



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



IN REPLY, PLEASE REFER TO
FILE NO. _____

CONFIDENTIAL
BY SPECIAL MESSENGER

Date: March 9, 1949
To: Director
Central Intelligence Agency
2210 E Street, N. W.
Washington, D. C.
Attention: Colonel E
From: John Edgar Hoover, Director, Federal Bureau of Investigation
Subject: NICOLAE MALAXA, was.
Nicholas Malaxa, Nicolie Malaxa
Nicolai Malaxa
INTERNAL SECURITY - R and RU
REGISTRATION ACT

Reference is made to previous information in the above-entitled matter which has been made available to you.

For your additional information there is attached a copy of the investigative report of Special Agent Walker C. Betting, Jr. dated October 20, 1948, at New York, New York.

The attached is for your confidential information and should not be disseminated outside your agency.

Enclosure

1 End

REGISTRY COPY

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

FBI

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
 THIS CASE ORIGINATED AT **NEW YORK** NY FILE NO. **100-87296** RMC

REPORT MADE AT NEW YORK	DATE WHEN MADE 10.20.48	PERIOD FOR WHICH MADE 5/25;6/16; 7/7,8,10,15, 16,20-22,28; 8/2,10,12,15, 16,26;9/16,20, 21,22,23,29, 30;10/1,4-8/;	REPORT MADE BY SAITIS G. ROETTINO, JR.
TITLE NICOLAI MALATA, WAS,		CHARACTER OF CASE INTERNAL SECURITY - R - RUMANIAN	
SYNOPSIS OR FACTS: <p style="text-align: center;"><u>CONFIDENTIAL</u></p>			
Synopsis of Facts: Information on mail cover and telephone calls from subject's residence set forth. Information in memoranda and documents submitted on behalf of subject summarized; also information obtained from State Department. Interviews with various informants and individuals reported. Subject interviewed and denies collaboration with Germans and Russians; denies gifts to SA PARKER and GREGORIU DEJ. denies he made money available to Russian Legation; admits giving \$12,000.00 to Colonel McGLASSON and accepting receipt for only \$300.00. Subject states AUSEIT brothers and their associates are spreading false information concerning him.			
- P -			
REFERENCE: Bureau file 100-344488. Report of SA William E. Hummer, 6/7/48, New York.			
DETAILS: Additional information obtained from the cover on mail addressed to the subject, at 30 Sutton Place,			
APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES	
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ENCLOSURE 13

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New York City, is as follows:

<u>DATE</u>	<u>NAME</u>	<u>ADDRESS</u>
June 3, 1948	M. Fleischmann & Company	Zurich, Switzerland
June 7, 1948	Arnold, Fortas & Porter	1200 18th Street, North West, Wash- ington, D. C.

_____ GKRBER (This letter was addressed to DOMNULI
ENGINEER, c/o NICOLAE KALAYA, Berns,
Switzerland)

The following information pertains to individuals whose names were obtained as a result of the mail cover on subject's residence:

JOHN H. MAASS
220 East 42nd Street
New York City

This individual is an attorney who represented the subject in connection with his immigration status.

JETTI KATZ, M.D.
39 East 78th Street
New York City

This individual is known to have received a check in the amount of ten dollars in 1945, which check was charged against the payroll account of the Consulate General of the U.S.S.R., at New York. In December, 1947 she received a check in the amount of seven dollars, which was charged against the account of the Amtorg Trading Corporation.

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The amounts of these checks and the fact they were made payable to "JETTI KATZ, M.D." indicates they were probably issued to her for professional services. JETTI KATZ is known to have been a correspondent of ALFRED SORTER, who is identified in this report.

When USCHER ZLOCZOWER became a citizen of the United States, he gave the name of JETTI BLUMEN KATZ, 1211 Madison Avenue, New York City, a physician and naturalized citizen, as a reference. ZLOCZOWER is suspected of having engaged in Soviet intelligence activities because of his connection with the Westwag Company in Berlin, Germany and the Far Eastern Fur Trading Company in London, England, prior to his arrival in the United States.

J. INCULETZ
Calle Vidt
3058
Buenos Aires, Argentina

This individual is probably identical with a Mr. INCULETZ, who has been reported to be an employee of the subject.

Dr. Willy FILDERMAN
D.W. FILDERMAN
Hotel Munder Etale
14 Rue Beaujeu
Paris, France

This individual is undoubtedly identical with Doctor W. FILDERMAN, who wrote letters to HERBERT YENMAN and Rabbi STEPHEN WISE, urging them to assist MALAXA in his mission to the United States.

ALFRED SORTER, M.D.
374 West End Avenue
New York City

ALFRED SORTER, also known as FRIEDL SORTER, was born

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January 2, 1896 at Vienna, Austria and entered the United States on October 25, 1938. His wife, MARIANNE, was also born in Vienna, Austria and they have two children. MARIANNE SORTER was a business partner of LILLY BARBARA CAROLA STEIN, who, it will be remembered, was sentenced to serve ten years in jail for having engaged in German espionage in the United States. SORTER and his wife were closely associated with STEIN and in an interview with Agents of this Office STEIN claimed Doctor SORTER performed an abortion on her.

In an interview with Agents of this Office SORTER claimed that he did not know about STEIN'S espionage activities and denied that he had performed an abortion on STEIN.

A physical surveillance on February 27, 1946 of OTTO KATZ and EGON KISCH, well known Communists who have been active in the "Free Germany Movement" and whose backgrounds indicate they are probably Soviet agents, reflected that they attended a gathering at the home of Doctor ALFRED SORTER. Other people at this gathering were identified as GERHARDT FISLER, a well known Communist, Mrs. F. C. WEISKOPF, the wife of FRANTISEK CARL WEISKOPF, who is suspected of being a Soviet agent; MAX SCHROEDER, a reported Communist writer active in the "Free Germany Movement", who is a known contact of many German Communists in New York City; Miss LAURA WOLFF and Mrs. DOROTHY MENDOLKOWITZ, sisters, who reside at the Hotel Riverside Plaza, New York City.

ALFRED SORTER is also known to have corresponded with Doctor JETTI KATZ, who has been previously identified.

Confidential Informant NYC 75 made available the toll calls charged to Plaza 9-4217, the subject's telephone number at 30 Sutton Place, New York City. These calls cover the period from February, 1948 through May 5, 1948:

DATE	TELEPHONE NUMBER CALLED	PERSON CALLED
February 20 (2), 24, 1948	Harrison 4300, Chicago	Deal, Blackstone Hotel
February 20, 1948	Andover 4200, Chicago	Hoyt, International Harvester Company

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DATE	TELEPHONE NUMBER CALLED	PERSON CALLED
February 21, 1948	Telegram sent to Rio De Janeiro, International 264, signed GROSSU <i>Wanda</i>	
February 23, 1948	5463, Hempstead, Long Island, New York (incoming collect call from pay booth, from BAKER, to MALAXA)	
February 24, 1948	Andover 4200, Chicago	Mr. MAUGHT'S secretary, International Harves- ter Company
February 24, 1948	Andover 4200, Chicago	MAX MENEMIA, Internat- ional Harvester Company
February 26, 1948	Randolph 7500, Chicago	Reservations, Palmer House
March 3, 1948	District 3000, Washing- ton, D. C.	Mayflower Hotel
March 3, 5 (2), 8 (4), 9, 1948	Randolph 7500, Chicago	Palmer House
March 8, 1948	Harrison 4300, Chicago	Blackstone Hotel
March 10, 18, 25, 1948; April 8, 15 and May 1, 1948	Great Neck 6394J, Long Island, New York (Confidential Informant NYC 75 advised that Great Neck 6394J is listed to WRIGHT F. CHALMERS, 20 Clent Road, Great Neck, Long Island, New York)	
March 20, 1948	1791, Atlantic City, New Jersey	
March 20, 27, 1948	3224, Manhasset, Long Island, New York (Confidential Informant NYC 75 advised that this number is listed to CORNELIUS A. POP, 16 Alder- shot Lane, Manhasset, Long Island, New York)	

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DATE	TELEPHONE NUMBER CALLED	PERSON CALLED
March 20, 1948	District 3000, Wash- ington, D. C.	V. TILIA, Mayflower Hotel (VIOREL TILIA is the former Rumanian Min- ister to the Court of St. James who has been active in subject's behalf)
March 25, 1948	New Rochelle 6-7134 (Confidential Informant NYC 75 advised that this number is listed to C. G. MARTENS, Oakwood Isles, New Rochelle, New York)	
March 29, 1948	2-5079W, Fanwood, New Jersey	
March 29, 1948	Andover 4200, Chicago	Miss CARTON, Interna- tional Harvester Company
March 30, April 7, 1948	Wisconsin 7234, Wash- ington, D. C.	
April 1, 1948	Incoming collect call from V. TILIA, calling from Executive 7300, Washington, D. C.	
April 7, 9, 1948	2486, Great Neck, Long Island (Confidential Informant NYC 75 advised that Great Neck 2-2486 is listed to EDWARD B. MARKS, 215 Lakeville Road, Great Neck, Long Island, New York)	
April 8, 9, 15, 17, 18, 1948	Zurich, Switzerland - call placed by subject	
April 8 (2), 1948	Paris, France - call placed by subject	
April 9 (2), 13, 15, 1948	5-5146, Bridgeport, Connecticut	Metropolitan Truck Body Company

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DATE	TELEPHONE NUMBER CALLED	PERSON CALLED
April 9, 1948	Ruessnacht, Switzerland - call placed by the subject	
April 9 (2), 26, May 1, 1948	DuPont 9051, Wash- ington, D. C.	
April 10, 1948	Rittenhouse 6-0380, Philadelphia, Pennsylvania	
April 10, 1948	Ruessnacht, Switzerland - call placed by JOHNSON	
April 12, 1948	Paris, France - call placed by PALADE (Doctor GEORGE PALADE, subject's son-in-law)	
April 12, 1948	Telegram sent to Istanbul, Turkey, International 1075, signed PALADE	
April 14, 1948	Telegram sent to London, In- ternational 575, signed VIOREL (VIORSEI. TILIA)	
April 14, 1948	Telegram sent to Paris, International 550, signed TILIA	
April 14, 1948	Telegram sent to Lugano, Switzerland, International 163, signed FULGA (an employee of the subject)	
April 14, 1948	Paris, France - call placed by FULGA	
April 15, 1948	Telegram sent to Geneva, Switzerland, International 138, signed BARBU (the signer of this telegram is probably BARBU NICULESCU, private secretary to General HEDOLTA SADESCU)	
April 15, 16, 1948	Paris, France - call placed by JOHNSON	
April 16, 1948	Zurich, Switzerland - call placed by JOHNSON	
April 17, 1948	North 4430, Washington, D. C.	Mr. and Mrs. WAGNER, Hotel Brighton

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DATE	TELEPHONE NUMBER CALLED	PERSON CALLED
April 18, 1948	1267, Oyster Bay, Long Island, New York (Confidential Informant NYC 75 advised that Oyster Bay 6-1267 is listed to T. K. FINLETTER, Mill River Road, Oyster Bay, Long Island, New York)	
April 22 (2), 1948	Columbia 2000	Apartment 600 I, Wash- ington, D. C.
April 23, 1948	Telegram to the S.S. Queen Mary, International 286, signed FLORIN (This is probably FLORIN ZAHARIA, who is identified later in this report)	
April 24, 28, 1948	Zurich, Switzerland - call placed by FULGA	
April 30, 1948	Republic 7643, Washington, D. C.	
May 5, 1948	2079, Port Washington, Long Island, New York (Confidential Informant NYC 75 advised that Port Washington 7-2079 is listed to the Gildo Res- taurant, Shore Road, Port Washington, Long Island, New York)	

Confidential Informant NYC 138 made available copies of the telegrams and cablegrams charged to Plaza 9-4217. The contents of the telegrams and cablegrams, written in English and French, are set forth below. Those written in Rumanian are being forwarded to the Bureau as enclosures with this report:

1. Cablegram dated February 21, 1948 to SENHOR ~~ECONOMI~~, 1032 Avenida Copacabana, Rio De Janeiro, Brazil, signed "GROSSU".
2. Cablegram dated April 12, 1948 to ~~MIRCEA~~ VASIIACHE, Abdulhak Hamid, Caddesi Number 78-10, Istanbul, Turkey, signed "GEORGE PALADE".

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3. Cablegram dated April 14, 1948 to ATANASIU, 15 Ruegiam, Paris, France, signed "TILEA". Translated it reads, "Please attend immediately to the visa of BARBU NICULESCU, Secretary of the General. Send it to the Consulate in New York and telegraph confidential".
4. Radiogram dated April 23, 1948 to ^{GAFENCO} GAFENCO, S.S. Queen Mary, signed "FLORIN". (It is noted that GAFENCO was a former Rumanian official).
5. Cablegram to ~~NICULESCU~~ ALIESCU, 53 Drayton Gardens, London S/W 10, signed, "VIOREL" (VIOREL TILEA). This cablegram states, "Please see Roger, stop, take urgent steps for transit visa to France BARBU NICULESCU, General Secretary, and cable."
6. Cablegram to L. C., Hotel Splendide, Lugano, Switzerland, signed, "FULGA". It states, "Staying New York Hotel Stanhope, Fifth Avenue and 81st Street."
7. Cablegram to L. C. ~~NICULESCU~~ NICULESCU, Hotel Bergues, Geneva, signed, "BARBU". Translated it states, "So happy at the success of the operation. Love."

Confidential Informant A advised in May, 1938 that it was recently reported that ~~RMUS~~ LULA (former Commercial Attache at the Rumanian Consulate in New York City) ran into difficulties with the subject. LULA is said to have submitted bids to his Government for oil pipelines which he had obtained from an American firm. MALAXA had allegedly already submitted greatly inflated figures for similar material. He is said to have been angered by the fact that LULA had not consulted him before acting in the matter and that MALAXA threatened LULA with recall. Informant stated that although MALAXA is not a Government official, nevertheless his influence is known to be very powerful.

An article appeared in the newspaper "New York Times", dated June 13, 1948 and captioned "Rumania to Pay Indemnity". This article states that the Rumanian National Assembly passed an industrial nationalization bill which provided for indemnities to be paid from the future nationalized industries. It was stated, however, that indemnities would

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not be granted to those who left the country and did not return. "Among those affected are NICHOLAI MALAXA, principal shareholder in the largest metallurgic factories, and MAX MUSNIT, owner of the Titan Nadrag Factories."

Confidential Informant T-1 made available a photostatic copy of a three page letter written in the German language. This letter was translated and a copy was sent to the Bureau. The translation is set forth as follows:

"Engineer Albert Goering:

Bucharest

June 21, 1940

"To Mr. N. Malaxa, Engineer
19 Dionisie Street

"My dear Mr. Malaxa:

"On the occasion of my visit yesterday with the representative of the Brunner Waffnerwerke (Armament Works), Mr. Novotny, we came to the agreement that I should briefly state the substance of our conversation. First of all we discussed the regulation governing duplicate shares transactions. In this regard I emphasized that the Brunner Waffnerwerke for several reasons has an interest in them and as soon as possible should legally acquire some duplicate shares, both of the Resita as well as of Copsa Mica Cugir. The present situation in which the old shares are worthless, but (in which) the new are not yet exposed, seems impossible. Since in this regard, Mr. Malaxa, your interests coincide with ours, I believe that it would be advantageous for you to effect an immediate reestablishment and delivery of the new shares.

"If our participation in the general assembly (just as it was with you) appears to be guaranteed through our legitimization on the basis of legal opinions this condition can be only a temporary one, and we agree, that based on pure common sense grounds this question should be settled quickest of all.

"On this occasion I thank you for your assurance of not placing any importance in the error in spelling in the written dispatch of this opinion. It concerns the omission of a closer agreement over the dividend coupons. We are of the opinion that the above desired duplicate shares with coupons as should be handled as (they were) in 1937.

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"Next we discussed the new appointments to the board of directors in both companies. In accordance with the agreement two places belong to the arms factory in the Resita, seven places in the CMC. In addition the position of Administrator delegate was reserved for the Brunner works. In the meantime both Dr. Outrata and Director Svec, who for their part were assigned to the directorship of Resita, have separated completely from the Brunner Waffnerwerke and Brunner Waffnerwerke are no longer represented in the Resita. Since both named gentlemen (likewise) who are in the CMC represent Brunner, they represent common association with the chief director Staller and Mr. Av. Caracostea, only two of these four mandates are filled. In general we have made no use of the right to fill the post of administrator delegate.

"We are agreed thereupon that this position is untenable and we have proposed the following proposition to you:

"We request the addition of a third place in the Resita; we relinquish on the other hand two posts in the CMC where we would be satisfied with five posts out of the seven delegated to us, and at the same time decline the position of administrator delegate.

"I am happy to be able to establish that you opposed our plans sympathetically and after previous study by your adviser desire to give your support. I feel sure that no difficulties worth mentioning can interfere with the execution (of the plan). I can answer your justifiable objection that for obvious reasons, not too many foreigners be allowed on the board of directors (by saying) that the difficulty is easily bridged, since already one of the five whom the Waffnerwerke wish to place on the board, namely, Mr. Av. Caracostea, moreover is a Rumanian. It appears that in this way your wish to partition eight places on the managing board in the ratio of four to four for the uninvested private capital is fulfilled.

"The Brunner Waffnerwerke intend accordingly to send the following men into the board of Resita as well as of CMC:

- (1) Engineer Albert Goering
- (2) Dr. Guido Schmidt
- (3) Dr. Marian Novotny

"On the other hand the orders of Dr. Outrata and director Svec of the

"General Assembly ought to be rescinded. You informed us in passing that the orders of Dr. Outrata and Director Svec at the CMC expire on August 23. In this case I do not hold a formal recalling through the General Assembly to be necessary, since there are still two months (before the meeting) on the contrary according to your information at (the) Resita only the order of Director Svec would expire, but not that of Dr. Outrata. In this case I consider an express recall by the General Assembly to be indispensable. I believe that also officially nothing can interfere with accomplishing this purpose and am convinced that your advisers, with whom you wished to discuss the recall of Dr. Outrata by resolution of the General Assembly, share the same point of view on this as we.

"In order now to have touched all the points we discussed I should like also in writing to, express my amazement that the General Assembly of the CMC was appointed without devoting attention in the slightest degree to the interests of the Brunner Waffenwerke. However, I took note of the assurance given today by General Director Engineer Christescu to Dr. Novotny, that the General Assembly which meets on June 27, 1940 will in no way negotiate or decide (anything) but that the G.A. on July 5, 1940 is adjourned and further that the representatives of the Roumanian state will not appear at the G.A. on June 27, 1940, so that the G.A. will not be capable of deciding (anything) and accordingly, will have to be dismissed.

"We agreed that you, honored Malaxa, will inform the representatives of the Rumanian State who are coming on the scene of the planned reorganization of the Assembly seats and their good will you will obtain. I would be very grateful to you for any occasional relevant information.

"I regret I must decline your praiseworthy proposal of my assuming the position of Administrator Delegate in the CMC, since regretfully my other duties and frequent absences would not let me devote myself with necessary intensity to this activity.

"(Acting) on the desire of his majesty, which was transmitted to me orally and personally on June 14, 1940, I have placed myself at your disposal and have informed you that I am ever ready so far as I can be of influence to help you remove the temporarily threatening difficulties by deliveries from the firm Rheinmetall.

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"In conclusion let me thank you most honored Malaxa for your great interest in the affairs delegated to me and for the future I hope for your close and pleasant cooperation.

Yours respectfully,

/s/ A. GOERING "

Additional information concerning the subject, contained in the files of the Immigration and Naturalization Service, New York City, is as follows:

When the subject entered the United States he stated that the name and address of a relative or friend in the United States was "The Rumanian Consul, Hotel, New York City".

On June 17, 1947 LEON ALEXANDROFF, a member of the law firm of Phillips, Nizer, Benjamin and Krus, 1501 Broadway, New York City, executed an affidavit in support of subject's application for an extension of his visa. ALEXANDROFF stated MALAXA was then engaged in important negotiations for the purpose of renewing trade relations between the United States and Rumania; that ALEXANDROFF'S firm had been retained by the subject in connection with various corporate matters. In his extension application MALAXA stated that he is an industrialist and a member of the Chamber of Commerce in Bucharest. He stated that he could not depart from the United States because he had not yet completed his negotiations for the renewal of commercial relations with the United States; that he also was personally engaged in negotiations with Lehman Brothers, investment bankers, for the purpose of extending his investments in the United States.

MALAXA'S request for an extension was granted until August 29, 1947. JOHN H. MAASS, 220 East 42nd Street, New York City, appeared as attorney of record in behalf of the subject.

On August 27, 1947 the subject executed another extension application in which he stated that he was a member

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of the Rumanian American Chamber of Commerce at Bucharest. He gave as the reason for his non-departure the fact that he was engaged in important negotiations with International Harvester Company; Electric Bond and Share, through its subsidiary, Ebasco, Inc.; Bethlehem Steel Company; General Electric and Lehman Brothers. An extension was granted to MALAXA until February 15, 1948.

On November 24, 1947 MAX WEITZ, 70 Pine Street, New York City, entered an appearance as attorney of record for the subject.

In January, 1948 MALAXA was granted another extension of time of temporary stay until August 15, 1948.

THOMAS B. SHOEMAKER, attorney, 957 Warner Building, Washington, D. C. (former Deputy Commissioner of the Immigration and Naturalization Service), acting on behalf of the subject, submitted another application for a six month extension of time of temporary stay, which application was executed July 21, 1948 by MALAXA. This application reflects the following:

MALAXA'S wife, NATALIE, and his son, CONSTANTIN, were residing at the Hotel Westminster, Paris, France. MALAXA stated he could not depart from the United States because personal and official matters in this country required his presence here. He stated that he could not go back to his native country, Rumania, nor could he readily proceed to any other country. He also indicated that he desired to have his application considered under the Displaced Persons Act.

Inspector T. AVERY, of the Immigration and Naturalization Service, New York City, advised that MALAXA'S application for an extension of time was denied and that both the subject and his attorney have been notified that MALAXA would be required to depart from the United States by August 15, 1948. Inspector AVERY pointed out, however, that the subject would probably file an appeal with the Central Office of the Immigration and Naturalization Service.

WALTER WINCHELL, in his radio broadcast on February 22, 1948, stated that the MALAXA had collaborated with the brother of HERMANN GOERING and had been called a great man by Hitler's own paper.

The column of WALTER WINCHELL, which appeared in the February 25, 1948 issue of the "New York Daily Mirror" accused MALAXA of being a typical Balkan businessman who backed all Parties to protect his interests; of collaborating with the Nazis and the Communists and at the same time contributing money to Zion. Specifically, WINCHELL stated that MALAXA received his engineering education in Germany; that he conspired with King Carol to overthrow the First Free Peasant Government in Rumania and was rewarded by Madame LUPESCU with generous contracts for railway materials and ammunition; that MALAXA conspired with GOERING and influenced King Carol to "Nazify" the steel industry and get rid of the Vickers Cartel; that in December, 1939 the "Berliner Illustrier Zeitung" published a three page article on the personality and importance of MALAXA; that in August, 1939, the official Nazi paper, "Voelkischer Beobachter", approved the doings of MALAXA; that MALAXA offered to sell the Nazis his factories and gave large sums of money to the Iron Guard; that after the abortive Iron Guard revolt in 1941, MALAXA was arrested and his factories confiscated but his money brought him freedom within three weeks and he was later reinstated and given additional control of some state owned factories and mines; that after the liberation of Rumania in August, 1944, MALAXA offered his services to Moscow and was awarded two and one-half million dollars in compensation for a pipe mill which the Russians had dismantled.

WINCHELL stated that MALAXA succeeded in freeing one and one-half million dollars which was held in a New York City bank. He stated that SULLIVAN AND CROWWELL and distinguished Washington counsel withdrew as MALAXA'S attorneys, implying thereby that they had found out about MALAXA'S activities.

WINCHELL stated that there was a rumor in Wall Street that if the large American companies wanted to get paid for their plants in Rumania, they should see MALAXA. WINCHELL stated, as a warning to Wall Street, that "MALAXA is just a puppet manipulated from behind the Iron Curtain".

Confidential Informant T-2 has advised that Colonel G. P.

McGLASSON signed a receipt on January 23, 1947 for money received from MALAXA. This receipt was in the amount of \$300.00, but actually, according to Confidential Informant T-2, McGLASSON received sums amounting to \$8,000. and \$12,000. Informant stated that MALAXA is believed to be presently located somewhere in the Philippine Islands in a civilian capacity.

Confidential Informant T-3 advised the Bureau on May 11, 1948 that he had received information that among the members of the Board of Directors of the Roumanian-American Economic Corporation are VIOPRI TILIA and GRIGORE PAFENCU, former Rumanian Foreign Minister. REUTUS COSTI, a former Rumanian diplomat and close associate of General NICOLAI RADESCU, allegedly receives \$250.00 monthly from the corporation for having prepared reports on conditions in Rumania. Confidential Informant T-3 stated that MALAXA is financing General RADESCU in his attempt to organize his own Rumanian resistance movement. In return, RADESCU has supported MALAXA'S request for an extension of his United States visa.

Confidential Informant T-4 advised on January 17, 1948 that he had heard that RENUS IULA, Commercial Attache of the Rumanian Consulate in New York, had been reported by the subject to the Rumanian Minister in the United States as an American spy. In the Informant's opinion, MALAXA made this charge against IULA because IULA would not compromise himself in any of the deals in which MALAXA was engaged in the United States. Informant stated it was common knowledge in Rumania that MALAXA was a powerful financial support behind the Iron Curtain and that it is apparent today that MALAXA has been successful in ingratiating himself with the Russian Communists. Informant also stated that in his opinion MALAXA had been responsible for the trumped-up and fake charges whereby MAX AJSNIT, a former Rumanian industrialist, had been done out of his huge holdings in Rumania.

Confidential Informant T-5 advised on April 19, 1946 that a small, unofficial delegation from the American Chamber of Commerce in Rumania was coming to the United States. In discussing the various members of this delegation, Informant mentioned MALAXA was working close to the Rumanian Government in power at that time and indicated that if American businessmen expected to make any move in Rumania they could be sure that MALAXA would have a part in it.

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The column of Cholly Knickerbocker, which appeared in the newspaper, "The New York Journal American", on January 6, 1947, stated that the subject and VIOREL TILEA were business partners of ex-King Carol, of Rumania; that TILEA was a political opportunist who became a fervent Iron Guardist when ANTONESCU took over in Bucharest but now, when the Communists replaced the Nazis in Rumania, he has become an obedient servant of the new Red regime.

The article continues by indicating that TILEA and MALAXA are now engaged in financial deals with the "Rumanian Red Government" for the purpose of procuring United States dollars for the Reds in Bucharest.

Confidential Informant T-6 advised on February 2, 1948 that the representatives of the Rumanian Peasant Party in the United States, who are represented in the International Peasants' Union, were desirous of settling the difficulties which had arisen as a result of the trouble started by the subject and his spokesman, CHARLES DAVILA.

Informant stated that MALAXA had converted DAVILA and General NICOLAI RADESCU to his plan for a strong Rumanian resistance movement, in opposition to GREGOU BUZESTI, a member of the Central Committee of the Rumanian Peasant Party. MALAXA, through DAVILA and RADESCU, was trying to gain control of the Rumanian Peasant Party resistance movement in the United States.

In 1943 EMIL SVEC, Hotel Pierre, 61st Street and Fifth Avenue, New York City, who had been a General Manager of the Skoda Works and the Bren Works in Rumania, advised he had been in close business association with AUSNIT for a number of years. He stated that NICOLAI MALAXA, who had many steel factories and armament works in Rumania, was regarded as an industrial bandit. SVEC stated that MALAXA had been educated in Germany and was very openly pro-German. Through maneuvering he was able to get a controlling interest in Resita Iron and Steel Works, the principal owner of which was MAX AUSNIT. Through his German connections MALAXA kept gaining strength and arranged with King Carol for the arrest of MAX AUSNIT on the false charge that AUSNIT had stolen bonds from the Resita Company.

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", goes into considerable detail concerning MALAXA'S activities in Rumania. This report may be briefly summarized as follows:

In 1919 MALAXA and ALEXANDE~~R~~^R PERIETZIANU organized the Fabrica Romaneasca de Masini Ing N Malaxa for the repair of railway equipment and locomotives. In February, 1928 this company was succeeded and absorbed by the Fabrica de Locomotive N Malaxa, S.A.R., which grew rapidly until it reached its zenith in 1938, when ammunition plants, steel furnaces and a large tube mill were built. MALAXA owned most of the stock and was sole manager and director of these works. The business was reorganized in January, 1939. N. MALAXA, S.A.R. took over the locomotives, rail car and Machine Departments, N. Malaxa Fabrica Din Tohanul Vechiu, S.A.R. took over the ammunition plant at Tohanul Vechiu. N. Malaxa Uzine de Tuburi Si Otelarii, S.A.R., acquired the tube factory, the Steel Works and the Forge Plants. The Fabrica de Locomotive N Malaxa, S.A.R. remained as a holding company.

In addition, by 1939 MALAXA had acquired an equal voice with MAX AUSNIT, in the management of the Resita Steel Works and by agreement with the AUSNIT brothers had a claim against half of their Resita stock.

It is also noted that Ceskoslovenska Zbrojovka, a Czechoslovakian company controlled by the Czechoslovakian Government, operated and controlled through investments and agreements with the Resita Company, a number of arms and ammunition plants in Rumania. In addition, the Zbrojovka Company had a substantial stock interest in Resita.

MALAXA had a great deal of influence with King Carol through Madame CUPESCU, and is said to have sought the same relation with the heir apparent by making his daughter, IRENE, the mistress of young Prince MICHAL.

MALAXA, the pro-German friend of HERMANN GOERING, was the individual toward whom Rumanian business and industry looked

if political dealings were needed or financial contributions were in order. He had many contacts in King Carol's Government and was so strong that various Government employees and officials took orders from him on an employer - employee basis.

When the Germans conquered Czechoslovakia in March, 1939, the Goering combine acquired control of the Zbrojovka Company and through this control also acquired substantial stock interest in the Resita Company. The Goering combine, aided by MALAXA and King Carol, obtained legislation and judicial action in Rumania which gave it physical possession of Zbrojovka's Resita stock, held in London.

The Malaxa Works came into the hands of the Rumanian Government in 1941 as a result of MALAXA'S implicat on 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 which was formed. This company was known as the Rogifer Company and was set up to lease the Malaxa Works.

MALAXA and the Goering combine, in order to gain control of the Resita Company, found it necessary to get rid of MAX AUSNIT. Under the blandishments and threats of MALAXA, the resignation of EDGAR AUSNIT as a Director of the Resita Company was obtained and ERNEST BRBAREANU, the King's Marshal of the Palace, became President of the Board of Directors of Resita.

MALAXA, with the assistance of the Rumanian Government, finally got MAX AUSNIT to agree to sell his stock in the Resita Company in return for permission to leave Rumania. However, the Westminister Bank in London, England, which held AUSNIT'S stock, refused to deliver the shares. However, the Germans then laid plans to obtain AUSNIT'S stock by causing the arrest of MAX AUSNIT on the charge that he had defrauded the Resita Company. Pressure was also brought to

bear by depriving EDGAR AUSNIT of his Rumanian citizenship, and by a decree which called for the issuance of duplicate shares in Resita.

"When the Germans took over in Rumania, MALAXA'S general policy was decided for him - he was to remain pro-Nazi". Although ALBERT GOERING, the representative of the Reichswerke Hermann Goering for Rumania, Yugoslavia, Hungary, Bulgaria, Greece, Turkey and Italy, was difficult to deal with, MALAXA'S difficulties with the Germans were of a minor character. However, the abdication of King Carol forced MALAXA to deal with a very unstable Rumanian Government. He pursued his usual practice of playing all Parties. When the Iron Guard staged its open revolt on January 21, 1941, MALAXA was arrested, inasmuch as he had supplied the Iron Guard with weapons and had turned over to them his town mansion in Bucharest for use as a fortress. When the revolt seemed doomed to failure, MALAXA tried to disguise his participation in it by leaving his house by the back door and by telephoning Premier ANTONESCU that his home had been seized by the Iron Guard. The Germans, disgusted by the amateurish manner in which the Iron Guard had conducted the revolt, turned its support to General ANTONESCU. MALAXA was tried on charges of complicity in the revolution and of defrauding the Government. He sought to extricate himself by donating half of the shares of his companies to the Rumanian Government. However, this act of appeasement was of no avail and in February, 1941, the Government seized the other half of MALAXA'S holdings as well.

Later, the jointly owned German - Rumanian Rogifer Company was formed, which leased and operated the Malaxa Works.

In October, 1943, the Rogifer Company was liquidated. The Malaxa companies were re-organized and a new organization was created to act as an administrative council. MALAXA was released from confinement and became a member of this council.

Reference report mentions various memoranda and documents

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prepared by the subject and submitted to the Bureau by Confidential Informant 1-2. The following is a summary of the data contained therein:

PRE-WAR PERIOD

MALAXA claims that this period is characterized by his desire to work with the Anglo-Saxon world. He states that ~~POW~~ and ~~DOUGLAS JAMES STEWART~~, both British subjects, were among the original shareholders in his three companies, founded in 1939. Official certificates presented by MALAXA bear out this contention but reflect that by May 8, 1946 ~~POW~~ and ~~STEWART~~ were no longer shareholders. MALAXA also claims that ~~SACHAROVAN~~, lawyer of the British Legation in Rumania, prepared the documents concerned with the founding of his companies.

MALAXA states that at the beginning of 1940 he devised a plan for collaboration between his companies and the American Metallurgical industry. He entrusted ~~Mr. LAUREN~~, an American lawyer, and a committee of experts, with the creation of the ~~Metalex Manufacturing Corporation~~ in New York for the purpose of establishing or acquiring a steel mill in the United States. The company was formed but the plan failed because of "pending events."

MALAXA claims that in 1939 he found out about a plan of economic collaboration, presented to the Rumanian Government by the Germans, and was instrumental in getting this information to ~~VIOREL TILIA~~, then Rumanian Minister to the Court of St. James. ~~TILIA~~, in turn, gave these facts to Lord Halifax. MALAXA claims that the disclosure of the German plan brought to light the real Nazi designs in Eastern Europe and caused a change in British foreign policy. It was stated, "It is perhaps useful to stress all the personal risks which ~~Mr. MALAXA~~ took upon himself by this patriotic action which has served not only the Allies, but also Rumanian interests, by forcing the Germans to change considerably their demands", (copy of letter from ~~VIOREL TILIA~~ to MALAXA, dated July 1, 1946, in which ~~TILIA~~ mentioned that MALAXA had sent him information concerning the German plan).

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THE PERIOD OF THE GREEN - SHIRTS

(SEPTEMBER 6, 1940 THROUGH JANUARY 21, 1941)

MALAXA claims that General ANTONESCU'S Green-Shirts infiltrated into his plants and began to make clear their desire and determination to take over his plants in order to pass them over to the Germans.

THE PERIOD FROM JANUARY 21, 1941

TO FEBRUARY 13, 1943

MALAXA claims that the motive given for his arrest, namely, that he had favored the Green-Shirts during the revolution, was an unfounded pretext used to force him to agree to give his works to the Germans. In support of this contention, he presented a certificate signed by General C. PAIS, Chief Attorney of the Rumanian Military High Court, dated September 28, 1944, which states that MALAXA did not participate in any way in the Legionary Revolution of January, 1941; also a certificate signed by General ALBEA, Secretary of State for the Rumanian Home Office, dated September 25, 1944, to the same effect; also an extract from Verdict Number 900, of June 14, 1941, given by the Military Tribunal of the Military Command of Bucharest, sentencing two individuals for entering MALAXA'S house on January 22, 1941, by force.

MALAXA claims that despite his innocence, he was not released because the Germans had not been able to take over his plants as yet.

On August 13, 1941, a contract was signed by the Rumanian Government and the Hermann Goering Werke to form the Rogifer Company for the purpose of leasing and after, purchasing the Malaxa Works. In support of this contention, MALAXA presents an excerpt from this contract and points out that the preamble to the contract states that the agreement is "in conformity to the Protocol of December 4, 1940". MALAXA states that the date of the Protocol shows that the whole thing was a pre-conceived plot between the Rumanian Government and the Germans in order to force him to agree to

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turn over his works to the Germans. Despite threats, MALAXA refused to sign the agreement and, therefore, on February 19, 1941 the Rumanian Government confiscated his shares of stock. (In proof thereof MALAXA presents a copy of the Expropriation Decree). Despite the fact that he had been exonerated of the charges filed against him, a Forced Domicile Order was placed on MALAXA. (In proof thereof MALAXA presents a copy of the Forced Domicile Order published in the Official Gazette, Number 82, on April 5, 1941).

On October 9, 1941 the Rogifer Company ratified the rental contract of Malaxa Works and on that date MALAXA was set free. (Copy of Order Annuling Compulsory Domicile for MALAXA).

PERIOD FROM OCTOBER 9, 1941

TO FEBRUARY 13, 1943

During this entire period the Malaxa Works were governed by the Germans "through the Rogifer Company." However, Allied victories caused the Rumanian officials to become fearful and they began to withdraw from their former position and tried to repair their misdeeds.

PERIOD FROM FEBRUARY 13, 1943

TO AUGUST 23, 1944

On February 13, 1943 a contract was signed whereby the Rumanian State repurchased the shares of stock held by the Hermann Goering Werke in the Rogifer Company. (In proof thereof MALAXA presents an excerpt from this contract).

On October 9, 1943 the Official Gazette published a decree providing for the dissolution of the Rogifer Company and the restitution to MALAXA of the shares of his companies. (Excerpt from de-

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gree presented). MALAXA claims that this was only a formality because he was not given back the administration of his works. (In proof thereof he presents an excerpt from the Official Gazette, dated December, 1943, authorizing the liquidator of the Rogifer Company to continue business operations).

In June, 1944 MALAXA made an unsuccessful attempt to collaborate with the Standard Oil Company through its representative, Mr. NOEL.

In November, 1944 MALAXA tried to arrange for collaboration with American Industry, through Mr. O. Z. IDE, of Detroit, Michigan.

PERIOD FROM AUGUST 23, 1944

TO APRIL 13, 1945

On April 12, 1945 King Michael signed a law by which MALAXA got back all of his rights in his Works. (In proof thereof MALAXA presents a copy of this Law Decree. It is noted that the Decree was signed by King MICHAEL, GHEORGHIU-DEJ, Communist Minister of Communications and Public Works, and E. BEJAN, Minister of Industry and Trade). MALAXA also presents a copy of a report which accompanied this Decree. This report was submitted by DEJ and BEJAN. It states that the Rumanian State took over the Malaxa Works on the basis of an unfounded Expropriation Decree, and calls for the return of his properties to MALAXA.

THE RUSSIAN OCCUPATION

After the Armistice was signed on September 12, 1944 the Russians insisted for a period of two months that MALAXA should sell his Works to them. However, he refused.

On November 10, 1944 the Soviet Government demanded that MALAXA'S tube rolling mill should be handed over to them in accordance with Article 11, of the Armistice Agreement. This demand was in contra-

diction of the text of Article 11, which stipulated that the Rumanian reparations to Russia should be paid in commodities and not in factory equipment. Despite protests by the Rumanian Government and delaying tactics employed by MALAXA, the Russians forced the Rumanian Government to hand over the tube mill. The Rumanian Government acknowledged its debt to MALAXA, arising from the seizure of the tube mill by the Russians and the application of its value to the amount of reparations due Russia, by agreeing to place \$2,460,000.00 abroad at the disposal of the N. Malaxa Pipe and Steel Works. (In proof of these assertions, MALAXA presents an extract from the Official Gazette).

In 1945 MALAXA empowered Colonel G. C. McGLASSON, a member of the United States Military Mission to Rumania, to try to work out a plan for collaboration between MALAXA and the Kaiser-Frazer Company in the manufacture of tractors and American automobiles in Rumania. MALAXA presents a copy of a letter dated April 15, 1945, from him to Colonel McGLASSON. This letter authorized McGLASSON to reach an agreement with an American concern to render the following services to N. ~~Malaxa~~, S.A.R.:

1. To render technical assistance.
2. To furnish machines to be paid for by N. Malaxa, S.A.R.
3. To grant necessary licenses and technical documentation.
4. To send technical personnel to train the Rumanian personnel.
5. To send models.
6. To provide directly or indirectly the necessary raw materials, etc.
7. To supply technical and commercial assistance.

In exchange for the above services, the selected American concern was to get, without any other payment, twenty per cent of the shares of N. Malaxa, S.A.R.

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This letter also authorized McGLASSON to arrange for the export to Rumania from the United States of used automobiles and trucks which were to be repaired and sold in Rumania. He was also authorized to arrange for the transportation to and the installation in Rumania of a complete automobile factory from America, for the purpose of manufacturing automobiles for the Rumanian needs and for export to Russia, Hungary, Turkey, Bulgaria, Greece and Yugoslavia. McGLASSON was also authorized to acquire various manufacturing licenses and to arrange for American exports to Rumania.

MALAXA also presents a copy of a letter dated April 15, 1945, from him to McGLASSON. This letter provides that if McGLASSON were successful in establishing collaboration with an American industrial concern, he would be paid \$150,000.00 plus a certain percentage of the output of N. Malaxa, S.A.R., ranging from one-half percent to one percent, for a period of three years. McGLASSON was also to receive a salary of \$15,000.00 for a period of three years.

McGLASSON notified MALAXA that the Kaiser-Fraser Company would be willing to negotiate and arrangements were made for meeting between MALAXA, his attorney Mr. LAUREN, and Mr. DODGE, head of the Kaiser-Fraser Export Department. However, Mr. DODGE did not attend and MALAXA met only with Mr. LAUREN in Istanbul, Turkey in January, 1946.

At this meeting it was decided that the proposed plan would not work because the Russians had infiltrated into the Rumanian economy and had become a part owner in the Resita Steel Works, by reason of an assignment made in their favor by certain Rumanians.

In order to obviate Russian opposition to the plan, it was decided to limit American participation to an interest in a mixed company, which would take a lease of Malaxa's plants, the ownership of the plants remaining in the Rumanian hands. Accordingly, it was agreed that LAUREN should suggest the formation of a corporation in which the interest of the respective groups would be twenty-two and one-half per cent American; twenty-two and one-half per cent Russian and fifty-five per cent Malaxa.

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Upon his return to the United States, LAUREN submitted this project to the State Department, while MALAXA submitted it to Mr. KEKITCH, the Commercial Attache of the American Mission in Bucharest. Since the original plans for collaboration with Kaiser-Frazer Company had been discarded, MALAXA declined to recommence negotiations with that company when he came to the United States.

MALAXA became convinced that the only way to prevent a complete domination of Rumania by Soviet Russia was to promote economic cooperation between the United States and Rumania, thereby strengthening the belief of the Rumanian people in the fact that their salvation and prosperity could only come from the United States.

While in Switzerland in the Summer of 1946, MALAXA discussed this view with THOMAS BLAISDELL, Assistant for International Trade to the United States Secretary of State.

ACTIVITIES IN THE UNITED STATES

Widespread famine existed in Rumania due to the draught in 1945 and again in 1946.

MALAXA secured the approval of the United States Government for the shipment to Rumania of corn and seeds for the 1947 planting. He also sought the granting of a loan to Rumania in order to enable that country to pay for its imports of food.

It is noted that the United States Government, by direction of President Truman, sent several shiploads of food to Rumania as a gift of the United States Government.

In order to provide assistance to the Rumanian farmers MALAXA contacted the International Harvester Corporation in 1946, and in 1947 entered into an agreement with that company for technical cooperation based upon a license for the manufacture in Rumania of tractors

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and agricultural machinery bearing the name of International Harvester. This agreement was approved by the United States Government but was rejected by the Rumanian Government.

In support of this contention, MALAXA presents letters dated August 19, 1947 and March 19, 1948 from G. C. HOYT, Executive Vice President of International Harvester Company, to FRANK J. BARNHEIM, of Lehman Brothers; a letter dated November 12, 1946 from Pehle and Lesser, Washington, D. C. attorneys, to MALAXA, stating that the Department of State had no objections to MALAXA'S participation in industrial and other enterprises in the American Republics; a list of State Department officials contacted by Pehle and Lesser and a letter dated August 15, 1947 from BEN T. MOORE, Assistant Chief, Division of Commercial Policy, Department of State, to G. C. HOYT, of International Harvester Company.

In 1946 and 1947 MALAXA negotiated with Chrysler Corporation to build a plant for the assembling of Chrysler automobiles in Rumania. No agreement was reached.

The major portion of the products which Rumania exported prior to the war had to be delivered to Russia in payment as reparations. Accordingly, the possibility of substantial exports to the Western countries by Rumania was dependent upon the development of new products. Inasmuch as Rumania is rich in natural gas MALAXA requested the Industrial Inter-Trade Company of New York (a partnership of Mr. HAGIGOGU and Mr. NICHOLIDES) to prepare a general study of the commercial uses of methane gas. These consultants at first advised MALAXA that Rumania might be able to produce formaldehyde for sale to the American Plastic Industry. However, this plan was later dropped when it was determined that the demand would be short-lived due to the plans of American industry to increase the production of formaldehyde in this country.

The Industrial Inter-Trade Company presented its study to MALAXA on December 20, 1946. Thereafter, MALAXA discontinued the employment of this company because he found that one of the partners was collaborating with his industrial opponent.

MALAXA then turned the problem over to the Ebasco Company in September, 1947. This company submitted a report but it was

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not acted upon because of political developments in Rumania. MALAXA has discontinued further study of these problems until the removal of Communist domination of Rumania.

The Roumanian-American Economic Corporation was incorporated in New York on May 20, 1947, "with the approval of the State Department", for the purpose of developing economic relations and trade between the United States and Rumania. This corporation secured the collaboration of General Electric, Bethlehem Steel and Lehman Brothers and secured the services of the Ebasco Company. In addition to commercial matters, this corporation intended to make studies looking toward the industrial development of Rumania. On one occasion this corporation tried to obtain an order for the Bethlehem Steel Company for oil equipment for the Rumanian oil industry. Although the Bethlehem Steel Company's prices were the lowest quoted, the Rumanian Government, nevertheless, turned down the offer "as it did on all prior occasions for offers submitted by or through Mr. MALAXA."

The Roumanian-American Economic Corporation has not functioned in any other way due primarily to the fact of Communist domination of Rumania.

Mr. MALAXA presents as proof of these statements a letter dated October, 1947 from the Roumanian-American Economic Corporation to Mr. MIHAI RALEA, Ambassador Extraordinary and Plenipotentiary, Washington, D. C., informing him of the organization of the Roumanian-American Economic Corporation and its purposes. The last paragraph of this letter states, "We trust that we will be able to be of service to the rehabilitation of your country and to the increased prosperity of your people."

Mr. MALAXA has started a study for the purpose of constructing a small type car in the United States. He plans to lease a plant from the War Assets Administration for the production of this car.

MALAXA has also contacted officials of several other North and South American countries for the purpose of setting up in these countries plants for the manufacture of trucks and railroad equipment.

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As proof of these contentions Mr. MALAXA presents a letter dated February 18, 1948 from MANUEL R. PALACIOS, General Manager of the National Railways of Mexico, to MALAXA, in which PALACIOS states that he had heard about MALAXA'S plans for organizing a railway equipment plant in Mexico and that when the plans were perfected he would be glad to take them to MIGUEL ALEMAN, President of Mexico, for his consideration.

Other documents presented on MALAXA'S behalf are set forth as follows:

A letter dated May 6, 1947 from JOHN S. RICHARDS, Director of the Foreign Funds Control Section of the Treasury Department to the law firm of Pehle and Lesser, 1707 Eye Street, Washington, D. C., regarding License Number NY834337 - T, dated April 28, 1947, unblocking the funds on deposit with the Chase National Bank in the names of N. Malaxa - S.A.R. and N. Malaxa - Uzine de Tuburi Se Otelarii. This letter states that the Treasury Department unblocked MALAXA'S funds because MALAXA represented and filed documents in support thereof that such funds were beneficially held by MALAXA, who, as an individual, was among a class of persons whose property came within Section II of Public Law 671, 79th Congress, Second Session.

A letter from Doctor W. FILDERMAN to HERBERT LEHMAN, ex-President of the United Nations Rehabilitation and Relief Association and ex-Governor of New York, introduced MALAXA to LEHMAN as a Rumanian industrialist who suffered persecution at the hands of the Germans. FILDERMAN asked Mr. LEHMAN to use his important connections in MALAXA'S behalf. (It is noted that Doctor FILDERMAN was reportedly a well known leader of the Jews in Rumania).

Colonel PIERSON ANTHONY ANDERSON voluntarily appeared at the Washington Field Office on May 21, 1948 and advised that in his opinion MALAXA was the victim of a vicious attack by another Rumanian industrialist, MAX AUSNIT.

Colonel ANDERSON advised that he had served as Deputy

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Chief of the United States Military Mission in Rumania during and after the war and that in such capacity he became well acquainted with the political dealings in the Rumanian Party among the big industrialists and the moneyed families. He added that MALAXA and MAX AUSNIT were without equal in the industrial field of Rumania; that during the war MALAXA, through certain dealings with the German authorities, was able to remain more active than AUSNIT, which contributes to the bitter friction which exists between these two men today. However, Colonel ANDERSON said that he felt that the dealings of MALAXA with the German officials should not be criticized any more than any other dealings that one might expect on the part of a big industrialist in the case where one's country was over-run by another military power. He said that he is certain that MALAXA has never compromised himself with the Russian dominated Government and he indicated that the alleged pay-off by the Russian Government for the confiscated factories which belonged to MALAXA is untrue and that any money which MALAXA has in this country was money which he placed here for investment reasons as far back as 1939.

Colonel ANDERSON advised that he has personally endeavored to assist MALAXA in obtaining a quota visa to the United States and that he personally was instrumental in assisting in the escape from Rumania of MALAXA'S wife and son.

Colonel ANDERSON said that all of MALAXA'S industrial enterprises in Rumania have been confiscated and that the spacious home of Mr. MALAXA in Rumania is being occupied by the President of the Rumanian Government.

Colonel ANDERSON indicated that MALAXA was the most philanthropic of all Rumanians in the United States and that he had done more toward establishing Rumanians throughout Europe than any other Rumanian citizen. Colonel ANDERSON stated that he could not say as much for MAX AUSNIT, who he indicated was very successful in smearing the good name of MALAXA here in the United States. It was Colonel ANDERSON'S opinion that AUSNIT was able to get the ear of many of the columnists as well as Walter Winchell and he said it was information supplied by AUSNIT which caused Winchell to make the charge against MALAXA on one of Winchell's recent Sunday evening broadcasts.

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Colonel ANDERSON stated that MALAXA'S gross worth at one time in Rumania was estimated at being \$40,000,000. This, he said, was reason enough for MALAXA to make many sharp deals with the occupation Governments of Rumania but, according to Colonel ANDERSON, none of these deals reflected any unpatriotic motive on the part of MALAXA. The Colonel indicated that MALAXA dealt through the Chase National Bank here in the United States and that his entire financial dealings here could be verified by reviewing the records of this bank.

Colonel ANDERSON said that he wanted to stress the point that MALAXA was not considered by the United States Military Mission in Rumania as being a security risk to this country in any way. In passing, it might be noted too that he felt that the AUSNITS, MAX and EDGAR, would not be involved in any deals that would be considered as a security risk but that he felt that they were less ethical from a business standpoint than was MALAXA.

~~ANDERSON~~ It is noted that Colonel ANDERSON is married to GEORGETTE APANESCU, the niece of VIRGIL KADGEARU, the former Secretary General of the National Peasant Party of Rumania. Colonel ANDERSON served in the Engineering Corps in World War I and at the beginning of World War II was given the commission of Major and worked during the war in the United States Military Mission in Rumania.

Confidential Informant T-3 advised that MIRCEA ELIAD acts as paymaster for NICOLAE MALAXA, well-known Rumanian industrialist and political figure now in the United States, in the distribution of funds or scholarships to 'meritorious Rumanian students' in Paris. According to source, nearly all of these so-called students are former Iron Guardists, and ELIAD, himself, is a former Iron Guard officer and editor of 'Perunca Vrenei', the official organ of the Iron Guard.

" . . . in an article appearing recently in the 'Curierul Roman' anti-Government Rumanian periodical published in France, General KADESCU is quoted as having promised MIRCEA ELIAD that he would

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"arrange for several scholarships to be given to meritorious Rumanian students in France. It is further reported that upon the General's return to France from New York, he informed ELIAD that scholarships of 6,000 francs per month each had been granted for twenty students, to be recommended by the 'Association of Rumanian Students in France', headed by Sorin Sonea. . . ."

VIOREL TILIA, former Rumanian Minister to the Court of St. James, was interviewed by Agents of the Washington Field Office. He stated that he was the founder of the "Free Rumania Movement", which was begun in England in July, 1940, and is also active in this Movement at the present time.

Mr. TILIA stated that at this time he is able to carry on his activities in the "Free Rumania Movement" unaided by outside financial assistance, and that he feels that he will continue to be able to associate with his collaborators in the "Free Rumania Movement" without seeking any financial assistance from any outside source. He indicated, however, that other members of this Movement, namely, General RADESCU and Mr. CHARLES DAVILA, are not so financially well off. He indicated that NICOLAE MALAXA, the wealthy Rumanian industrialist who resides in New York City, is also interested in the "Free Rumania Movement" and that he, MALAXA, has willingly volunteered any financial assistance that might be needed by this Movement in the United States.

Mr. TILIA stated that MALAXA is generally regarded as being one of Rumania's outstanding industrialists and also one of Rumania's wealthiest citizens. He said that because of MALAXA'S industrial enterprises in Rumania he was the subject of many political maneuverings and especially so since the early days of the German occupation of Rumania. TILIA indicated that there have been many allegations made both in the United States and in Europe to the effect that MALAXA has "played ball" with the ANTONESCU pro-Nazi Government of Rumania, and that he was successful after the overthrow of that regime in ingratiating himself with the Communist dominated GROZA Government of Rumania.

Mr. TILIA said that he was certain in his own mind that

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MALAXA never gave any wholehearted assistance to the ANTONESCU Government and that he knows personally that MALAXA did everything within his power to resist assisting that Government while it was in power. He stated that MALAXA phoned him in the early stages of the German occupation of Rumania and advised him, TILIA, of the pressure that the Germans were bringing on him to turn his factories over for war production in behalf of the German Government. Mr. TILIA said that MALAXA explained to him how he would have to assist the Germans in this regard and indicated that although he would do so he was doing it with the anticipated hope that the Germans would shortly be overthrown and that all industrial effort would then be able to be devoted to the restoration of a democratic Government in Rumania.

TILIA indicated that he carried no brief on MALAXA and that MALAXA was not a close personal friend of his. However, he said that he regarded MALAXA as he did any other good Rumanian citizen and that he wished to assist MALAXA in every way possible in furthering the democratic cause which all Rumanians hope will someday replace the tyranny which is presently existing in the Rumanian Government.

Mr. TILIA said that there have been many charges made against MALAXA regarding his association with the Communists of the present Rumanian Government. This he said is indeed strange and difficult to believe when he, TILIA, personally knows that all of MALAXA'S property has been confiscated by the present Communist dominated Government. In fact, he said MALAXA'S home is presently being occupied by the President of the Rumanian Peoples Government.

TILIA indicated that he was not aware of any of MALAXA'S associations in the United States with any members of the Legation or ex-members of the Legation who are residing here. He did say, however, that he felt that MALAXA likely would contact some of the present Legation members because it was only natural to assume that MALAXA would desire to keep on friendly terms with the present Legation in order to obtain his fond desire to remove his wife and son from Rumania. Mr. TILIA indicated that MALAXA now seems satisfied that he will be able to openly fight the Communist dominated Government knowing that his wife and son are safe in Switzerland. TILIA said that he is certain that MALAXA has not contacted any member of the Legation since the abdication of King MICHAEL. He indicated that MALAXA personally has told him that he, MALAXA, had always hoped that the King would

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be able to avoid abdicating the throne.

Mr. TILKA stated that it was unfortunate that MALAXA and another great Rumanian industrialist, MAX AUSNIT, were bitter enemies and, further, that it was unfortunate they were airing their feelings so publicly here in the United States. Mr. TILKA said that he was more familiar with AUSNIT than he was with MALAXA and that he could honestly say that MALAXA, in his opinion and in the opinions of many Rumanians, is by far the best Rumanian citizen. Mr. TILKA indicated that there never had been any question about the character of MALAXA and that no one could level any charges against him that would concern his character, morals or patriotism. He indicated, however, that in his opinion AUSNIT had not fared so favorably in the minds of many Rumanians. Mr. TILKA said that it was generally known in Rumania that the AUSNITS, MAX and EDGAR, both now in New York City, did while they lived in Rumania, win favor from King CAROL through the constant intercession of Madame LUPESCU. Mr. TILKA added that every industrialist who ever visited Rumania was royally entertained by the AUSNITS and wined and dined at the AUSNITS' palatial estate, which in his opinion, gained AUSNIT favorable prestige throughout Europe and particularly among some American industrialists who visited him in Rumania. He said that MALAXA was not the same type of politician as AUSNIT and that MALAXA devoted his entire efforts to industrial enterprises, whereas AUSNIT gambled his chances by political conniving with influential people in Rumania.

Mr. TILKA stated that he was very sympathetic towards MALAXA at the present time, particularly in view of the mental state MALAXA is in. He indicated that MALAXA feels a persecution complex and, accordingly, has acted so peculiarly that he has drawn suspicion upon himself. Mr. TILKA feels that MALAXA has nothing to hide and stated that he personally has advised MALAXA to go to the F.B.I. and present his case in a clear manner in order that it can be readily seen that MALAXA is not playing the game of intrigue as are many other Rumanians in this country.

VIORTEL TILKA made available to the Washington Field Office certain documents pertaining to MALAXA'S activities. With the following exceptions, the information contained in these documents has been

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previously summarized in this report:

1. Letter addressed to Rabbi Stephen Wise, President of the World Jewish Congress, from Doctor W. FILDERMAN. Except for the introductory paragraph, this letter is exactly the same as the letter addressed to HERBERT LEHMAN by Doctor FILDERMAN, which letter has been summarized previously.
2. An extract from the Foundation Deed and the Statutes of N. Malaxa Rumanian Joint Stock Company - Factory of Tohanul Vechiu. There is nothing pertinent to this investigation appearing in this document.

Confidential Informant T-3 advised that NATALIA MALAXA (Mrs. NICOLAE MALAXA), her son, COSTACHE, and his fiancée, Mrs. ALICE ~~EICHIARDOPOL~~, who recently left Rumania for Turkey, are now reported in Switzerland. They have been travelling on false Italian passports, the son using the name EMILIO MOSSI, and his fiancée that of MARIA ~~PAVONI~~. Although they had received so-called "legitimized" Rumanian passports in Istanbul, Turkey, they ran into trouble with the Swiss authorities because they used the Italian documents in entering that country. They were, therefore, held on a charge of false entry. The difficulty was settled by the payment of a fine.

Confidential Informant T-3 stated that, according to his latest information, these people are now seeking non-Immigration visas to the United States.

Confidential Informant ND 415 stated that the AUSNIT brothers and MALAXA are opportunists who were all in King Carol's favor. He stated he has heard that MAX AUSNIT was a very good friend of Madame LUPESCU and he gave her many presents, including a platinum egg filled with precious stones.

Informant also advised that he had heard that King CAROL became interested in MAX AUSNIT'S wife but she slapped him. Thereafter, AUSNIT was in disgrace and was thrown into jail under some pre-

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text. However, when the Germans entered Rumania, AUSNIT, an industrial genius, was freed so that he could operate the factories.

Confidential Informant ND 415 stated that MAX AUSNIT and the subject both collaborated with the Germans because it was in their financial interest to do so. He stated that in his opinion MALAXA was never an Iron Guardist but he was thrown into jail by Colonel ANTONESCU because he was a crook.

Confidential Informant ND 415 stated that certain friends of his in Constanza, a Rumanian port, told him that MALAXA, either directly or through an intermediary, approached them and asked them to obtain crews for five liberty ships which Mr. MALAXA was going to purchase. Confidential Informant ND 415 stated that as far as he could find out, MALAXA never purchased these ships.

Informant stated that he had heard that on one occasion MALAXA approached Minister RALEA for the purpose of securing a monopoly in Rumanian imports and exports. However, RALEA refused.

The informant stated he has never met MALAXA but that he has met MALAXA'S daughter and her husband, GEORGE PALADE. He stated that Mrs. PALADE claims to have been King CAROL'S mistress but he does not believe she is telling the truth. He stated that GEORGE PALADE visited King MICHAEL when the King was in the United States and staying at the Waldorf Astoria Hotel, New York City. He stated that MAX AUSNIT was also there at the time and he observed that MAX AUSNIT appeared to be "the top man."

Confidential Informant T-7 attended a conference between REMUS LULA, Rumanian Commercial Attache in New York, and MIRCEA METES, First Secretary of the Rumanian Legation. This conference dealt with the payment of LULA'S salary and LULA asked METES to send a telegram to Bucharest for authority to pay the salary out of MALAXA'S funds.

Confidential Informant T-3 advised in May, 1948 that Minister RALEA told him that henceforth he would not be able to see

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MALAXA because MALAXA was no longer looked upon with favor by the present Rumanian Government and that since he, RALEA, was the Government's representative, he, naturally, could not associate with MALAXA.

The same informant advised in July, 1948, that MALAXA is not approved of by the best Rumanians in the United States. He stated he had heard that the Rumanian Government tried desperately to get MALAXA to return to Rumania but MALAXA was too smart to do so. He also stated that now that MALAXA'S family has left Rumania, it could be expected that the subject will violently oppose the Communist regime in that country.

Confidential Informant T-7 advised on September 12, 1948 that VESPASIAN PELLA, Rumanian Representative to the United Nations, told Mrs. RALEA, wife of the Rumanian Minister, that he had heard that MALAXA is expending much effort in an endeavor to bring his family to the United States from Switzerland, but so far MALAXA has met with little success in obtaining visas for them in spite of all his money. PELLA also stated that MALAXA is helping General RADESCU and by so doing he has antagonized the other Rumanian groups in the United States. He also stated that there is a fight going on between MALAXA and AUSNIT.

Mrs. RALEA stated that she still prefers MALAXA to AUSNIT, despite the misunderstanding between MALAXA and her husband.

Confidential Informant T-9 advised that ION STANESCU, former Rumanian Consul in New York, Minister RALEA and MALAXA had many mutual business dealings shortly after the Rumanian Legation was opened in October, 1946. He stated that ALEXANDRU LAZAREANU, Cultural Counselor of the Rumanian Legation and a leading Communist, was very critical of these deals and criticized MALAXA, particularly because of MALAXA'S former financial assistance to the Iron Guard. Informant stated that the impression was left on many of the persons at the Legation that LAZAREANU received a free trip to Rumania late in the year 1946 at MALAXA'S expense and since LAZAREANU charged this trip to his expense account at the Legation, Informant assumes that LAZAREANU

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pocketed the money which he is alleged to have been paid by MALAXA.

Confidential Informant T-9 stated that MALAXA is a great industrialist, not one hundred per cent scrupulous but definitely one hundred per cent pro-Western and, consequently, anti-Communist. He stated that MALAXA had always sought to get to the United States and, therefore, seized the opportunity to accompany the non-political commercial group which left Rumania in 1946 for the United States.

Confidential Informant T-10 advised that the subject is an able industrialist but is an opportunist who will do anything for money and power. MALAXA cooperated with the Iron Guard and later with the Communists in order to save his industrial empire. He acted as an Adviser to Minister RALEA in connection with the loan granted by the Chase National Bank to the National Bank of Rumania. MALAXA gave RALEA an expensive automobile, but RALEA claims that he paid MALAXA for it.

When ALEXANDRU LAZAREANU went to Rumania in the latter part of 1946, MALAXA gave him \$2,000.00 to effect some agreements for the importing of oil machinery from Rumania into the United States. However, when LAZAREANU returned to the United States, he told MALAXA that he would have to go to Rumania himself to arrange for the agreements.

Confidential Informant T-10 stated that General NICOLAI RADESCU, former Premier of Rumania, is a loyal Rumanian, but due to his advanced age he has become rather senile. Informant explained the apparent friendship between RADESCU and MALAXA by stating that RADESCU has been receiving money from MALAXA.

DAVID LEE VON LUDWIG, Consulting Materials Engineer, 1565 East 19th Street, New York City, advised that Colonel GRADY C. McGLASSON is his step-father. He stated that McGLASSON was Military Head of the American Military Government in Rumania. McGLASSON'S first contact with MALAXA occurred at the time the Soviet seized MALAXA'S fourteen inch pipe mill. At that time MALAXA asked McGLASSON to intervene and

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declare the pipe mill to be United States property. MALAXA'S request was refused and the Russians took the mill but eventually paid for it.

Subsequently, MALAXA entered into a contract with McGLASSON, whereby McGLASSON was to attempt to get Kaiser-Fraser to agree to set up factories in Rumania for the production of tractors and automobiles. McGLASSON was also commissioned to form a holding company in the United States which would hold the stock of MALAXA'S companies in Rumania.

In 1946 McGLASSON returned to the United States, resigned from Military Intelligence, and went back to his job in the Coast and Geodetic Survey. He contacted the Kaiser-Fraser Company and they appeared to be interested in MALAXA'S proposition.

At the request of McGLASSON, the Kaiser-Fraser Company wrote to the State Department and requested the issuance of a visa to MALAXA. At the request of MALAXA, McGLASSON looked up BERNARD LAUREN, a New York attorney with whom MALAXA had previously had dealings. LAUREN, at the time, was working for the firm of Engel, Judge and Miller in New York City. He was commissioned to go to Istanbul, Turkey to contact MALAXA.

VON LUDWIG stated that when LAUREN received a large retainer from MALAXA he allegedly resigned from the firm of Engel, Judge and Miller and handled the negotiations with MALAXA on his own behalf. VON LUDWIG pointed out that when MALAXA came to the United States he refused to continue negotiations with Kaiser-Fraser in spite of all the arrangements he had made with McGLASSON and LAUREN.

VON LUDWIG stated that he advised his step-father to sue MALAXA for non-performance of his contract, however, McGLASSON reached an agreement with MALAXA whereby he returned the copy of his contract and received \$8,000. in cash. McGLASSON signed a "quit claim" receipt which indicated that McGLASSON had received \$300.00, however, VON LUDWIG is certain that McGLASSON received \$8,000.00 because VON LUDWIG personally carried the \$8,000.00 to MALAXA in one hundred dollar bills.

VON LUDWIG stated that MALAXA told McGLASSON that he had made agreements with Russia to provide them with a portion of the production of any plants erected in Rumania. According to VON LUDWIG, MALAXA did this because he felt by being useful to Russia, he could stop the nationalization of his plants in Rumania.

VON LUDWIG stated that MALAXA told McGLASSON that he had large gas holdings in Rumania and that he wanted to make connections with an American company to utilize this gas and to start production of plastics. McGLASSON, at the request of MALAXA, consulted with FRANK KOHN who, at that time, was General Manager of the Kemp Company in Baltimore, Maryland.

McGLASSON had told MALAXA about VON LUDWIG and it was agreed that VON LUDWIG would be paid a retainer of \$30,000.00 annually by MALAXA to explain the Kemp Company patents. McGLASSON saw MALAXA several times and had so much difficulty in explaining these technical matters to MALAXA that VON LUDWIG finally went to see MALAXA in November, 1946. However, MALAXA showed no interest in the Kemp patents. Instead, he asked VON LUDWIG what his connections were with the American Gas Company. When VON LUDWIG told him he had contacts there, MALAXA stated that he wanted to know about the processes for converting methane into formaldehyde, methane to high octane gasoline and the extraction of pure oxygen from methane. VON LUDWIG stated that the chemical reactions involved in these processes were not secret but that the techniques of large scale production were highly secret during the war. MALAXA told VON LUDWIG that he intended to use formaldehyde in the production of plastics.

Informant pointed out that the production of formaldehyde by the methane gas distillation method is much more expensive than by the old method of wood distillation, unless an extremely large plant was erected. If such a plant were erected in Rumania, VON LUDWIG pointed out that it would be necessarily large enough to provide formaldehyde for all the plastic plants in Europe. VON LUDWIG also pointed out that certain of the processes used in the making of formaldehyde are also used in the manufacture of explosives. It was

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for this reason that MALAXA'S interest in the conversion of methane aroused VON LUDWIG'S suspicions and he, therefore, consulted Mr. SEGELER, of the American Gas Company. Mr. SEGELER told VON LUDWIG that MALAXA had sent five different groups of agents to the American Gas Company for this information. SEGELER told VON LUDWIG that these inquiries also aroused his suspicions and he refused to give any of these agents the requested information.

VON LUDWIG'S negotiations with MALAXA, up to this point, had all been verbal. He therefore wrote MALAXA a letter in which he outlined the work to be performed, the amount of his fee and the fact that the information could only be given to MALAXA subject to the approval of the State Department. MALAXA acknowledged this letter by stating that he was not interested in the matter at that time.

VON LUDWIG stated that McGLASSON had no idea of MALAXA'S interest in methane until he, VON LUDWIG, told him about it. McGLASSON, for the first time, realized MALAXA might be engaged in espionage activities and he became very frightened and reported all his dealings with MALAXA to Military Intelligence. VON LUDWIG stated that McGLASSON has kept all of his papers concerning his dealings with MALAXA and has stored them in a trunk in the attic of his home at 4212 East West Highway, Bethesda, Maryland.

McGLASSON left the United States in January, 1947 and is presently employed by the Philippine Government Geodetic Survey.

Mr. C. GEORGE SEGELER, Engineer of Utilization, American Gas Association, 420 Lexington Avenue, New York City, advised that about two years ago an individual representing NICOLAI MALAXA inquired about the process for converting natural gas into formaldehyde. When SEGELER questioned him, the man stated that he desired information concerning the process for the purpose of converting Rumania's methane into formaldehyde. SEGELER pointed out that there is nothing secret about this process and it could be readily obtained from published books. Ordinarily, he would have given the requested information without a second thought, even though elements of the conversion process could be used in the manufacture of explosives. However, in view of the man's reluc-

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tance to disclose his principal and because of the somewhat strained relations existing between Rumania and the United States, SEGELER refused to give the man the information.

Subsequently, three or four other persons requested the same information and in each instance, when questioned, they admitted that they were representing MALAXA. SEGELER stated that they did not seem to want to disclose the fact that they were working for MALAXA and one man told SEGELER that he was not supposed to tell whom he represented.

SEGELER stated that he is satisfied in his own mind that MALAXA was not trying to get any secret information and that his method of trying to obtain the information was due to his lack of knowledge of the American manner of doing business. SEGELER pointed out that the large quantity of formaldehyde produced by the conversion method did not arouse his suspicions because it has been his experience in the past that Rumanians and other foreigners are all inclined to have grandiose schemes which are impractical for one reason or another.

BERNARD R. LAUREN, Attorney at Law, 165 Broadway, New York City, advised as follows:

Prior to the war LAUREN was friendly with PAUL STERIAN, the Commercial Consul to the Rumanian Government. In 1941 or 1942 STERIAN called LAUREN and said that one of Rumania's greatest industrialists, (MALAXA), had sent three men to the United States to organize a steel mill with money that was already in the United States. STERIAN asked LAUREN to give these men legal advice.

LAUREN prepared a resume of American legal forms and filed a Certificate of Incorporation for the Metalex Manufacturing Company. However, no stock was ever issued and this company engaged in no activities. Subsequently, the three Rumanians left the United States and told LAUREN that they were going back to report to their principal. LAUREN received his fee and shortly thereafter Hitler moved into Rumania and he heard nothing further from MALAXA.

In 1946 Colonel McGLASSON came to see LAUREN and told him that MALAXA had liked LAUREN'S report in connection with the Metalex

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matter and that McGLASSON wanted LAUREN to revive the corporation and transfer to it some shares of Rumanian stock. LAUREN refused to do this because he considered it to be a ridiculous procedure which would fool no one.

McGLASSON then hired LAUREN to try to secure the unblocking of MALAXA'S funds in the United States. LAUREN was able to secure a license for the unblocking of the funds but before he turned it over to MALAXA he requested MALAXA to send a letter to the Treasury Department stating that MALAXA intended to remain in the United States. However, MALAXA refused to do so and gave as his reason the fact that if he ever returned to Rumania and it was found out that he signed such a letter he would be in trouble. LAUREN feared that MALAXA intended to return to Rumania and in order to protect himself he returned the license to the Treasury Department.

LAUREN heard that MALAXA subsequently succeeded in having his funds in the United States unblocked and that the question of MALAXA'S residence in the United States was raised at a subsequent hearing on the issuance of a license.

McGLASSON ran into difficulties in working out the deal whereby Kaiser-Frazer was to assist in setting up a tractor and automobile plant in Rumania. MALAXA, therefore, started to deal with LAUREN in connection with these negotiations.

LAUREN contacted HARRY DODGE, President of Kaiser-Frazer International Corporation, and outlined MALAXA'S proposal to him. DODGE said that he could not see how they could lose anything and he and LAUREN made arrangements to meet MALAXA in January, 1946 in Istanbul, Turkey. However, DODGE did not go to Istanbul because transportation was so uncertain at that time that he could not obtain assurance that he would be able to return to the United States in time to handle another important deal which he had pending. DODGE, therefore, authorized LAUREN to tell MALAXA that Kaiser-Frazer accepted his proposition and would give technical aid in setting up the factories, but would advance no money.

Subsequently, Kaiser-Frazer refused to consummate the

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proposed contract because of the deterioration of relations between the United States and Rumania.

LAUREN met MALAXA in Istanbul, Turkey in January, 1946, at which time they discussed the Kaiser-Frazer transaction. At this time MALAXA also told LAUREN that he was the largest private stockholder in a natural gas company which was controlled by the Rumanian Government. He asked LAUREN to contact the Serval Company to try to obtain a license to manufacture gas refrigerators in Rumania. LAUREN contacted the Serval Company after his return to the United States but the proposition was turned down because Serval could not even supply the United States market with its product.

While in Istanbul, LAUREN questioned MALAXA about his purported deals with GOERING. MALAXA told LAUREN that he had to deal with GOERING because he needed steel for his locomotive factory and the Germans, through Skoda, controlled the steel mills.

MALAXA told LAUREN that he wanted to introduce American economic influence into Rumania in order to prevent the Russians from completely dominating the country. MALAXA stated that unless something along this line could be accomplished before the next election in Rumania, the country would go Communistic. MALAXA proposed the formation of an American holding company which would lease his industrial facilities. Equal percentages of stock in this company were to go to American and Russian interests and the rest (the majority) was to be held by MALAXA. In view of conditions in Rumania at that time MALAXA felt that he could not completely exclude the Russians. His excuse to the Russians for including American interests was that America was the only country with supplies and that he had to have material in order to rehabilitate Rumania.

MALAXA never went into the details of his claim against the Rumanian Government for payment for the tube mill seized by the Russians. However, MALAXA indicated that he wanted to put pressure on the Rumanian Government so that it would live up to the terms of its agreement to pay MALAXA for the mill. He felt that one way of doing this

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was to make agreements with the American companies, whereby these companies would assist Rumania in its economic rehabilitation. LAUREN'S job was to negotiate deals with American industry, thereby placing MALAXA in the position whereby he could tell the Rumanian Government that he needed the money which it owed him in order to carry out these negotiations.

In carrying out this purpose, MALAXA sent cablegrams to LAUREN on several occasions, asking him to look into various projects such as the utilization of reeds growing in the delta of the Danube River, development and use of Rumania's natural gas and technical advances in various fields.

LAUREN was instrumental in getting GEORGE PALADE and his wife to the United States. MALAXA also requested LAUREN to assist in obtaining a visa for him. LAUREN, therefore, suggested to HARRY DODGE, of the Kaiser-Frazer Company, that MALAXA probably would have less difficulty in obtaining a visa if DODGE would write a letter extending an invitation to MALAXA to come to the United States. DODGE wrote the letter and LAUREN filed it with the State Department.

LAUREN went to see several officials in the Eastern Division of the State Department who, in turn, referred him to the Chief of the Visa Section. This individual was very "tough" and non-committal.

LAUREN did nothing further in connection with obtaining a visa for MALAXA, but heard that MALAXA went to France and obtained an American visa in that country.

After his return to the United States from Istanbul, Turkey, LAUREN discussed MALAXA'S proposals with Mr. WRIGHT, Eastern Division of the State Department. LAUREN also filed papers and documents relating to MALAXA'S affairs, with the State Department.

At the time LAUREN was working for MALAXA and pleading his case to the State Department, most people did not believe Rumania was hopelessly lost to the Western world.

Although LAUREN realized that MALAXA was primarily a "proponent of MALAXA", he felt that there was merit in his ideas for saving Rumania from complete Russian domination.

LAUREN is not entirely familiar with MALAXA'S connections with the Joint Jewish Distribution Committee. However, on several occasions he had clients who desired to send money to people in Rumania. On these occasions LAUREN gave GEORGE PALADE a check for the amount of money to be sent to Rumania and PALADE cabled MALAXA to effect the transfer of money to the desired individual in Rumania.

LAUREN is aware that Doctor W. FILDERMAN, a leader of the Jewish Community in Rumania, wrote several letters to Jewish leaders in the United States asking them to give MALAXA assistance. On one occasion MALAXA told LAUREN that FILDERMAN'S son was coming to the United States and asked LAUREN to show him the sights. LAUREN did so and FILDERMAN'S son verified the authenticity of his father's letters.

LAUREN is acquainted with a Czechoslovakian who, at one time, was employed by the Skoda Works. This individual told LAUREN that he had heard that MALAXA maintained some type of liaison with ANA POVNER, Rumanian Communist.

In conversations with MALAXA, LAUREN has ascertained that MALAXA and MAX AUSNIT have had many quarrels extending over a long period of time. MALAXA claims that AUSNIT was responsible for his being placed in jail in Rumania and AUSNIT claims the same thing about MALAXA. Nevertheless, LAUREN observed that when AUSNIT called on MALAXA in New York on one occasion, MALAXA dressed in formal attire for the occasion.

LAUREN has noticed that MALAXA is very liberal in handing out gifts. Within two or three days after MALAXA'S arrival in the United States he presented a Buick automobile and about three thousand dollars in gifts to LAUREN'S wife.

On one occasion LAUREN saw RALEA, the Rumanian Minister, in MALAXA'S office and noticed that the fact that RALEA was there was kept very "hush hush".

After his arrival in the United States MALAXA engaged

in various activities concerning which LAUREN has no detailed knowledge. This includes such activities as MALAXA'S dealings with the Industrial Inver-Trade Company of New York, the formation of the Medex and Incofina Companies and MALAXA'S dealings with the American Gas Association.

LAUREN stated that MALAXA never discussed the Iron Guard or his confinement in Rumania. He stated that in his opinion MALAXA'S personality is such that he would never be involved in a revolution. He stated that he is convinced that MALAXA has never been an instrument of the Russians and that MALAXA has no interest in Communism. LAUREN stated that despite his feelings in this regard he is unable to explain how MALAXA gained the favor of the Communists in Rumania.

Confidential Informant T-11 advised that the files of the Chase National Bank, 18 Pine Street, New York City, contain the following information concerning MALAXA:

September 27, 1928: \$47,000.00 was transferred from the Paris Office of the Chase National Bank to the account of NICHOLAS MALAXA.

March 5, 1940: Chase National Bank received notice from the Swiss Bank Corporation in Switzerland to charge its account and credit the account of N. MALAXA, S.A.R.

March 15, 1945: Instructions were received by the Chase National Bank from N. MALAXA to transfer \$200,000.00 from his account to the account of IRINA PALADE.

January 3, 1946: BERNARD LAUREN and Colonel McGLASSON were expected to go to Istanbul, Turkey, to meet MALAXA.

January 30, 1946: Instructions were received from N. MALAXA, Parc Hotel, Istanbul,

Turkey, to debit his account and credit the account of IRINA PALADE in the amount of \$100,000.00.

May 10, 1946:

The Chase National Bank received a Treasury License authorizing payment of \$20,000.00 to the law firm of Engel, Judge and Miller, and \$3,000. to Colonel G. C. McGLASSON, Chevy Chase, Maryland.

June 26, 1946:

Treasury License was received authorizing the transfer of \$200,000.00 from MALAXA'S account to the account of IRENE PALADE.

December 14, 1946:

A Warrant of Attachment was issued in connection with a suit by BERNARD LAUREN for \$82,000.00 against MALAXA, and \$15,000.00 against PALADE. The accounts covered by this warrant were N. Malaxa, S.A.R.; N. Malaxa Uzine de Tuburi Si Otelarii Societate Anonima Romana and the accounts of GEORGE and IRINA PALADE. This warrant was discharged by court order on December 20, 1946.

April 28, 1947:

A Treasury License was received unblocking the cash and securities in the accounts of N. Malaxa Uzine de Tuburi Si Otelarii Societate Anonima Romana and N. Malaxa, S.A.R. At that time the funds in these accounts totaled \$27,000.00.

May 7, 1947:

The balance of funds in MALAXA'S two corporate accounts was transferred to his personal account. Securities having a market value of \$823,887.00 were transferred to the Custody Account of Nedex Company. All of these securities were issued by United States companies.

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June 22, 1947

ADULTERATION OF FLOUR: was
found to consist of the use of
in the low price flour. Flour adulterated
with wheat bran, which is a
substance which is not
permitted by the Federal Food, Drug,
and Cosmetic Act. The adulteration
was found to be in violation of
the Act.

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the Act.

This report was prepared on May 21, 1947
and the principal investigator and writer was
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Gesellschaft, Sur Eisenindustrie Und Handle. MALAXA is reported to have opened a new firm in France called N. Malaxa, S.A.R., which manufactures the same products, as its predecessor company. MALAXA is also reported to be the principal ~~in~~ Incofina, Incorporated.

Incofina was incorporated in New York on March 29, 1947 to engage in the export and import business. It reportedly has been inactive since its inception, and a local New York bank states that this company maintains a three figure balance.

Confidential Informant T-11 made available a list of debits and credits of sizable amounts to the various MALAXA accounts at the Chase National Bank. Inasmuch as nothing of particular interest was noted these debits and credits are not being set out in detail, but are summarized as follows:

The account of N. Malaxa Societate Anonima Romana was opened September 25, 1939 with a deposit of \$31,680.00, received from Bunge North American Grain Corporation in the account of N. ~~R.~~ BUNGE, HdI Maat., Amsterdam. During 1939 this account was credited with sums resulting from transfers of funds from various banks in Belgium, Switzerland and Rumania and the Guaranty Trust Company. The account was debited for various transfers to the Chase National Bank in London and Paris, the ~~Usines~~ Usines Renault Bellancourt, France and the ~~Svenska~~ Svenska Kubarg Fabriken, Goteborg. At the end of 1939 the balance in the account was about \$116,000.00.

In 1940 the account was credited with sums from various European banks. It was debited with two payments totaling about \$19,000.00 to the account of Engineer, CHARLES ~~THAS~~ THAS, at the Credit Lyonnais, Paris; payment of about \$55,000.00 to ~~Poretspinnerei~~ Poretspinnerei Ringwald, Basle, a/c N. Malaxa, S.A.R. Company; payments to the Mercantile Metal Ore Corporation of

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New York, the Gleason Works, Rochester, New York, and a \$2,000.00 payment to Engineer, EUGENE CERCHEZ, holder of Rumanian Passport Number 323152. The balance in the account at the end of 1940 was about \$1,233,000.00. There was no activity in this account from December 21, 1940 through August 27, 1946.

During the period from August 28, 1946 to October 21, 1946 the account was debited in the amount of approximately \$1,231,000.00, for the purchase of various American securities. There were no large credits to the account during 1946.

In 1947 the account was credited with the proceeds of the sale of \$200,000.00 of United States Treasury bonds, and with various dividends.

On May 8, 1947 \$224,826.04, the balance in the account, was transferred to the account of NICHOLAS MALAXA, and on May 9, 1947 the account was closed.

The account of N. Malaxa Uzine de Tuburi Si Otelarii was opened March 24, 1941 with a credit of \$37,144.25, resulting from a transfer of funds from N. Malaxa Uzine de Tuburi, Bucharest. This account was closed on May 8, 1947 by the transfer of the original credit to the personal account of NICHOLAS MALAXA.

The account of NICHOLAS MALAXA was opened on September 27, 1938, with a credit of \$47,242.00, resulting from a transfer of funds from the Chase National Bank, Paris.

On January 30, 1939 the account was credited with approximately \$117,000.00, resulting from a transfer from the Central Hanover Bank account of CONSTANTIN BURSAN. The account was debited in the amount of \$138,000.00 in favor of United States Steel Products Company. Several other smaller debits involved telegraphic transfers to the Cadillac Motor

Car Company account of I. & J. BOCHERI. There was a balance of approximately \$23,000.00 in the account in 1939. In 1940 the account was credited with several sizable amounts from the Swiss Bank, Basle, Switzerland, and the Guaranty Trust Company. The balance in the account at the end of 1940 was approximately \$228,000.00.

There was no activity in this account from December 21, 1940 through May 16, 1946. There were no sizable credits to the account in 1946. The withdrawals included \$20,000.00 to the law firm of Engel, Judge and Miller; \$3,000.00 to G. C. McGLASSON, Chevy Chase, Maryland; regular payments of \$2,000.00 per month from May through October, 1946 to Mrs. IRINA PALADE; transfers amounting to \$200,000.00 to the account of Mrs. IRINA PALADE. At the end of 1946 there was either a negotiable balance in the account or the account was overdrawn.

The only sizable credits to the account in 1947 were the transfer to the account of the balances remaining in the two previously mentioned accounts. The account was debited with transfers of \$5,000.00 to Medex, Incorporated; \$20,000.00 to Tracom, Incorporated and numerous checks totaling \$250,500.00.

There was little or no balance in the account at the end of 1947.

In 1948 the account was credited with approximately \$41,000.00 and checks totaling about \$36,000.00 were drawn against the account. As of July 9, 1948 the account was overdrawn in the amount of \$922.00.

Mr. ALFRED W. BARTH, Vice President, Chase National Bank, New York City, advised that he represented the bank in negotiations for a fifty million dollar loan to the Rumanian National Bank, in which loan NICHOLAS MALAXA also had an interest.

MALAXA presented a letter of introduction from the

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Union Bank of Switzerland and through Mr. JACQUES ROSENSTEIN, 1 Wall Street, New York City, opened the negotiations.

The State Department advised that it desired the amount of the loan to be limited to twelve million dollars, which was to be used as an aid in the control of the Rumanian economy.

After Mr. BARTH had personally observed the gold on deposit at the Union Bank of Switzerland, negotiations were approved for a loan of seven million dollars and later an additional five million dollars was granted for the purchase of feed corn and seed barley, wheat and corn. The entire amount was spent for that purpose. The firm of LaRoche, Lombard and O'Dier, Incorporated, acting through a subsidiary, were the sellers of the grain and seed.

Numerous conferences were held during the negotiations, with Mr. WALTER S. SURREY, Economic Control Department, Mr. SEYMOUR RUBIN, Assistant Legal Adviser to the Secretary of State and Mr. WILLARD L. THORP. The State Department required a statement stipulating that the gold security of the Rumanian National Bank was not subject to the United States Gold Declaration of February 22, 1944 (certifying that the gold was not obtained from Germany after that date, for if it were, it might be considered loot and, therefore, subject to restitution).

In addition, since there was a question concerning NICHOLAS MALAXA'S name being on the black list, the State Department was consulted and by letter dated March 17, 1947, signed by Mr. THORP, it advised that it had no objections to MALAXA'S participation.

Mr. BARTH also exhibited a letter received from JACQUES ROSENSTEIN, dated November 12, 1946, addressed to NICHOLAS MALAXA by PEHLE and LESSER, Attorneys in Washington, D. C. This letter advised MALAXA that PEHLE and LESSER had consulted Mr. RANDOLPH PAUL, of the State Department, and had been advised that the State Department had no objections to Mr. MALAXA engaging in financial or industrial activities. The State Department, however, made it clear that it did not endorse Mr. MALAXA and desired to be kept advised of his activities as a matter of courtesy.

In the course of the negotiations, PEHLE and LESSER

represented the Rumanian Government. The law firm of Mr. R. PAUL represented the National Bank of Rumania (at the request of Minister AKLEA and the suggestion of JACQUES ROSENTHAL). M. WALAYA acted as a practical adviser to WALYA, representing Sir MICHAEL.

WALAYA also consulted with Mr. WILL SLAYTON and Mr. FREDERICK W. HARRIMAN, for the purpose of obtaining export licenses for the grain and seed. The grain and seed were purchased by a national cooperative in Rumania through JACQUES ROSENTHAL who, in turn, acted through a sub-agent in New Orleans, Louisiana, named FOX. FOX began to buy grain prior to the final settlement of the loan and purchased large amounts on credit. At about that time there was a serious decline in the grain market and FOX was threatened with bankruptcy because payment was demanded by the grain sellers. WALAYA advanced his personal funds to save the situation and was apparently reimbursed therefor by the Rumanian National Bank after the loan had been granted. WALAYA is not known to have benefited in any way from his services.

The gold on deposit in Switzerland was flown to that country by the Rumanian Government and after negotiations had been completed, twelve million dollars of the gold was removed by the Chase National Bank to England. The United States and English authorities refused permission to the Rumanian Government to transfer the gold through their zones in Germany. However, the French permitted the return of the balance of fifty million dollars through their zone to Rumania.

NICOLAI WALAYA, through his Rumanian-American Economic Corporation, and MAX ROSENIT, through his Rumanian-American Trading Corporation, were both unsuccessful in attempts to obtain a share of the purchase of grain.

Mr. BARTH states that after about two years of dealings with WALAYA he is convinced that he is an industrialist who, because of his Balkan background, is accustomed to doing all his business in a secretive manner. Insofar as Mr. BARTH has observed, there has been nothing to indicate that WALAYA is interested in anything other than his own personal affairs. In Mr. BARTH'S opinion, WALAYA was trying to impress the Rumanian Government in an effort to save as much as possible of his industrial empire.

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Mr. BARTH stated that MALAXA is convinced that MAX AUSNIT has obtained influence in high United States political circles and is persecuting him. MALAXA believes AUSNIT caused the attack on him by Walter Winchell and since that time has acted like a hunted man.

Mr. BARTH remarked that care should be used in weighing the value of any information received from the AUSNITS as they are bitter enemies of MALAXA.

In conclusion, Mr. BARTH advised that he had learned that MALAXA has opened an account in the Bankers Trust Company. He stated that as far as he knows, all of MALAXA'S funds in the United States are now unblocked inasmuch as he received a copy of a Treasury License to that effect.

FRANK J. MANHEIM, Lehman Brothers, 1 William Street, New York City, advised that LOUIS MANVILLE, a distant relation of his and a former banker in Paris and CARLO PLEISCHMAN, a Swiss merchant whose father had been the Rumanian Consul in Zurich, Switzerland, brought MALAXA to Lehman Brothers in April, 1947. MANHEIM had several meetings with MALAXA and one of his associates, FULGA. They indicated that they wanted to retain the Lehman Brothers as financial advisers. At one of these meetings MALAXA offered to transfer a one-half interest in his Rumanian properties to Lehman Brothers without cost inasmuch as he felt if that were done the Communists would be inclined to leave his property alone. MANHEIM stated that Lehman Brothers, of course, refused to enter into any such deal.

MANHEIM stated that when MAX AUSNIT came to this country he formed the Rumanian-American Trading Corporation, ostensibly a non-profit organization, to handle trade between the United States and Rumania. MALAXA later got the same idea. He told MANHEIM that he and RALBA, the Rumanian Minister to the United States, were negotiating for a fifty million dollar loan from the Chase National Bank, the collateral for which was to be fifty million dollars in gold deposited in Switzerland by the Rumanian Government. The money obtained from the loan was to be used to re-organize trade relations between the United States and Rumania.

MALAXA wanted to form a corporation which could play an important part in this trade. MALAXA frankly stated that the inclusion of various large American firms in this venture would enable him to show the Rumanian Government his corporation was the one they should use to handle the trade. MALAXA stated he thought this corporation could make a substantial profit out of the venture. He also apparently had another purpose in mind because he told MANHEIM that although he still had nominal control of his Rumanian plants, the workers had taken them over and his position was not too secure. MALAXA pointed out that although he felt a profit could be made from the venture, he was more interested in the fact that his association with leading American industrialists would cause the Communists to go slow in seizing his property in Rumania.

MANHEIM stated that although Lehman Brothers was interested in MALAXA'S proposition, particularly as it entailed no advancement of funds by them, they decided to investigate MALAXA.

Inquiry at the Chase National Bank reflected that MALAXA was acting in an unofficial advisory capacity to the Rumanian Minister in connection with a loan from the Chase National Bank to the National Bank of Rumania. About twelve million dollars had already been granted with State Department approval and this money had been used to purchase corn and wheat. MANHEIM stated he understood that WINTHROP ALDRICH, of the Chase National Bank, went to see President Truman about the loan.

MANHEIM advised that he also learned that MAX AUSNIT was trying his best to quash the loan inasmuch as he hoped to oust MALAXA. MANHEIM stated that, although he cannot prove it, he feels MALAXA got the inside track with RALEA because he offered to pay him more than AUSNIT did.

Lehman Brothers inquired about MALAXA'S reputation in Europe and contacted the Swiss Bank, a Swedish Mercantile firm and a leading lawyer in Paris, all of whom had dealings with MALAXA. They all advised that MALAXA was a very rich man and all of his dealings with them had been above-board. However, they all indicated that since MALAXA is a Rumanian he should not be trusted too far.

VICTOR BARRY, Head of the Socony Vacuum Company in

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Europe, advised Lehman Brothers that he does not know MALAXA, but stated that MALAXA'S reputation is good. He also pointed out that since MALAXA is a Rumanian one could not be too careful in dealing with him.

MANHEIM stated Lehman Brothers were primarily interested in securing a clearance from the State Department before they entered into any negotiations with MALAXA. They, therefore, asked STOKELY W. MORGAN, who was formerly connected with Lehman Brothers and was later employed by the State Department, to check with the State Department. MORGAN wrote Lehman Brothers a letter dated April 30, 1947 which stated that MORGAN had talked to various individuals in the State Department and that these persons saw no objections to Lehman Brothers' proposed association with MALAXA but, on the contrary, seemed rather pleased with the idea. However, these individuals informed MORGAN that no information given to MALAXA could be of a classified nature. A copy of this letter is being forwarded to the Bureau as an enclosure with instant report.

MANHEIM stated that A. H. BUNKER, of Lehman Brothers, made a special trip to Washington, D. C., at which time he conferred with various State Department officials, including NICHOLS, MOORE, CLEVELAND, POSNIAK and WILLARD THORPE. All of these individuals advised that the State Department had no objections to Lehman Brothers' activities in MALAXA'S behalf.

EDWARD G. MILLER, Jr., a partner in the law firm of Sullivan and Crowell, New York City, told MANHEIM that he had received unqualified approval from the State Department for his firm to represent MALAXA. ALLEN DULLES, a member of the law firm of Sullivan and Crowell, who was formerly with the Office of Strategic Services in Rumania, told Lehman Brothers that he did not like MALAXA because he felt MALAXA was accustomed to buying influence and was attempting to use JOHN FOSTER DULLES to get special favors.

MANHEIM stated that on June 19, 1947 he talked to WALNORTH BARBOUR, Acting Chief of the Division of Southern European Affairs of the State Department, and BURTON Y. BERRY, former United States Minister to Rumania. BARBOUR was very hostile to MALAXA, but could give no definite derogatory information. BERRY stated he had met MALAXA only once and confirmed the fact that MALAXA was a "big shot" in Rumania and

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a very capable man. However, BERRY stated that he knew Rumanians well enough to know that if it were profitable enough they would "work both sides of the street." BERRY confirmed the fact that AUSNIT and MALAXA were bitter rivals and said that from what he has heard he would rather do business with MALAXA than with AUSNIT.

BERRY also stated that in his opinion the Communists were too well entrenched in Rumania for either MALAXA or AUSNIT to get any business out of that country.

MANHEIM stated that Lehman Brothers were still somewhat skeptical of MALAXA and, therefore, decided to hire the law firm of Simpson, Thatcher and Bartlett to conduct further inquiries. This firm uncovered some "hair-raising stories" about MALAXA. However, MANHEIM discovered that this firm represented FLOYD OBLUM, Head of the Atlas Company, and that the horror stories originated with one CRIMESCU, a Vice President of the Atlas Company and a close friend of the AUSNIT brothers.

After this experience Lehman Brothers decided that they needed an unbiased attorney and, therefore, went to see THOMAS FINLETTER, of the firm of Coudert Brothers, New York City. Lehman Brothers felt he would be a good man because he had good contacts in Washington, D. C. and was a friend of BOB LOVETT and other State Department officials.

FINLETTER went to Washington, D. C. on May 19, 1947 and reported that the State Department seemed to be pleased about the contemplated deal between Lehman Brothers and MALAXA.

A copy of Mr. MANHEIM'S memorandum dated May 19, 1947, setting forth the results of Mr. FINLETTER'S inquiry at the State Department, is being forwarded to the Bureau as an enclosure with instant report.

MANHEIM stated that although the State Department would not expressly approve Lehman Brothers' negotiations with MALAXA, the point was finally reached where it was felt that the State Department actually favored the deal. Therefore, proceedings were undertaken for the

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formation of the Roumanian-American Economic Corporation. Lehman Brothers agreed to invite other leading corporations to participate in this corporation and made it clear to MALAXA that Lehman Brothers would only proceed with the matter if the other companies agreed to go along. Lehman Brothers, therefore, discussed the proposal with the Bethlehem Steel Company, International General Electric, Chrysler Company and Ingersole Rand. Ingersole Rand and Chrysler Company refused to participate. Mr. THOMAS, Head of the Export - Import Division of the Chrysler Corporation, stated that his company had already had some dealings with MALAXA. International General Electric and Bethlehem Steel decided to participate.

MALAXA wanted to include an engineering firm in the set-up because he felt that its advice would be needed in connection with the development of new industries in Rumania. Ebasco Services, a subsidiary of the Electric Bond and Share Corporation, was, therefore, invited to enter into the formation of the new corporation.

E. NOPPELL, of Ebasco Services, went to Washington, D. C. and contacted the State Department. Upon his return he advised that the State Department had raised no objections to the proposition but, at the same time, did not give blanket approval.

MANHEIM stated that the International Harvester Company was never asked to join in the formation of the Roumanian-American Economic Corporation. However, Lehman Brothers checked with this company inasmuch as MALAXA had been negotiating with them.

International Harvester advised that they had entered into a contract with MALAXA and that the State Department had approved the licensing agreement. MANHEIM stated MALAXA deposited \$100,000.00 in connection with this contract but eventually the deal fell through.

MANHEIM advised that finally in September, 1947 the Roumanian-American Economic Corporation was formed. However, due to the Communist acquisition of power in Rumania, the corporation has conducted practically no business. He stated that on one occasion Bethlehem Steel

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submitted a bid on some oil equipment but despite the fact that it was the lowest bid submitted it was refused by the Rumanian Government. MANHEIM stated that Lehman Brothers and the other American companies would like to dissolve the Rumanian-American Economic Corporation, but MALAXA is fighting to keep it alive.

MALAXA has indicated that he hopes to be able to get some business in Western Europe for the corporation but MANHEIM is of the opinion that nothing will become of this because most of the American companies already have well developed contacts in that part of Europe.

MANHEIM stated that MALAXA contracted to pay Lehman Brothers \$50,000.00 a year for advisory services, of which \$25,000.00 has been paid. The last payment of \$12,500.00 due in February, 1948 was refused by Lehman Brothers because they were not performing any services for MALAXA at that time and have performed no services since then.

Mr. MANHEIM stated that it is his understanding that prior to contacting Lehman Brothers, MALAXA had employed JACQUES ROSENSTEIN, a former Swiss banker, in an advisory capacity. ROSENSTEIN presented a bill in the amount of \$100,000.00 to MALAXA, which MALAXA refused to pay because he thought it was exorbitant. The law firm of Sullivan and Crowwell found itself representing both MALAXA and ROSENSTEIN in this dispute. Inasmuch as ROSENSTEIN had been a client of longer duration than MALAXA, Sullivan and Crowwell refused to continue to represent MALAXA. MANHEIM pointed out that this was the real reason Sullivan and Crowwell withdrew as MALAXA'S attorney and not for the reason suggested by Walter Winchell, in his newspaper column.

MANHEIM stated that MALAXA had considered suing Winchell for slander but that Coudert Brothers could not handle the suit because they represented the firm which bonded Winchell against slander actions. MANHEIM, himself, went to see ERNEST CUNEO, Winchell's attorney, who indicated, without exactly saying so, that Winchell had made a mistake and would print nothing further concerning MALAXA. MANHEIM pointed out that contrary to Winchell's usual practice, he has never printed anything further about MALAXA.

MANHEIM explained the fact that reparations granted to MALAXA for the seizure of his pipe factory were computed in American money, by stating that this procedure was quite common inasmuch as the American dollar was the only stable currency. MALAXA told MANHEIM he was able to get this money out of Rumania through the cooperation of a Jewish welfare organization. MANHEIM was not too sure as to how this had been accomplished, but stated he thinks MALAXA received permission to pay money to this organization in Rumania that this organization had credited MALAXA with dollars in the United States on the understanding that MALAXA would use the money in the United States to purchase goods for Rumania. MANHEIM stated that MALAXA felt he could keep control of his money by using it for various economic projects for Rumania. MANHEIM stated that in his opinion MALAXA started many of these projects for the sole purpose of convincing the Rumanian Government of his good intentions and that he actually never intended to put them into practice. According to MANHEIM, MALAXA is a dreamer and is a "sucker for all sorts of promotions," he recalled that on several occasions it has come to his attention that MALAXA has been sponsoring various Rumanian refugee artists in this country.

MANHEIM stated that MALAXA'S main idea for rebuilding the Rumanian economy was for Rumania to export petroleum and use natural gas for home consumption; also to develop new industries in Rumania. MALAXA, therefore, employed a small engineering firm in New York to prepare a report on the uses of natural gas. MALAXA told MANHEIM that these engineers presented him with a staggering bill for their services and he refused to pay them. MANHEIM stated he understands that one of these engineers later contacted some Government agency and complained about MALAXA'S interest in the conversion of natural gas into formaldehyde.

MALAXA later asked Ebasco Services to prepare a similar report. E. NOPPELL, of Ebasco Services, after reading the report submitted by the other engineering firm, stated that the fee demanded was ridiculous since the report consisted solely of information which could be obtained from any standard text book on the subject.

MANHEIM stated that on one occasion he tried to employ OSCAR COX to act as MALAXA'S attorney in connection with the proposed libel suit against Winchell and also in connection with MALAXA'S immigration status. COX, who represents the Washington, D. C. interests of the

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Kaiser-Frazer Company, told MANHEIM that he had asked Mr. KAISER about MALAXA and KAISER said he had never heard of him.

MANHEIM stated that in all his dealings with MALAXA he found him to be trustworthy and honest. However, he pointed out that MALAXA is a Rumanian and that he does business in a manner which Americans would be suspicious of. He pointed out that MALAXA never places his full confidence in any one person and has hired numerous lawyers to represent him in various matters.

Another instance of his peculiar behavior is his method of paying bills. Due to the attachment placed on MALAXA'S bank accounts by MAX AUSNIT, MALAXA has most of his cash invested in Bearer United States Government bonds. He has, on numerous occasions, asked MANHEIM to cash some of these bonds for him and MANHEIM estimates that during the past year he has cashed bonds totaling from \$50,000.00 to \$60,000.00. Sometimes MANHEIM gave the cash to MALAXA and on other occasions MALAXA asked him to deposit the money in his (MANHEIM'S) own checking account and then pay some of MALAXA'S bills by drawing a check against the funds so deposited.

MANHEIM concluded his remarks by stating he is convinced that the AUSNIT brothers are behind much of the unfavorable publicity MALAXA has received and they have spread those tales because they are bitter enemies of MALAXA.

Confidential Informant T-12 stated it was well known in Rumania that from 1935 to 1940 or 1941 MALAXA had dealings with the Germans. In 1938 the Iron Guard was officially formed. It had a great deal of strength among the railroad workers and many of the workers in MALAXA'S factories were members.

From September, 1940 to January, 1941 the Iron Guard caused quite a bit of trouble in Rumania, which finally culminated in rioting and bloodshed in 1941. Although General ANTONESCU had been friendly with the Iron Guard he was forced to take action and sent the Army to suppress the legionnaires.

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During the fighting it was found the Iron Guard was using MALAXA'S house as a base. ANTONESCU, therefore, had MALAXA arrested. The Informant pointed out that the arrest did not mean much because MALAXA was merely confined to his quarters. He stated that during the German occupation, MALAXA'S administration was in control of his factories and ran them even though MALAXA may not have exercised direct control himself.

Confidential Informant T-12 stated that after the Germans were driven from Rumania MALAXA was again placed in full control of his factories. Informant could not explain why RADESCU and other loyal Rumanians permitted this to happen, except to say that they were apparently willing to forget MALAXA'S past activities in the interests of rebuilding Rumanian economy.

Confidential Informant T-12 stated that MALAXA had apparently become quite friendly with the Communist, GHEORGHIU-DEJ, who might have exercised some influence in MALAXA'S behalf.

Informant stated there was no question that MALAXA was closely associated with GHEORGHIU-DEJ and pointed out that the departure of the Rumanian American Chamber of Commerce from Bucharest was delayed several times because of conferences between MALAXA and DEJ. He stated that when the Chamber of Commerce arrived in Paris, MALAXA again conferred with DEJ on at least one occasion. Informant pointed out that DEJ was in Paris at that time in order to attend the Peace Conference.

Confidential Informant T-12 stated it has come to his attention that MALAXA has purchased many automobiles in this country. He stated that he has heard that MALAXA had purchased an automobile for ANA PAUKER, the Rumanian Communist.

Confidential Informant T-12 stated that MALAXA'S main purpose in life appears to be the amassing of money and that MALAXA uses politics to attain that end. He stated that although he does not like to condemn anyone he feels MALAXA has changed his politics and policies too often for the sole purpose of protecting his financial interests. By way of comparison he pointed out that MAX AUSNIT, another former leading

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Rumanian industrialist, has always been pro-American in his sympathies and spent five years in prison because of his political convictions.

Confidential Informant T-13, who, it is noted, received most of his information concerning MALAXA from the AUSNIT brothers, stated that MALAXA collaborated with the Germans in Rumania. He stated that MALAXA built a stadium in Bucharest for the Iron Guard, gave his house to MIHAI ANTONESCU and later gave his house to PETER GROZA, Communist puppet.

Confidential Informant T-13 stated that in 1936 MALAXA and MAX AUSNIT were the leading Rumanian industrialists and owned about nineteen per cent of the shares of the Resita Company. They entered into an agreement whereby they transferred their shares to a holding company, the Centrind Company, in which each held a fifty per cent interest. By agreement these shares were frozen and placed in an English bank.

After MALAXA'S arrest in connection with the revolt of the Iron Guard in January, 1941, he was placed under house arrest. However, he soon bought his peace with General ANTONESCU.

In a desire to free the shares of the Resita Company, held by the Centrind Company, MALAXA got AUSNIT to consent to sell his stock in Resita. However, the English bank would not deliver the shares. MALAXA and the Roumanian Government allegedly caused the arrest of AUSNIT on the trumped up charge that he had been guilty of mismanagement of the Resita Company. A law was then passed in Rumania, making all foreign holding companies illegal (Centrind was a foreign holding company) and providing that all shares not returned to Rumania would be replaced by duplicate shares.

After the war AUSNIT was cleared of the charges of having mis-managed Resita and the stock was returned to him. MALAXA subsequently admitted that he had violated the freezing agreement and agreed to pay AUSNIT \$600,000.00, in the following ways:

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In December, 1946 the Rumanian Government gave MALAXA export licenses for various commodities. MALAXA agreed to sell AUSNIT some lumber and steel tubing for an amount less than its value and agreed to deliver these products to the Mid-East, where AUSNIT had already made contracts to sell it at a handsome profit. As part of this deal, AUSNIT agreed to tender his stock in Resita to MALAXA. MALAXA and AUSNIT also entered into a Guarantee Agreement, whereby MALAXA agreed to pay a certain amount in the event he did not live up to his contract. MALAXA delivered only part of the lumber and none of the steel tubing to AUSNIT. Therefore, AUSNIT is now suing MALAXA for violation of the Guarantee Agreement, claiming MALAXA was able to get anything he wanted out of Rumania. MALAXA is defending this suit, claiming that he does not know whether AUSNIT tendered the shares in Resita to him.

Confidential Informant T-13 claims that AUSNIT planned the economic mission to the United States as a means of leaving Rumania. He stated, however, that AUSNIT was not permitted to leave Rumania unless MALAXA also was made a member of the mission.

Informant stated that a Dutch woman who worked as a translator for MALAXA from September, 1947 to January, 1948 told him that MALAXA was in constant telephonic contact with Bucharest, Paris, Switzerland and with a Rumanian general in Buenos Aires. This woman said MALAXA was on friendly terms with Minister RALEA and other members of the Rumanian Consulate in New York. She said MALAXA was very secretive and kept his records in locked trunks. On one occasion she went into his room when he was out and saw some papers on his desk which dealt with military matters.

Confidential Informant T-14 advised that MALAXA and MAX AUSNIT were leading Rumanian industrialists and that bitter rivalry has existed between them for some time. MALAXA is an excellent engineer and confined most of his activities to his factories in Rumania.

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MALAXA'S son was a boyhood friend of King MICHAEL and MALAXA, himself, was a good friend of King CAROL'S Chamberlain. These contacts brought MALAXA within the intimate palace circle and he became quite powerful in Rumania. AUSNIT, on the other hand, was principally a financier who had many contacts in other countries but ^{was} not so strong as MALAXA in Rumania. MALAXA was more of an independent manufacturer, while AUSNIT was tied up with various foreign industrial combines. Prior to the war MALAXA and also AUSNIT, to a lesser degree, were dependent on Germany for raw materials and machinery for the operation of their factories.

Confidential Informant T-14 pointed out that due to his influence in Rumania, MALAXA is generally thought to be responsible for the arrest and imprisonment of MAX AUSNIT. On the other hand, Informant pointed out that he has heard that AUSNIT conducted intrigue against MALAXA in foreign countries. Confidential Informant T-14 stated in his opinion AUSNIT has more character than MALAXA and that MALAXA is an opportunist who is interested primarily in making money. In his opinion, MALAXA'S arrangements with the Germans, and later with the Russians, were motivated by self-interest, rather than by ideology.

Confidential Informant T-14 stated that the Iron Guard was an organization of young people, without financial backing. They solicited and received donations from many wealthy Rumanians and even from some Jewish people. He stated that MALAXA contributed money to the Iron Guard but in his opinion MALAXA was not a member of the organization.

Informant pointed out that in an effort to dominate Rumania the Germans financed the Iron Guard and also maintained some control of the Rumanian Military Forces, through ANTONESCU. The Germans then proceeded to use the Iron Guard to bring ANTONESCU into line and vice versa.

In January, 1941 the Iron Guard revolted and during the fighting fired on the Government troops from MALAXA'S house. ANTONESCU ordered MALAXA'S arrest because circumstantial evidence indicated that MALAXA was an Iron Guard sympathizer. However, MALAXA was

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able to prove that his house had been seized by the Iron Guard against his will and that he had escaped from his house with the assistance of a female secretary.

Confidential Informant T-14 stated that the Iron Guard had probably seized MALAXA because he had refused to give them a large sum of money and also because they felt he would be a good hostage in view of his connections with ALBERT GORRING, the German industrialist.

Informant stated that MALAXA was released from jail on condition that he cooperate with the Germans. MALAXA, being materialistic in his outlook, agreed and signed agreements which provided that most of his industrial empire would be turned over to the Germans. Thereafter, MALAXA, although he did not like it, worked with the Germans. However, the Germans maintained strict control of MALAXA'S industrial activities through their control of the raw materials essential to his factories.

Confidential Informant T-14 stated that during the German occupation MALAXA helped ANTONESCU, Rumanian Vice Premier, obtain materials at low prices for the construction of a house. According to the Informant, MICHAEL ANTONESCU was an opportunist and "went the way the wind blew." He pointed out that at the end of the war ANTONESCU leaned toward the Allies and actually facilitated the meeting between King MICHAEL and the Allied leaders.

Confidential Informant T-14 stated that after the war the Russians pointed to MALAXA'S agreement with the Germans and wanted to expropriate much of MALAXA'S property on the ground that the agreement made it German property and subject to seizure. However, MALAXA was able to convince the Russians that the Germans had taken his property against his will. More important than this in influencing the Russians, was MALAXA'S agreement to renew his industrial operations, the products of which were to go to the Russians as reparations.

Informant stated he has heard that MALAXA gave many presents to various Rumanian Communists, such as GHEORGHIU-DEJ. He

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pointed out that the friendly relationship between MALAXA and DEJ was probably due in some measure to the fact that DEJ had formerly been a railroad worker and probably worked for MALAXA at one time.

Confidential Informant T-14 stated it is true that PETER GROZA occupied MALAXA'S house at one time but he pointed out that GROZA also occupied MAX AUSNIT'S house. He stated he is reasonably certain that neither MALAXA nor AUSNIT voluntarily turned their homes over to GROZA. Informant stated that to his knowledge MALAXA was never a financial adviser to King MICHAEL. He pointed out that when negotiations were being conducted for the loan from the Chase National Bank to Rumania, King MICHAEL was in Rumania. He stated that in all probability MALAXA had acted as a financial adviser to RALEA, the Rumanian Minister to the United States.

Confidential Informant T-14 stated that he believes General RADESCU only accepts money from MALAXA in order to send it to the Rumanian refugees in Paris. He stated he has heard that MALAXA has recently diminished his contributions for these refugees.

Informant stated he believes that FLORIN ZAHARIA is working for MALAXA. ZAHARIA was General Secretary under MIHAI MANOILESCU, Minister of Industry and Commerce under King CAROL and Foreign Minister of Rumania when the Second World War broke out. He stated that MANOILESCU was in close relations with the Germans and assisted the Iron Guard for his own selfish reasons. He stated that he does not know definitely whether ZAHARIA shared MANOILESCU'S pro-German views but he assumes that he must have in view of the fact that they were apparently good friends.

Concerning VIZIRU-GROSSU, who has been reported to be an associate of MALAXA, Confidential Informant T-14 advised that he was an Engineer-Director of an airplane factory in Rumania. GROSSU is a non-political person and has a good reputation. Informant stated that GROSSU is now in the Argentine, where he is engaged in business.

Confidential Informant T-14 advised that MAX AUSNIT has more character than MALAXA. He stated that investigation had re-

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flected that MALAXA was responsible for the conviction of AUSNIT and a report was submitted to King CAROL, recommending that AUSNIT'S conviction be set aside. However, Informant pointed out that at that time King CAROL could do nothing about it.

The subject was interviewed at his home at 30 Sutton Place, New York City, by the writer. SA Edmund E. Senesac acted as translator.

MALAXA gave the following background information:

He was born December 10, 1884 at Huisi, Rumania. His father, CONSTANTIN, was born in Rumania but was of Greek extraction. His father was an officer in the Rumanian Army. MALAXA'S mother, RUIANDRA, was born in Rumania, of Rumanian stock.

The subject attended high school and the University of Yassy, in Rumania. He then attended the Polytechnical Institute, at Karlsruhe, Germany.

During the First World War MALAXA was a Colonel attached to the General Staff of the Rumanian Army, and was in charge of transportation. In 1919 he founded his own company, N. Malaxa, for the repair of locomotives. This company is still in existence.

The Rumanian Government contracted with the N. Malaxa Company and the Resita Company in 1927 for the manufacture of a quantity of locomotives. At that time the Resita Company was controlled by Steg, of Austria, which Company owned twenty-two per cent of the shares of Resita.

In 1931 or 1932 MALAXA and MAX AUSNIT bought out Steg's interest in Resita and thereafter effectively controlled this company. In 1935 MALAXA begun construction of his tube factory. He had one hundred per cent control of this factory.

MALAXA begun construction of a steel factory in 1937 or 1938 and also exercised one hundred per cent control of this factory. In the preceding year, 1936, MALAXA entered the armament field by constructing a factory in the Carpathes Mountains. In the same year he and AUSNIT formed the Centrind Holding Company in Monaco and transferred their shares of Resita stock to that company. Actually, the Resita stock was deposited in the Westminster Bank in London, under a freezing agreement.

MALAXA explained his interest in the Copsa Hica Gugir Company, as follows:

The English armament firm, Vickers, founded an armament company in Rumania known as Copsa Mica Cugir Company. The Rumanian State owned eighty per cent of this company and Vickers owned twenty per cent, but the State was entitled to only four Directors out of a total of twelve. MALAXA owned no shares in Copsa Mica Cugir Company, but was appointed Administrator by the Rumanian Minister of Finance. The officials of the Vickers Company became angry because the Rumanian Government entered into large contracts with Skoda (heavy armaments) and Zbrojovka (light armaments), Czechoslovakian companies, and in 1936 Vickers sold their shares in the Copsa Mica Cugir Company to the Zbrojovka Company.

In 1939, when the Germans took over Czechoslovakia, HERMANN GOERING WORKS obtained control of the Zbrojovka Company and thereby acquired the company's interest in Copsa Mica Cugir Company. ALBERT GOERING, brother of HERMANN GOERING, was placed in charge of the various foreign subsidiaries of the HERMANN GOERING WORKS, including the Zbrojovka Company.

When the Germans entered Rumania in 1940 or 1941, ALBERT GOERING demanded that the HERMANN GOERING WORKS be represented in the Council of the Copsa Mica Cugir Company. MALAXA had to agree to their demands because the Goering Works owned a sizable block of stock in Copsa Mica Cugir Company and, therefore, had a legal right to make such demands.

The same situation developed in connection with the Resita Company. The Zbrojovka Company had acquired a substantial interest in the Resita Company by purchase of stock from either the Vickers Company or from Cepi (MAX AUSNIT'S holding company).

MALAXA is not sure which company sold Resita shares to Zbrojovka. In any event, the Goering Works obtained an interest in Resita through its control of Zbrojovka and made demands for representation in the Directorate of Resita. MALAXA was forced to agree to ALBERT GOERING'S demands because they were legally justified.

MALAXA stated he believes he wrote several letters to ALBERT GOERING in connection with GOERING'S demands for representation in Copsa Mica Cugir Company and Resita, but does not remember receiving a letter from ALBERT GOERING. He stated he does not remember proposing the appointment of ALBERT GOERING to the position of Administrative Delegate in Copsa Mica Cugir Company. He pointed out that if he did make such a proposal it was only in line with the policy of appeasing the Germans, which line was being pursued by the Allies at the time, at Munich.

MALAXA admitted that prior to the war he had visited Germany on several occasions but stated he had never met Hitler. He admitted that he was favorably written up at the time by several German newspapers but explained this by stating that all of these write-ups had been prepared by his own press agent and that he had paid to have these articles published in the German papers. MALAXA pointed out that he did this because it was the general feeling that the Germans were making ready to move into Rumania at any minute.

MALAXA stated that he was a big industrialist when King CAROL came into power in 1930 and thereafter naturally occasionally consulted with King CAROL concerning economic problems. He stated he was not a good friend of URDAREANU, Palace Minister, although he did know him. MALAXA contended that URDAREANU and MAX AUSNIT were very good friends and pointed out it was AUSNIT who proposed at one time that

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URDAREANU be appointed to the position of Presiding Officer of the Resita Company.

MALAXA stated that his son had gone to school with Prince MICHAEL at the Royal Palace. He pointed out that AUSNIT has spread the story that he, MALAXA, had given his daughter to Prince MICHAEL for his pleasure in order to get into the good graces of King CAROL. MALAXA stated he wishes to deny this vile story emphatically.

MALAXA stated that the Iron Guard was the German Fifth Column in Rumania and that General ANTONESCU worked with the Iron Guard until the revolt, in January, 1941. He denied that he had ever given any money to the Iron Guard or had ever assisted it in any way. He explained that he was too important for the Iron Guard to approach.

MALAXA denied that he had ever given any money for the erection of a sports arena for the Iron Guard and expressed doubt that there has ever been such an arena in Rumania.

According to MALAXA, the Green Shirts were strong in locomotive repair factories owned by the State, but not in his factories. MALAXA denied that he had any connections with the Iron Guard revolt in 1941 and explained that his arrest in connection therewith was a plot to get him out of the way so that his factories could be turned over to the Germans. He explained the Iron Guards' use of his home, as follows:

Iron Guard members forced their way, not only into his home, but also into many homes in the vicinity for the purpose of using these houses as forts. Thirty Iron Guardists entered MALAXA'S house with drawn revolvers and ordered MALAXA and his family to leave within one hour. MALAXA had to accede to their demands even though he had to carry his wife, who was ill with pneumonia at that time, from the house. MALAXA was arrested by the Antonescu Government on January 23, 1941 and remained in a military prison until April 2, 1941.

For seven days, ANTONESCU, Rumanian Vice Premier, and the German, GUIDO SCHMIDT, tried in vain to get MALAXA to sign over his factories. SCHMIDT then threatened to send MALAXA to Germany,

where MALAXA knew he would be shot.

On February 13, 1941 ANTONESCU signed an agreement whereby MALAXA'S Works were to be leased to the Rogifer Company. ANTONESCU had absolutely no right to do so because it was not until February 19, 1941 that the Rumanian State confiscated MALAXA'S factories on the false charge that he had prejudiced the State.

MALAXA went into detail concerning the various decrees passed in 1944 and 1945 which exonerated him from the charge of having participated in the Iron Guard revolt and which declared the leasing of his factories to the Rogifer Company an illegal act. Inasmuch as these details have already been summarized in this report and are set forth in documents in the Bureau's possession they are not being set forth again.

MALAXA continued by stating that he was released from the military prison about April 2, 1941, but was then sent to his home, where he remained under constant military guard until October 9, 1941 - the very day that the formalities undertaken by the Germans to take over his factories were completed.

MALAXA stated that after his release in October, 1941 he bought a farm in the Village of Putinei, District of Teleorman, where he spent most of his time until the end of the war, engaged in agricultural pursuits. He stated that during this time he was also in Bucharest on a few occasions but that he had no power or rights in his factories and did not even see them.

MALAXA stated it is a lie that his collaborators were in control of his factories during the German occupation. He stated that they were all forced out and were replaced by Germans and Czechs. Of course, the workers continued to labor in his factories because they had to earn a living.

MALAXA stated he did not return to his factories

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until April, 1945. He specifically denied that DAN DRAGOMIRESCU, his Personnel Manager, was employed in his factories during the German occupation. MALAXA also denied that he had ever given MIHAI ANTONIUCU any assistance in building a house.

MALAXA stated that he was always opposed to the economic penetration of Rumania by the Germans. He gave the following incident as an example:

In 1939 the Germans sent ~~WOHLFAT~~ and Baron ~~GLODIUS~~ to Rumania with demands for economic collaboration between Rumania and Germany. They proposed that Rumanian industry, Rumanian money and the Rumanian National Bank be put at the disposition of the Germans. They even went so far as to ask for the right to cultivate Rumanian soil. Inasmuch as this proposal was contrary to the national interests of Rumania, MALAXA vigorously opposed it. He went to King CAROL and pointed out that if the King agreed to the German demands the Rumanian peasants would revolt.

King CAROL called a conference which was attended by ARMAND CALINESCU, Prime Minister, ~~BUJAI~~, Minister of Economics, ~~ORDAREANU~~, Minister of the Palace and MALAXA. King CAROL demanded that the Prime Minister tell him all about the German demands. MALAXA argued with the Prime Minister for four hours and finally King CAROL decided to try to cut down the German demands.

A few days later, CALINESCU, BUJAI and MALAXA had a meeting and decided to resist the German demands. Despite this agreement, CALINESCU was forced to agree to the German demands under the threat of an invasion of Rumania by Germany. MALAXA sent an emissary to inform TILIA, the

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Rumanian Minister in the Court of St. James, concerning the German demands. TILIA gave the information to the English diplomats and wrote articles for the English press.

MALAXA claims that the AUSNIT brothers and their associates are responsible for spreading lies about his collaboration with the Nazis and the Russians. He stated that in the United States the AUSNITS spread stories that he is a Nazi and a Communist, while in Europe the same individuals spread rumors which they hope will reach Rumania, to the effect that MALAXA is pro-American. He pointed out that AUSNIT did not always feel that way about him and as proof of this he presented a rough draft of a telegram which he claimed was prepared by AUSNIT after his arrival in the United States. This telegram proposes that MALAXA and AUSNIT form an American corporation to profit from a proposed loan from the United States to Rumania. A copy of this rough draft telegram and a translation thereon, supplied by Mr. MALAXA, is being forwarded to the Bureau as an enclosure with instant report.

MALAXA stated that MAX AUSNIT stole from the Resita Company from 1931 to 1939 and was convicted for these thefts in 1939, but was, nevertheless, allowed the freedom of his person after he had agreed to turn over fifty-one per cent of his holdings to the Rumanian Government. AUSNIT thereafter collaborated with the Germans and while MALAXA was in prison, connived with them to secure the appointment of MIRCEA DJAVURA, AUSNIT'S Chief Attorney, to the position of Chairman of the Board of Directors of the Resita Company.

In 1942 AUSNIT obtained, by bribery, a new trial but was convicted again and sent to a concentration camp. However, he was soon released by ANTONESCU.

MALAXA claimed that after the Russians came into Rumania, AUSNIT collaborated with them. MALAXA specifically denied that he conspired with the Germans or with the Rumanian Government to cause the imprisonment of AUSNIT so that the Germans could get control of AUSNIT'S shares in the Resita Company. He stated that when it became apparent that war was imminent, the Rumanian Government passed a law

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that all persons holding shares in Rumanian armament companies had to return these shares to Rumania. It was provided that if the owner of the shares refused to bring them back to Rumania he thereby subjected himself to imprisonment. If for any reason any of these shares could not be returned to Rumania, then duplicate shares were to be issued. AUSNIT, who was in prison at the time, stated he could not turn in his Resita shares because he did not have them (they were in an English bank). Inasmuch as AUSNIT did not request the issuance of duplicate shares they were never issued and AUSNIT still has his shares of stock in the Resita Company. MALAXA also pointed out that while the Germans gained control of his factories, they did not touch any of those belonging to AUSNIT.

MALAXA gave the following information concerning the seizure of his pipe factory by the Russians and the agreement of the Russian Government to pay him the value of the factory:

When the Russian Army entered Rumania they took booty from many of MALAXA'S factories and he has never been paid for the theft of those articles.

In October and November, 1944 the Russians proposed to buy MALAXA'S pipe factory but he refused this offer in writing. AUSNIT had become a good friend of VINOGRADOV, a Russian General who lived in AUSNIT'S house, and told him that MALAXA had the best pipe factory in Europe and that the Russians could use this factory. MALAXA claims that AUSNIT admits doing this. MALAXA also stated that AUSNIT gave many valuable presents to Mrs. VINOGRADOV.

The Armistice called for reparations from Rumania to Russia in products, but not in factory equipment. Despite this fact, the Russians started to dismantle MALAXA'S pipe factory with the in-

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tion of shipping it to Russia. MALAXA felt it was his duty to warn the Rumanian Government that since pipes are necessary to the production and transportation of oil, the seizure of the factory by the Russians would place Rumania in such a position that it would be unable to meet the agreement with Russia to deliver twenty-five million dollars in oil as reparations. MALAXA, therefore, sent his son to see King MICHAEL, who promised to talk to Mr. BURTON BERRY, the American representative in Rumania. BERRY sent JOANITIU, brother of the King's secretary, to talk to MALAXA, but nothing happened and the Russians continued to dismantle the pipe factory. MALAXA then went to see General RADESCU, the Rumanian Prime Minister. He promised to do all that he could but suggested that MALAXA might be able to bribe somebody. MALAXA also talked to ~~JOANITIU~~, ~~DEHALACHE~~ and ~~BRATIANU~~, Rumanian political leaders, but to no avail.

By this time the Russians had almost completed the dismantling of the fourteen inch pipe factory so there was nothing much MALAXA could do about that.

In an effort to save the part of the factory which was devoted to the production of six inch pipes, MALAXA went to see MIRCELA SOLACOLU, an Assistant to ~~LEUCUTIA~~, Minister of Economy. SOLACOLU was persona grata with the Russians and worked with them. MALAXA gave him some money and thereafter the Russians ceased their demands for the six inch part of the factory.

MALAXA stated that SOLACOLU is a despicable character, a drunkard and a dope fiend. He was finally chased out of Rumania and went to

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Argentina, from where he has written to MALAXA on several occasions, demanding more money. MALAXA stated the Russian Government agreed to apply the value of the pipe factory which it had received from the amount of reparations due from Rumania to Russia. The Rumanian Government and MALAXA were forced to agree to this because the seizure of the fourteen inch part of the factory was an accomplished fact. The value of \$2,460,000.00 was set for the seized part of the factory and the Rumanian Government agreed to make this money available to MALAXA abroad.

In support of these contentions, MALAXA presented a translation of an extract from the Official Gazette and a letter addressed to MALAXA from LEUCUTIA, the Minister of National Economy, dated January 2, 1945. The extract and the letter and its translation are being forwarded to the Bureau as enclosures with this report.

MALAXA stated that the Rumanian Government agreed to make the money available to him abroad because it was felt that he would buy another pipe factory abroad and ship it to Rumania. It was not until August, 1946 that the Rumanian Government made its first payment to MALAXA. Since MALAXA had already left Rumania, he asked his collaborators to accept leis from the Rumanian Government. MALAXA then sold the leis to the Joint Jewish Distribution Committee and the Hebrew Immigrant Society (HIAS). These organizations, in turn, credited MALAXA with Swiss francs and American dollars in Switzerland and the United States.

The Rumanian Government was obligated to pay MALAXA in dollars, which they could not do. Therefore, it was more than glad to pay MALAXA in inflated leis. MALAXA stated that these arrangements were possible because at the time the Minister of Economy, A. ALEXANDRIDE, was a member of the Liberal Party, however, after a friend of ANA

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POULICER'S became Minister, he received no further payments from the Rumanian Government.

MALAXA stated he does not know exactly how much he received from the Rumanian Government but that it amounts to less than two million dollars. MALAXA stated that GHEORGHIU-DEJ had absolutely nothing to do with this transaction. The subject stated that while it is true that GHEORGHIU-DEJ was at one time a locomotive worker, he did not work for MALAXA and MALAXA met him for the first time in 1945. MALAXA explained his association with DEJ, as follows:

In January, 1946 the "Argus" newspaper published an interview with Mr. KEKITCH, the Commercial Attache of the American Mission in Bucharest, in which KEKITCH said the United States had two billion five hundred million dollars in excess revenue that it wanted to invest in the rest of the world.

~~X~~BERNACKI, who was at that time Director of the Rumanian railroads, came to see MALAXA in February or March, 1946 and said that he and AUSNIT had agreed that they should go to the United States to obtain credit to be used in the reconstruction of the Rumanian railroads. BERNACKI asked MALAXA if he would go with them and MALAXA agreed to do so inasmuch as he and everyone else were seeking an opportunity to leave Rumania.

MALAXA conferred with AUSNIT, at which time AUSNIT showed him a memorandum he had prepared concerning the needs of Rumania. MALAXA prepared a similar memorandum of his own and a consolidated memorandum was then prepared.

MALAXA and AUSNIT then went to see GHEORGHIU DEJ, Minister in Charge of Transportation, at his home, where it was agreed that MALAXA and AUSNIT would go to the United States to ascertain whether the United States Government was favorable to the ex-

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tension of credit to Rumania. If they found the conditions to be favorable it was then planned to send Rumanian officials to negotiate the actual terms for the extension of credit.

MALAXA had several conferences with DEJ concerning this matter but on each of these occasions AUSNIT was also present. MALAXA has never privately conferred with DEJ.

MALAXA and AUSNIT were chosen to come to the United States on this Mission because of the very fact that they were capitalists and not Communists. It was quite obvious to the Rumanian Government that if Communists were sent to the United States on this Mission the United States Government would have had nothing to do with them.

MALAXA presented a copy of a memorandum and a translation thereof which he stated was the memorandum prepared by AUSNIT and himself, outlining the uses to which credit obtained from the United States could be put and recommending that a Rumanian Economic Mission be sent to the United States. Among other things, this memorandum suggests the development of a natural gas pipeline network, development of water power, importation of agricultural machinery and equipment, manufacture of cellulose from the rushes and reeds of the Danube delta, construction of a penicillin plant, etc. A copy of this memorandum and a translation thereof are being transmitted to the Bureau as enclosures with instant report.

MALAXA stated he has been in favor of collaborating with American interests for a long time. He advised that in June, 1944 he offered the Standard Oil Company of New Jersey a one-third interest in all of his Works for a sum of five million dollars, to be paid in ten years out of the profits. He presented a copy of a letter dated June 10, 1944 from MALAXA to the Standard Oil Company which, together with a translation thereof, is being submitted to the Bureau as an enclosure with instant report.

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MALAXA stated that this offer was declined.

In November, 1944 MALAXA authorized Mr. C. Z. IDE, Legal Counsellor for MALAXA'S firm in the United States, to try to make a similar arrangement with a large American company.

MALAXA presented a copy of a letter from himself to C. Z. IDE, Detroit, Michigan, which is being forwarded to the Bureau as an enclosure with this report.

MALAXA stated that his arrangements with IDE were made through Colonel P. K. MORRILL, 141 Hefkath Street, Chevy Chase, Maryland, who was stationed with the United States Army in Italy but spent a short time in Rumania.

MALAXA explained his interest in collaborating with American industry by stating he was aware that Communism was making inroads in Rumania and he always felt that in order to fight Communism it was necessary to remove the causes for its spread. He stated that he wanted to assist the Rumanian economy and prevent misery and depression, the causes of Communism. He also admitted that he had in mind the idea that if American companies had an interest in his enterprises the Communists would be hesitant about seizing his factories.

MALAXA stated that these sentiments have been the principal motivations for his dealings with International Harvester, Kaiser-Fraser and other American companies and for his formation of the Roumanian-American Economic Corporation.

MALAXA presented a copy of an agreement between himself and the International Harvester Company, dated March 16, 1948, from G. C. HOYT, Executive Vice President of International Harvester Company, to Mr. FRANK J. MANHEIM. These documents are being forwarded to the Bureau as enclosures to instant report.

Most of the information concerning MALAXA'S dealings with Colonel Grady C. McGlasson has been previously set forth in this

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report, however, the following additional information concerning this matter was given by MALAXA:

MALAXA met Colonel McGLASSON in Rumania in 1945 and in line with his previous efforts to collaborate with American industry, made a contract with McGLASSON whereby he was to offer a proposition to Kaiser-Frazer. MALAXA gave McGLASSON \$2,000.00 in Bucharest and forwarded \$3,000.00 to him before his (MALAXA'S) arrival in the United States.

When MALAXA arrived in this country he found that McGLASSON had done nothing to promote his interests, nevertheless, McGLASSON demanded \$33,000.00. MALAXA did not want to become involved in a suit with an American Military Colonel and, therefore, agreed to give McGLASSON \$12,000.00 in final settlement of his claim. McGLASSON suggested that he give MALAXA a receipt for \$300.00 instead of for \$12,000.00. MALAXA agreed to this because this type of arrangement is common in Europe and Rumania and also because he felt he had to protect McGLASSON, who might not want it to be known that MALAXA had given him \$12,000.00.

MALAXA paid \$12,000.00 in cash to Colonel LYMAN TUCKER, McGLASSON'S representative, on the date that the three hundred dollar receipt was signed. TUCKER had served with McGLASSON in the American Military Mission in Rumania and was associated with McGLASSON in his dealings with MALAXA. MALAXA claims he did not give the money to VON LUDWIG.

Concerning VON LUDWIG, MALAXA said that McGLASSON had proposed that VON LUDWIG study the problem of the conversion of methane. MALAXA stated he met VON LUDWIG on one occasion but never hired him and never offered to pay him \$30,000.00 for his services. MALAXA stated it is possible VON LUDWIG wrote to him several times, but he does not remember that he did so.

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MALAXA denied that McGLASSON had been hired by him to get him an American visa. However, he said that it is entirely possible that McGLASSON wrote a letter in this connection to the State Department in his behalf.

MALAXA stated that when he was in Paris in 1946 it came to his attention that the Rumanian Peace Delegation did not have an automobile. MALAXA, therefore, purchased an old automobile and placed it at the disposal of the Peace Delegation with the request that they return it to his factory in Bucharest when they were finished with it. He denied that he had given the automobile to GHEORGHIU-DEJ personally.

When MALAXA was questioned in detail concerning this automobile he said he could not remember the exact details of the transaction. He stated that he never had any secret meetings with DEJ in Paris. He pointed out that when he was in Paris a delegation of Rumanian Jews and an American Jewish Colonel visited him and asked him to intervene with GEORGES TATARASCU, Rumanian Vice Premier, and ask him for an audience with the Jewish delegation.

MALAXA went to see TATARASCU, but he refused to see the delegation and suggested that MALAXA see GHEORGHIU-DEJ. MALAXA went to DEJ'S hotel but could not see him at the time because a conference was in progress. He waited at the hotel and finally when DEJ came out he accosted him. DEJ stated he was going to a restaurant and invited MALAXA to accompany him. MALAXA did so and presented the plea of the Jewish delegation. DEJ also refused to see this delegation.

MALAXA stated that when he was in France he gave money to Madame GENEVIEVE TABOUIS, 24 Place Malesherbu, Paris, so that she could publish the anti-Communist paper, "France Libre". He exhibited a letter from Madame TABOUIS, in which she said it was through MALAXA'S help that she had been able to publish "France Libre", and she was sorry that the paper had merged with "L'Aurore", another French paper.

MALAXA stated that when he arrived in the United

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States he met with AUSNIT and they discussed the plans submitted by AUSNIT for the formation of a corporation to handle the proposed loan to Rumania. AUSNIT'S idea was that the corporation would handle the gold which the Rumanian Government would send to the United States as security for the loan. AUSNIT wanted to obtain a monopoly on all goods exported from Rumania to the United States and imported into Rumania from the United States. AUSNIT said BALAXA could have a one-third interest in this corporation, AUSNIT a one-third interest and the remaining one-third could be held by various American companies. BALAXA refused AUSNIT'S offer, and pointed out that it would not work because the Rumanian Government would never send its gold to a private corporation but would rather send it direct to a depository selected by the lender.

AUSNIT became incensed at BALAXA'S refusal to go along with him and from that point on started spreading the rumors that BALAXA was a Communist and a Nazi. BALAXA stated if he had agreed to AUSNIT'S proposal he and AUSNIT would now be on friendly terms.

BALAXA explained that he had been selected as an Economic Adviser to Minister BALAZ in connection with the loan from the Chase National Bank to the Bank of Rumania because the other Rumanian financiers (meaning the AUSNITS) wanted to get their hands on the gold and BALAZ knew this. BALAXA stated that actually he only acted as an adviser to BALAZ on the question of sending grain to Rumania. The subject explained the question of the gold in more detail as follows:

During the war the Germans stole gold from various countries and used it to buy Rumanian oil and other products. When it was proposed that Rumanian gold be deposited as security for the bank loan the State Department, through Mr. WILLARD THORP, stated that the American banks could not extend credit to Rumania backed by Rumanian gold until that country had returned sixty tons of gold which it had received from Germany. Due to the severe draught in Rumania in 1945 and 1946 it was imperative that the loan be granted immediately so that grain could be shipped to Rumania. BALAXA, therefore, recommended to

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Minister RALEA that he hire the law firm of Pehle and Lesser in Washington, D. C. to explain the situation to the United States Government. Pehle and Lesser asked for a retainer of \$10,000.00 and since the Rumanian Legation did not have this amount of money and there was no time to send to Rumania for it, MALAXA gave the money to RALEA who, in turn, gave it to Pehle and Lesser. Neither RALEA nor the Rumanian Government has ever repaid MALAXA the \$10,000.00 advanced by him. MALAXA explained this by stating that he broke off friendly relations with RALEA and since then has been waiting for an occasion to ask for the money.

MALAXA denied that he has ever set up any fund for the use of the Rumanian Legation. He denied that he has ever given any other money to RALEA or any other Legation employee. He admitted that he had purchased a Chrysler automobile, which he gave to the Legation. However, he stated that RALEA had paid him for this automobile. He pointed out that two years ago it was very difficult to buy an automobile but that inasmuch as he had some connections with the Chrysler Company he was able to obtain one for the Legation at list price.

MALAXA denied that he ever sent an automobile to ANA PAUKER or that he ever had the idea of doing so. He admitted that ANA PAUKER now occupies his home in Bucharest, but stated that she had obtained the house by having his sister forcibly removed therefrom. He stated that he has never supported DEJ in any way and has never backed him against ANA PAUKER.

MALAXA advised that when he came to this country EMIL KEXICH, Commercial Attache of the United States Mission in Bucharest, introduced him to Mr. BARBOUR and Mr. NICHOLS, at the State Department. KEXICH also suggested that MALAXA confer with several people in the Department of Commerce. He also prepared a rough draft of a proposed press statement for MALAXA, but it was never published. MALAXA presented the rough draft press statement prepared by KEXICH and also copies of letters dated June 7, 1946 from KEXICH to SAJWORTH

BABWIK, Chief of the Southeastern European Division, Department of State; G. P. HOPKINS, Director of the Bureau of Foreign and Domestic Commerce, Department of Commerce, and WILLIAM SCHEERMAN & STANN, JR., President of the Import-Export Bank, all Washington, D. C. These documents are being submitted to the Bureau as enclosures with instant report.

BALAZA stated that in order to secure the unlocking of his funds in the United States he agreed in writing, with the United States Treasury Department to form two domestic corporations which would use the unblocked money in the United States. He formed the ~~Medex~~ Corporation and the ~~Tracor~~ Corporation for the purpose of engaging in general and commercial activity. He also formed the ~~Import-Export~~ Corporation mainly for the purpose of engaging in financial activities. He also formed the Rumanian-American Economic Corporation. None of his corporations have been active due to the Communist control of Rumania.

BALAZA stated that during the war IMEI ANTONESCU sent about twenty million francs to the Rumanian Ambassador in Switzerland. ANTONESCU sent numerous receipts to the Ambassador for money received, but actually no money was transferred and the Ambassador kept it all for ANTONESCU in Switzerland. However, a new ambassador to Switzerland was appointed and he placed ANTONESCU'S money in a bank.

ALEXANDER
When CONSTANTIN VISOLIANU became Minister of Foreign Affairs he ordered the Swiss bank to send about \$500,000.00 of ANTONESCU'S money to CRIZIANU, Rumanian Ambassador to Turkey and a good friend of VISOLIANU. VISOLIANU and CRIZIANU are now in Washington and presumably still have the \$500,000.00. BALAZA stated that this money actually belongs to the Rumanian Government and that said Government has started suit against CRIZIANU in Switzerland to recover it.

Both CRIZIANU and VISOLIANU are very much opposed to the formation of the Rumanian National Committee of Liberation headed by General BALAZA, because they feel that if such a committee is formed they will have to put the \$500,000.00 at the disposal of the Committee.

BALAZA stated that VISOLIANU and CRIZIANU are fighting him and spreading false information about him because they know

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that he, MALAMA, is backing KRESLOV. According to MALAMA, these two individuals would do anything in their power to force him to leave the United States, thereby removing KRESLOV's financial support.

MALAMA was questioned concerning his negotiations with various American companies and gave the same information previously set forth in documents presented in his behalf. He reported that he had two purposes in mind in all these deals - - first, to better economic conditions in Rumania by developing new industries and thereby making Rumania a less fertile spot for the spread of Communism and secondly, by collaborating with American industry and giving American firms an interest in his corporations, he hoped to prevent, or at least slow down, the seizure of his factories by the Communists.

MALAMA freely admitted his interest in the production methods involved in the conversion of methane to formaldehyde. He stated that he had no knowledge that this method is also used in the manufacture of explosives. As far as the chemical formulas involved are concerned, MALAMA pointed out that they are not secret and can be obtained from any standard text book on the subject. He stated that he cannot remember ever having personally sent any agents to the American Gas Association for information but that undoubtedly some of the persons he hired to look into the problem made inquiries of this Association.

MALAMA stated that the suit presently pending between him and MAX AUSNIT is based solely on an agreement made between them whereby MALAMA agreed to sell AUSNIT some wood and some steel pipes in return for which AUSNIT was to pay him a sum of money and transfer to MALAMA his shares in the Resita Company. AUSNIT did not tender the Resita shares to MALAMA and, therefore, MALAMA sued him.

MALAMA was unable to get export licenses for the steel pipes and could not make delivery. Therefore, AUSNIT is now suing MALAMA for breach of contract. MALAMA denied that he owed AUSNIT any money prior to the above transaction. He stated that the present suit has nothing whatsoever to do with a violation of the freezing contract he had with AUSNIT concerning the Resita shares.

MALAMA stated that his wife and son are now in Paris and are trying to obtain visas for travel to the United States. He stated that at first the State Department indicated that visas would be issued but now the American Consul in Paris has refused to issue

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visas. MALAXA stated that the American Consul must be a friend of his enemy, IAK HUBBIT.

MALAXA explained his relations with IAK HUBBIT
LEONARD NU, Cultural Counselor of the Rumanian Legation, as follows:

In order to complete his agreement with International Harvester Company MALAXA had to have the approval of the Rumanian Government since the agreement, in effect, made the International Harvester Company a partner in Malaxa enterprises in Rumania.

In the latter part of 1947 the Rumanian Legation told MALAXA that LEONARD NU was going to Rumania and would, therefore, be in a position to present MALAXA'S agreement with the International Harvester Company to the Rumanian Government for approval. However, MALAXA was told that he would have to contribute to the expenses incurred by LEONARD NU in making the trip and MALAXA agreed to this proposition.

When LEONARD NU returned from Rumania he visited MALAXA at the Sherry Netherland hotel and told him that the Rumanian Government had refused to approve the contract because they did not want American industry to exert any control over the Rumanian economy. MALAXA paid about \$1,000.00 to LEONARD NU for his expenses, but that is all he gave him and that is the last time he saw him.

MALAXA stated that IAK HUBBIT was employed by him in Rumania prior to 1941. In 1944 HUBBIT left Rumania for Switzerland but he was not employed as MALAXA'S representative at that time. In April, 1948 HUBBIT came to the United States and presently resides at the Seakman Towers Hotel, New York City. He is not working for MALAXA now but when the occasion presents itself MALAXA will employ him.

MALAXA stated that ZAHARIA was a childhood friend of IANCOILESCU, a well known Iron Guardist and pro-German Rumanian. However, ZAHARIA did not and does not agree with IANCOILESCU'S pro-German views and has always been very pro-American and pro-British. In order to prove this point MALAXA pointed out that ZAHARIA is a very good

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friend of General NICOLAI RADESCU and the Rumanian patriot, GAFENCU.

MALAXA stated he has never employed SERGIU DIMITRIU, former Rumanian Minister at Buenos Aires. He stated that on one occasion DIMITRIU came to see him and suggested that MALAXA go to Argentina because there was an opportunity in that country for the erection of a locomotive plant. MALAXA stated that nothing came of this conversation with DIMITRIU.

MALAXA stated he has never seen MIRCEA ELIAD and has never given him money. He believes that MIRCEA ELIAD is some sort of Rumanian writer but knows nothing further concerning him. He also denied knowing anything about any scholarships for Rumanian refugees in France. He stated it is entirely possible that General RADESCU has established these scholarships with money which he, MALAXA, has given to him. However, he repeated that he knows nothing about these scholarships and he never questions RADESCU about what he does with the money he gives him.

MALAXA stated that Doctor ALFRED SORTER was recommended to him as a doctor by Mr. SVEC, a Czechoslovakian formerly connected with the Skoda Works and the Zbroyovka Company. SORTER examined MALAXA on one occasion and that is the only time MALAXA has ever seen him.

Concerning Doctor JETZ KATZ, MALAXA stated he believes Doctor SORTER sent Doctor KATZ to his home to take a blood test in connection with Doctor SORTER'S examination of MALAXA. MALAXA stated he knows absolutely nothing about Doctor SORTER and Doctor KATZ.

MALAXA stated that he has been giving money to General RADESCU, VIORTEL TILEA and several other Rumanians whose names he cannot remember but that he does not concern himself with what they do with this money. He stated he has made no monetary gifts to anyone else but admitted purchasing numerous automobiles in the United States

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and gave the following disposition of these cars:

- One Plymouth automobile to GEORGE PALADU;
- One Chrysler automobile bought for the
Rumanian Legation;
- One Cadillac purchased for himself but later
sent to Rumania for the use of
his son;
- One Cadillac purchased for himself, which he still
has;
- One Cadillac given to Mr. PERLE, of the law firm
of Perle and Lesser in Washington,
D. C., as a gift;
- One Cadillac given to Doctor JACQUES ROSENSTEIN,
as a gift;
- One Dodge car to Mr. HOLDER, as a gift;
(Mr. HOLDER is an employee of the
subject);
- One Cadillac automobile which he gave to his
daughter;
- One Buick automobile which he gave to BERNARD
LAUREN;
- Six Plymouth automobiles which he sent to his
factories in Rumania in 1947.

WALAXA was questioned concerning any other automobiles he had purchased and the disposition he had made of them. However, he parried all questions in this regard by stating that as far as he could recall the above list is complete.

WALAXA stated that he is not engaged in any business other than that already described. He stated that he has been interested in looking into business possibilities in Mexico and

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South America but that he has no interests at the present time in these countries. He specifically denied that he has ever had any contact with a Rumanian general in Argentina, although he admitted that from time to time he has had several persons working for him in that country, who were studying business opportunities there.

MALAXA exhibited a copy of a letter from General NICOLAI RADESCU to the Secretary of State, dated August 16, 1948. This letter deals with the denial of an extension of MALAXA'S visa and General RADESCU states, "I have repeatedly asked that this stay be granted as this, gentleman's work, is of great value to us." RADESCU asked for consideration for MALAXA, both as a political refugee and as a displaced person. He pointed out that MALAXA had just had a major operation and had not completely recovered. RADESCU stated that MALAXA is the only Rumanian who has effectively helped and is still helping his displaced countrymen. RADESCU also states that MALAXA has placed himself at his disposal in his fight against Communism and has helped RADESCU to organize a resistance movement in Rumania against the Communist rule.

MALAXA also presented the following, which is being submitted to the Bureau as an enclosure with instant report:

Affidavit of LOUISE GUNTHER, 2812 N Street, Washington, D. C., wife of FRANKLIN MOTT GUNTHER, Minister Plenipotentiary of the United States to the Kingdom of Rumania from 1937 until his death on December 22, 1941. This affidavit was presented in support of MALAXA'S application for permanent admission into Canada. Mrs. GUNTHER states she and her husband were in cordial relationship with MALAXA and formed a high opinion of his character and talent. She stated that in 1941 the Rumanian Government, through the Rumanian National Bank, made a demand upon the Chase National Bank for the transfer in favor of the Rumanian Government of the funds deposited with the Chase National Bank by N. Malaxa and his corporations. Her husband intervened personally through the State Department to prevent "that spoliation".

MALAXA also presented a four page typewritten

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memorandum entitled "Several Points To be Noted." This consists of arguments advanced by MALAXA in his own behalf. This memorandum is being submitted to the Bureau as an enclosure with instant report.

The "New York Sun" dated October 5, 1948 carried an article entitled "Romanians Punished". This article states that the subject was one of several Rumanians whose fortunes in Rumania were confiscated and whose Rumanian citizenship had been taken away by decree.

The following is a description of the subject as obtained through observation, interview and from the records of the Immigration and Naturalization Service:

Age	63 years
Date of Birth	December 10, 1884
Place of Birth	Husi, Falcu, Rumania
Height	5' 6"
Weight	140 lbs.
Hair	Gray
Eyes	Brown
Complexion	Medium
Address	30 Sutton Place, New York City.
Relatives	Sisters, HELENE MALAXA and NATALIE MALAXA, Bucharest, Rumania; Daughter, IRINA PALADE, age 28, New York City; Son, CONSTANTIN MALAXA, age 26, Paris, France; Wife, NATALIE MALAXA, Paris, France.

ENCLOSURES TO THE BUREAU (18):

Copy of cablegram dated April 23, 1948.
Copy of cablegram dated April 12, 1948.