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NICOLAI MALAXA

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After World War I, Malaxa started with a small workshop for the repair of railway cars, which he enlarged by having a few State Railway officials in his pay and having them send cars to his shop which did not really need repair. They were given a fresh coat of paint and the bill paid was for the price of a major repair.

With the aid of the German Borsig-Werke, Malaxa started his locomotive factory, getting orders for ten years and cash advances. He became interested in armaments and with more German aid built armament factories.

During the Tatarescu government (1933-1937) and during King Carol's personal dictatorship (1938-1940) Malaxa was able to use his influence at the Palace so as to have his men appointed in offices such as that of General Manager of the State Railways and even that of Minister for Communications, so that he could place his contracts on the terms which best suited him. In 1933, he started a violent campaign to get a monopoly on State contracts through some newspapers and a few members of Parliament - demanding also the cancellation of contracts with the Czechoslovak Skoda factory. This campaign was backed by Puiu Dumitrescu (King Carol's private secretary) whom Malaxa bribed and through whom he got in touch with King Carol and Mme Iurescu. The Skoda contract was cancelled and Malaxa got orders for delivery of munitions to be manufactured in factories not yet even built.

Further evidence of his influence and ruthlessness is his big oil pipes factory which was built solely on advance payments from the government on future deliveries. When it got into production, the import duty for oil

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pipes was raised by 1000/100 - an unprecedented fact.

Beginning in 1937, Malaxa started to play the Hitler game and aided by Ernest Urdareanu (King Carol's private secretary after Dumitrescu fell out of favor), became one of the chief pro-Nazis in King Carol's entourage. At the same time he was supporting the Iron Guard. Malaxa established close connection with Marshal Goering's brother, Albert, and invited him to participate in all Rumanian companies in which he had a financial interest - including the big Resita Company Iron & Steel Works. (Edgar Ausnit made available to the FBI photostat copies of a letter in German from Albert Goering to Malaxa dated 21 June 1940, concerning negotiations in which the Germans were seeking control of the Rumanian armament industry, with the approval of King Carol.) In January 1949, King Carol sent Malaxa to Berlin on a special mission to pick things up after the execution of Codreanu (Chief of the Iron Guard), which had resulted in angry murmurs from Berlin and a near crisis. Malaxa returned to Rumania with the conclusion of a pact of intense German-Rumanian economic collaboration.

During the war, Malaxa cooperated with the Axis so enthusiastically that at one time he forced everyone of the 5,000 men in his employ to join the Iron Guard and wear green shirts. His collaboration with the Iron Guard was so close that when the Guard unsuccessfully rebelled against Antonescu in January 1941, it was discovered that Malaxa had not only aided them financially but had procured arms for them. His house, in Alea Alexandru in Bucharest, had been turned into an Iron Guard fortress which had to be conquered by artillery bombardment. For this reason, Malaxa was arrested by Antonescu and his factories confiscated.

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In 1945, he succeeded in coming to terms with the Communists and Russians, obtaining new contracts and advance payments. He was reestablished as head of his tube factory by Gheorghiu-Dej, Communist Minister of Communications. The probable reasons were the disorganization that prevailed within the factory, the need for production, and the promise of large sums of money to the Communist Party.

Lucretiu Patrascanu, member of the Communist Party, gave to Constantin Visoianu, one of his colleagues in the pre-Communist coalition Cabinet, an explanation concerning the attitude adopted by his Party in the Malaxa question:

"....we discussed the matter in the Center Committee of the Communist Party.and it was decided that Malaxa would have our full support. Ana Pauker has disclosed to some of us that one-half of the indemnity granted to Malaxa will be paid by him to the Communist Party. Col. Finoghenov, Head of the Soviet Economic Mission has told one of the most important members of our Party that Malaxa must be backed because he is ready to give the whole of Rumania to Soviet Russia so long as he can make a profit out of it."

Malaxa was the only Rumanian to receive any compensation for property removed or looted by the Russians. His oil-pipe line plant (Laminorul Mare) was moved to Russia for this he received \$2,400,000. Not only was compensation equal to the full value of the factory, but he was recognized the right to receive it in dollars. He was authorized to collect his dollars by exports and by selling to Americans unlimited credits in Rumanian currency, which were made available to him. Malaxa succeeded in cashing the two million

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by selling to the Joint Relief Committee of New York the large amounts of Rumanian lei which they needed for their relief work, and the remainder of the total by exports.

Malaxa's collaboration with the Soviets became more intensified. He played a big part in working out the Soviet-Rumanian Mixed Companies (Sovroms). He and Vice Premier Tatarescu drew up the agreement for Soviet-Rumanian Collaboration in May 1945, which the Rumanian delegation had no other choice but to sign.

The Soviet government authorized Malaxa to visit the United States as a member of an economic mission for the purpose of getting credits and loans to build an auto factory in Bucharest, but he was unable to raise more than a commercial loan of 13 million. However, on his own behalf, he was able to get unfrozen a large pre-war bank account in New York. A former employee of Jacques Rosenstein, a Swiss banker at No. 1 Wall Street, New York City, advised that Rosenstein was a personal friend of Malaxa and that blocked funds of Malaxa in the amount of \$1,500,000 were released through arrangements made by Rosenstein and that Rosenstein received 5%, or \$75,000 for his services.

An FBI report reveals Malaxa's association with the Rumanian Mission in the United States. On October 31, 1941, FBI agents interviewed Pannfil Riposanu, former Counselor of the Rumanian Legation in Washington. Riposanu stated that Malaxa was financing the Communist members of the Rumanian Mission in the United States and all financial negotiations with the Communist members of the Rumanian Government in the United States were on a cash basis. He personally knew of cash gifts made by Malaxa to members of the Mission including

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the Minister, Mihai Ralea. These contributions are amounts which approximated \$1,000 monthly.

The FBI further reported that both Eadu Stoichita, Third Secretary of the Rumanian Mission, and Reposanu, former Counselor of the Rumanian Legation, have indicated that a separate sum was available to the Rumanian Legation for salaries over and above the stated allowance made by the Rumanian Government, and this fund was maintained by Malaxa.

General Radescu's statements and actions indicate clearly that he is in sympathy with Malaxa and indeed very much in Malaxa's debt. In 1948 it is reported that Malaxa was providing Radescu a monthly allowance of \$5,000.

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Malaxa used every device to overcome monetary regulations and restrictive orders. When the Rumanian National Bank refused to license dollar transfers except for special purchases in the interest of national defense, Malaxa was able to get around the requirements. He placed an order with the U. S. Steel Products Co. of New York in 1940 for \$140,000 worth of steel billets. After payment in advance was completed through the Rumanian National Bank, he cancelled the order. The money was then repaid to Malaxa's accounts at the Chase Bank in New York.

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