

Executive File # 4-33231

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C.S.D.B - 7419  
15 July  
1953

TO: Secretary of State  
Attention: Mr. Charles S. Luckett

FROM: Deputy Director, Plans

SUBJECT: Nicolae MALAXA

1. Reference is made to a telephone request from Mrs. Ullman, received here on 1 July 1953, for information concerning Nicolae MALAXA. The files of this Agency contain voluminous records and declarations from many sources bearing on the activities of Subject, from which the following summary is extracted.

2. Subject, formerly one of the leading industrialists of Rumania, is reliably reported to have thrown his support in turn to each of the various totalitarian regimes which have been in power in that country since 1938. It is a matter of record that he was an active collaborator of former King CAROL with whom he engaged in business deals reportedly at the expense of the country at large. Although he has repeatedly denied ever having given support of any kind to the Rumanian Iron Guard, there are strong indications that he has furnished such support not only during the active phase of the Iron Guard but up to the recent past, i.e. since he has been living in the United States. It was generally believed in Rumania, even before the advent of the Communist regime, that MALAXA contributed money and arms to the Iron Guard rebellion of January 1941 when the Guard, allegedly with Nazi support and encouragement, attempted to stage a coup d'etat to replace General Ion ANTONESCU who was not considered sufficiently subservient to German interests. In this connection, it is known that MALAXA's house in Bucharest was used as a fortress by the Iron Guard during its rebellion. A New York Times article dated 29 January 1941 stated: "The Rumanian Government put Mr. MALAXA, wealthy munitions manufacturer, on trial today on charges that he financed tanks, arms and munitions that the Iron Guard used in its revolt last week." An official report of the rebellion, published by the Rumanian Council of Ministers in 1942 under the title Pe Muntele Rapastiei (On the Edge of the Abyss), contains the following statement in describing government countermeasures:

"On the same afternoon, the following places were occupied... Iron Guard headquarters located at Alca Vulcoache, Casa Malaxa, and the majority of resistance centers of the rebels in the capital and provinces."

There have been numerous indications within the past five years that MALAXA has given aid to the renaissant Iron Guard, chiefly in the form

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of "scholarships" to individuals who are usually identifiable as having been Iron Guardists. Information was also received from a reliable source approximately a year and a half ago, referring to a "MALAXA group" and naming an individual alleged to be the liaison man between MALAXA and the Iron Guard in Austria where the latter are known to carry on widespread activity. Efforts are being made to verify the role of this individual who is reportedly a former Rumanian businessman whose interests are now chiefly in Switzerland.

3. As to MALAXA's collaboration with the Nazis, his close business association with Albert GERRING, brother of Hermann GERRING, is well known. Although MALAXA has claimed that such collaboration was forced upon him under duress, we quote from a letter received by a usually reliable source from Dr. H. KLUGKIST, German Commercial Attache to Rumania from 1936 to 1944:

"Economic collaboration with Germany was very useful to MALAXA and MALAXA used his considerable influence at the Royal Court in promoting and intensifying such collaboration."

In the same letter, Dr. KLUGKIST quotes a statement which he said he received "from former Ministerialratdirigent REINHARDT, who made frequent trips to Rumania for economic purposes during the Nazi regime." According to KLUGKIST, REINHARDT stated:

"It is news to me that MALAXA should have been an opponent of German-Rumanian collaboration in the 1933-1940 period. I remain under the strong impression that, at that time, he sought of his own free will, collaboration with German industry."

4. Subject has stated that it was not until April 1945 that full management and control of his plants, which had been expropriated at the time of his arrest in connection with the Iron Guard rebellion in 1941, were restored to him. There are available photostatic copies of official documents (these copies having been submitted by Subject himself) indicating the return of these properties to him in 1943; there is also on file a photostatic copy of a letter written by Subject to Standard Oil Company of New Jersey on 10 June 1944 (i.e. two months before Rumania's capitulation to the Allies) in which he offers a one-third interest in all his firm's properties in Rumania for the sum of \$5,000,000, payable in ten years, indicating his control of and ability to negotiate for his properties while the ANTONESCU government was still in power.

5. The matter of payment to Subject by the Communist Rumanian government of the sum of \$2,460,000 for industrial properties taken by the U.S.R. as part of Rumanian war reparations, has given rise to considerable speculation as to Subject's relations with that government. The late General RADEACU, who for several years before his recent death is known to have been a personal friend of Nicolae MALAXA, has stated

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that he was responsible for initiating the decree under which reimbursement was made to MALAXA for the seizure of his factories. He was not able to give any explanation of why the decree, issued at a later date by the Communist government, called for reimbursement to MALAXA in foreign currency, a form of payment that is believed to be unique in the circumstances. The following is an excerpt, in what is represented as a certified English translation, of law decree #282, as published in the Official Gazette (Monitorul Oficial) #86 of 15 April 1945:

"The Rumanian State, through the Ministry of Communications and Public Works and the Ministry of Industry and Trade, is authorized to establish, in foreign currency, at the disposal of 'N. MALAXA, Pipe and Steel Works,' Rumanian Joint Stock Company, free of any restrictions whatsoever regarding the exchange, the price of the 14" rolling mill and of the additional machinery from the Pipe and Steel Work, which have been delivered to the Soviet High Command on the account of the Armistice Agreement, and so set the payment conditions."

In an English translation of what is said to be an extract from Official Gazette #94 of 13 April 1945, and an "integral part of Law #282," it is stated that "the Rumanian State acknowledges that N. MALAXA factories ...are and remain the property of the N. MALAXA Companies..." Article 3 of the same document states:

"...as a counter value to the 14" rolling mill and of the machines in the pipe factory which the State handed over to the Soviet High Command in part payment of its war damages, the Rumanian State acknowledges the debt and lays at the disposal of the 'N. MALAXA Pipe and Steel Works S.A.R. Company' abroad, the sum of \$2,460,000 U. S. A. dollars effectively and free of any present or future restrictions, namely the sum in dollars which the State has deducted from the war damages due to the U.R.S.S. by handing over the rolling mill and the machines."

The decree and articles of transaction were signed by George G. BOGDANU, present Prime Minister of Rumania and long-time member of the Rumanian Communist (Workers) Party Central Committee, and by Petre IZJAN, former dissident Liberal who voted in 1946 to unite his party to the Communists and who became a member of the Communist (Rumanian Workers) Party in the same year.

6. Of further interest in connection with General HAFESCO's statement to the effect that he was responsible for initiating the decree under which reimbursement was made to MALAXA for seizure of his factories, is "Journal No. 722," attached hereto, which appears to

- 3 -

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in Rumania, stated in 1945:

"MALAYA 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."

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DSG:APR:OBM: [unclear] (X-3112)  
SE/Rumania  
6 July 1953

- 5 -

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