled many times the original capital. The dividend did not necessarily include the huge salaries which Malaxa received and the payments made to the royal clique.
162. "Rumanian financial publication, Argus, October 24, 1943, as reported in dispatch of United States Consul General at Istanbul, November 13, 1943.
164. "Deposits in the name of 'N. Malaxa' S.A.R. and 'N. Malaxa' Uzine de Tuburi si Otelarii S.A.R. exceed two million dollars. These accounts are blocked under Treasury regulations.
165. "From the credit files at Chase Bank, New York.
166. "In 1940, Malaxa advised Chase to address all correspondence in care of the Swiss Bank Corporation, Basle, Switzerland. About this time a large deposit was sent by the Swiss Bank to Chase for Malaxa's account.
167. "Letter to a New York bank from Nicolae Malaxa dated April 25, 1941.
168. "Complete details concerning these transactions are available in the files of the War Division, Department of Justice, New York."

An official of the Chase National Bank, 18 Pine Street, New York City, advised Special Agents of the New York Field Division of the FBI during April of 1946 that the records of the Chase National Bank contained one account in the name of N. Malaxa, Societe Anomino Romana, Dionisie 19 Consta Postala, Bucharest, Rumania, which account had a balance of \$1,237,000, and no activity had been noted in this account since December of 1940.

In 1938 a credit of \$323,000 was received through a Rumanian bank and credited to the personal account of N. Malaxa, 19 Ru Dionisie, Bucharest, Rumania. One withdrawal was made from this account in December, 1940, in the amount of \$62,533.96 and was credited to N. Malaxa, Societe Anomino. No further activity had been noted in this account. This official stated that there is a third account open at the Chase National Bank in the name of N. Malaxa, Uzine de Tubira Sic Otolarie, Consta Postala, Bucharest, Rumania. This account was opened March 24, 1941, with one deposit of \$37,144.25. No further activity was noted in this account. This official related that from the information appearing in their files apparently the firm of Malaxa had deposited certain monies with the U. S. Steel Corporation for the exportation of steel to Rumania but that because of U. S. Steel's inability to deliver this merchandise, Malaxa's account at the Chase National Bank was credited with their apparent original deposit into the U. S. Steel Corporation. He further stated that all of the funds at the Chase National Bank were frozen at the time the freezing act was first enacted and that these funds were still frozen by the Treasury Department of the United States.

This same Chase National Bank official stated that approximately six months prior to the time he was interviewed by Special Agents of the New York Field Division of the FBI he had heard through the "grapevine" that Malaxa was desirous of having all of his funds at the Chase National Bank transferred to his personal account because he feared that the Russians were going to take possession of all his enterprises in Rumania. This official stated that he had no proof of this statement but merely volunteered it for whatever purpose it might serve.

The files of the FBI contain a memorandum from the Office of the Chief of Naval Operations, Chief of Naval Intelligence, dated July 25, 1947, entitled "Investigation of Rumanian Activities" which in turn is dated June 18, 1947. Page two of this report reflects the following:

"Malaxa has visited every American automobile manufacturer and even such people as Continental Motors in an attempt to get them to agree to a plan whereby Malaxa would set up (with U. S. money of course) an automobile and truck assembly plant in Roumania. He has been unsuccessful in this. Informant also states that, recently, Malaxa bought a brand new Cadillac limousine from a used car dealer for which he paid seven thousand dollars. This car was bought in the name of Malaxa's son-in-law, Dr. Palad. It is a seven-seater Imperial sedan, Model 7533/1936, Motor No. 3401195. The car was actually paid for by Dr. Palad, who possesses considerable U. S. dollars in various New York banks where this money was deposited for him by the Russians in payment for certain plants which they took over from Malaxa. Informant states, however, that although the car was originally registered to Dr. Palad it has since been given to some other person, possibly in Washington, from whom Malaxa has reason to expect certain favors. Informant pointed out that Ausnit and Malaxa are both closely concerned with negotiations being carried on for the obtaining of a U. S. loan for Roumania."

During February of 1947 Mr. Nicholas N. Perry, ex-Rumanian manufacturer residing at 1775 Broadway, New York, New York, stated that it was his belief that the Rumanians have set up in New York City a government organization headed by Nicolae Malaxa, who in Perry's belief did most of the import-export bidding in relation to Rumania at that time. Perry claimed he was closely associated with Malaxa in 1923 when Perry was representing the Ford Motor Company in Cluj, Rumania. It was Perry's impression that Malaxa is a Bulgarian or a Greek engineer by profession and that in 1923 Malaxa formed a stock company of 150,000 shares which was organized for the purpose of repairing railroad cars as well as freight and passenger cars. Perry stated that at the time of the formation of this stock company he had no money and turned down frequent bids on Malaxa's part to Perry to purchase stock in this new company. Perry furnished additional general information that has been previously enumerated in this memorandum.

During November of 1947 Special Agents of the FBI reviewed the files of the Visa Section of the Department of State which reflected numerous communications which had been received pertaining to contacts between the State Department and Mr. Bernard Lauren of New York City, Malaxa's attorney. In one of the communications to the

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State Department on behalf of Malaxa it was indicated that Malaxa had investments amounting to \$1,600,000 on deposit in the Chase National Bank in New York. This amount, according to Lauren, was deposited by Malaxa in the Chase National Bank in 1940. Lauren also indicated that Malaxa had been granted reparations by the Rumanian Government in the amount of \$2,400,000 and that this amount had been payable to him in United States currency by the Rumanian Government. Lauren's purpose in arranging appointments for Malaxa with the State Department was, as he stated, the desire on the part of Malaxa to reorganize his industrial holdings with the view of erecting an American equipped penicillin plant in Rumania, the production of Rumanian automobiles, tractors and other agricultural machines, and in this connection Lauren indicated that Malaxa desired to interest the Kaiser-Frazer Corporation of Detroit in such a Rumanian enterprise.

During February of 1948 the New York Field Division of the FBI caused the records of the Immigration and Naturalization Service to be checked and it was determined that these records indicated statements on the part of Malaxa which reflect that he is the president and sole beneficial owner of the stock of the Nicholas Malaxa Works and other corporations in Rumania. These records indicate that Malaxa is the sole stockholder of Medex, Incorporated and Incorfina, Incorporated, New York corporations, and the American-Rumanian Economic Corporation, which was formed with Frank Manheim of Lehman Brothers, New York, New York.

A reliable, confidential informant, who was a former employee of Malaxa, advised the FBI that about the end of 1946 Malaxa was negotiating with the Rumanian Government to recover \$4,500,000 from Rumania through the services of Edgar Ausnit who was to be amply rewarded. It was revealed that in guarantee of completion or as an additional grant Malaxa was to receive a monopoly in the export of lumber from Rumania, and that during 1947 Malaxa closed a number of lumber and tube pipe deals with Ausnit through Incorfina, Incorporated. It was also stated that Malaxa was active in the purchase of corn, machine tools and other items for the Rumanian Government, and during 1947 he made efforts to secure equipment for an aircraft factory to be set up in Rumania either under Ausnit's or Resita's control.

A reliable, confidential informant of the FBI, who was a former employee of Jacques Rosenstein, a Swiss banker at No. 1 Wall Street, New York City, advised that Rosenstein was a personal friend of Malaxa and that blocked funds of Malaxa in the amount of \$1,500,000 were released



through arrangements made by Rosenstein, and that Rosenstein received five per cent or \$75,000 for his services.

Your attention is also directed to the column entitled "Walter Winchell in New York," written by Walter Winchell which appeared in the February 25, 1948, issue of the newspaper, the New York "Daily Mirror," which column contains Mr. Winchell's views concerning the activities of Nicolae Malaxa. Photostat copy attached.

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Malaxa's Association With General Nicolae Radescu

This is to advise you that on May 5, 1948, Special Agents of the FBI interviewed General Nicolae Radescu, former Prime Minister of Rumania, at his residence located at 164 East 72nd Street, New York, New York. Radescu stated that he had no personal knowledge concerning Malaxa's activities inasmuch as he had met Malaxa for the first time in December of 1944, and he credited his knowledge of Malaxa to "public knowledge." General Radescu stated that he became Prime Minister of Rumania in September, 1944, and that 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 the 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, 1948. 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 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 Mihalache, 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. 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.

Your attention is also directed to a memorandum from Mr. Jack D. Neal, Chief, Division of Foreign Activity Correlation, Department of State, dated May 10, 1948, entitled "Rumanian Resistance Groups," which memorandum furnished 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. The State Department memorandum indicates that this material was furnished to an officer 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. Copies of these papers are understood,

according to the Department of State, to have been submitted to General Wedemeyer, Department of the Army.

The State Department memorandum indicates that copies of this material were being furnished to your Agency.

It has been determined that Nicolae Radescu has executed a sworn affidavit at New York City on behalf of Nicolae Malaxa, which affidavit is undated but is believed to have been prepared during April of 1948. This affidavit is as follows:

"State of New York )  
                          ) SS:  
County of New York )

"NICOLAE RADESCU, being duly sworn, deposes and states:

"I am domiciled at present at 164 East 72nd Street, New York City.

"After the Armistice with Roumania on September 6th, 1944, I was nominated Prime Minister by His Majesty King Michael I of Roumania, in conformity with our constitutional practises, and formed a broad coalition government.

"On the 28th of February 1945 as a result of an ultimatum presented to His Majesty King Michael I by the Soviet Envoy A. Vichinski, I was obliged to resign, Vichinski imposing on the country and king a pro-communist government under P. Groza.

"Because of the communist-dominated government, my personal security in Roumania was continuously threatened, I left the country and lately came to the United States of America.

"I know that Mr. N. Malaxa, the foremost industrialist of my country, has organized an important group of metallurgical works in Roumania. The rapidly-growing importance of his industries put him in conflict with the German economic interests, which at that time made all their efforts to acquire absolute domination of the Danubian States.

"This conflict reached its final climax after the installation in Roumania of the pro-German Antonescu Government and after the entry of German troops into the country. At that time the Antonescu government confiscated all the works of Mr. N. Malaxa, arrested him and put him in jail so as to overcome the resis-

"tance which he had opposed to the German economic domination.

"After the entry of the Soviet troops into Roumania, the Soviets, in violation of the armistice agreement, selected the works belonging to Mr. N. Malaxa (which had been restored to him by Royal Decree) as an object of reparation of war by taking over, on account of such reparations, machines and equipment of great value of one of his works. In spite of the opposition to that measure by me as Prime Minister, and by others, a part of said factory was dismantled and shipped to Russia.

"On that occasion, I had the opportunity to become convinced of the clear position taken by Mr. N. Malaxa for the defense of our economic system.

"In the difficult period which followed, under the continuous and growing pressure of the Russians, other circumstances and other deeds of Mr. Malaxa have strengthened my conviction concerning his anti-communist attitude. I would like in particular to stress one conclusive fact, which I have reported to General Schuyler already in Bucharest, namely, that Mr. Malaxa put himself at my disposal, before and also after my dismissal from the government to help me to counteract the growing communist domination in Roumania.

"I am sure that the time will come when the facts which prove this attitude could be known in detail. If all this has for the moment to be kept confidential, it is only because Mr. Malaxa still has his wife and son in Roumania and he would not like to endanger their lives, especially as he has not lost the hope of being able to get them out soon, in some way.

"Given the above facts and knowing the present situation in Roumania, I consider that the return of Mr. Malaxa to Roumania would endanger his personal security.

"But above all, his stay in this country is from our point of view of the utmost importance for the Roumanian cause.

"Personally I am ready to guarantee to the U. S. Government that Mr. Malaxa will be a good and hard-working resident and will never try to do anything harmful to this country.

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NICOLAE RADESCU

The above information is being furnished to you confidentially  
and it is requested that no dissemination of this information be made  
outside your Agency.

Enclosure