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## Office Memorandum • UNITED STATES GOVERNMENT

TO : Files

DATE: 9 February 1950

FROM : [ ]

SUBJECT: MALAXA, Nicholas

OSS Archives/CIA files reflect the following information pertaining to Subject:

Information received December 1946 reflects that Nicolae Mavrodi, a Romanian citizen, living at str. Boteanu, 3-A, Bucharest, acting as an undercover agent for the Rumanian National Bank, wished to purchase the dollars exchanged daily for lei by the officers and enlisted men of the USMR. The Rumanian National Bank authorized Mavrodi to offer 1000 lei per dollar above the black market rate of the day. When asked by Source what the real purpose of this transaction was, Mavrodi answered that the dollars would be turned over to the Ministry of Finance and paid into the account of Nicolae Malaxa or his daughter, Mrs. George Palade in New York. Mavrodi claims to have come to an agreement with Mr. Jacobson, of the American Joint Distribution Committee, and is buying his dollars for this purpose. He allegedly also handles many other similar deals for the Rumanian National Bank and Ministry of Finance.

Information received May 21, 1947 reflects that the Rumanian industrialist, Nicolae Malaxa, who is now in the United States, has succeeded in establishing with the Chase National Bank of New York a credit line of \$50,000,000 for Rumanian industry. Reportedly, the Rumanian Government is guaranteeing the credit through the medium of gold located in Canada. Malaxa is now negotiating with the New York banking firm of Lehman Bros. for an additional loan.

Excerpts from a confidential supplement to report on Rumanian Metallurgical Industry from the Economic Warfare Section, Department of Justice, under date of July 18, 1944 reflects the following:

The Report on the Rumanian Metallurgical Industry - Absorption by Reichswerke Hermann Goering, Report No. NY-328, Economic Warfare Section, War Division, Department of Justice, New York, New York, March 21, 1944, presents in all available detail the facts relating to the development of Rumania's metallurgical industry and its eventual absorption by Reichswerke Hermann Goering. Between 1930 and 1938, the metallurgical industry of Rumania underwent a process of consolidation, control over the greater part of the industry falling into the hands of four combinations consisting of a few individuals. The Resita Steel Works, the producer of the bulk of the country's iron and steel, was controlled

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by the brothers Max and Edgar Ausnit. The Ausnit Brothers also owned 70% of Titan Nădrag Galan, the producer of the greater part of Rumania's light iron and steel products. The Ausnit Brothers also had a voice, through agreement, in the control of a number of arms and ammunition plants in Rumania by the Czechoslovakian Small Arms Company, Ceskoslovenska Zbrojovka. The fourth combination consisted of company's belonging to Nicolae Malaxa, pro-German promoter-industrialist who accounted for a large part of Rumania's railroad equipment and heavy munitions, in addition to having a voice with the Ausnits in the management of Resita,

Nicolae Malaxa, despite his long career of collaboration with the Germans, had his companies confiscated by the Antonescu government of Rumania as a result of his active espousal of the cause of the Iron Guard in its open rebellion in January 1941. Reichswerke Hermann Goering obtained a foothold in the Ausnit properties by taking over the interests in Rumania of the Czechoslovak small arms firm, Zbrojovka immediately after the German occupation of Czechoslovakia. That foothold was soon exploited through the imprisonment of Max Ausnit, the exile of his brother Edgar who was then out of the country, and the "legitimatization" of the German stock ownership under a complicated procedure conveniently provided for the purpose by the Rumanian Government.

In October 1943, the jointly owned German-Rumanian company which leased the Malaxa Works from the Rumanian Government was liquidated. The Malaxa companies were reorganized and Malaxa himself was released from confinement and given a position in the new organization. The indications are that Malaxa has been at least partially reinstated to his original position with respect to his enterprises.

/s/

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