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MEMORANDUM FOR THE DIRECTOR,  
FEDERAL BUREAU OF INVESTIGATION

ATTENTION: Mr. D. H. Ladd

Subject : Nicolas Malaxa, 'Nigra' Group

1. This Agency has learned that Nicolas Malaxa, a Rumanian industrialist who is in the United States, has certain financial and business relationships with individuals who might be contacted in connection with the program outlined in our SODB 8815. The information concerning Mr. Malaxa presently available in our files is given below.

2. Malaxa began his career in Rumania, following graduation from the School for Civil Engineers in Bucharest, by opening a small workshop for repairing railroad cars. By means of bribery of railroad officials he was able to build up a sizeable fortune, after which he undertook the manufacture of arms and munitions. In 1933 he began a campaign against the import of war materiel into Rumania, demanding the cancellation of contracts that had been entered into with the Skoda plant in Czechoslovakia. At this time he utilized the services of Puiu Dumitrescu, then private secretary to King Carol. Through bribery of Dumitrescu he was able to establish relations with Carol and Madame Elena Lucescu. After the dismissal of Dumitrescu, Malaxa established similar relations with his successor, Ernest Urdarianu. During the period 1933-1940, Malaxa used his influence in Palace circles to secure the appointment of his own men to such offices as Manager of the State Railroads and Minister of Communications.

3. During 1937 Malaxa began his collaboration with the Nazi regime in Germany. He established close relations with German industrialists, including Albert Goering, the brother of Herman Goering. Malaxa gave Albert Goering an interest in all his companies, including the Reutza iron and steel works.

4. At about the same time subject began to subsidize the Rumanian Iron Guard, a fascist organization. Following the abdication of Carol in September 1940, Malaxa established still closer relations with the Guard, which had entered the government of General Ion Antonescu. When the Guard unsuccessfully rebelled against Antonescu in January 1941, it was discovered that Malaxa had procured arms for them; the Guard had so strongly fortified his residence that an artillery bombardment was required to reduce it. Following the collapse of the rebellion subject was arrested; he was imprisoned for a short period and his factories were confiscated. By means of bribery he secured the assistance of Mihai Antonescu, Vice Premier and Foreign Minister, through whose good offices he was freed from house arrest. A few of his factories were returned and negotiations for the restoration of others were nearly completed when the Antonescu regime was overthrown.

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5. After the coup d'etat of 23 August 1944, Malaxa attempted to leave Rumania, but was unable to secure a passport. Within a short time, however, he had established good relations with the Rumanian Communists and the Soviet authorities. He secured the return of three of his factories not previously returned by the Antonescu regime, and was given in addition compensation amounting to approximately a half million dollars for the profits which he could have made during the preceding three years had these factories been under his control. It has been reported that this indemnity was divided with the Rumanian Communist Party. The Soviet authorities claimed as reparations a large pipe mill owned by Malaxa. The Communist-dominated Groza Government thereupon gave subject an indemnity of \$2,400,000, which it is reliably reported he also shared with the Rumanian Communist Party. Since the Rumanian Government was unable to pay this indemnity in dollars, Malaxa was permitted to exchange into dollars the payment received in lei by selling the Rumanian currency to Americans and by exports. He realized two million dollars through sale of lei to the Joint Relief Committee of New York and \$400,000 through exports.

6. According to a reliable source, Malaxa was characterized by Col. Finogenov, Chief of the Soviet Economic Mission in Rumania, as a man who was prepared to sell Rumania to the USSR if he could profit from the transaction. For this reason, Col. Finogenov is reported to have said, Malaxa was to receive the support of Rumanian Communists.

7. Following his arrival in the U.S. in October 1946, subject has worked closely with Mihail Ralea, Rumanian Minister to Washington. They have succeeded in securing a commercial loan of \$13,000,000. Malaxa has also been successful in unblocking his large bank accounts in New York.

8. It is reliably reported that all officials in the Rumanian Legation in Washington who can serve his purposes are in Malaxa's pay, and those refusing to cooperate are threatened with recall or otherwise intimidated. Romus Lula, Commercial Attache, a nephew of Prime Minister Groza, is reported to have been threatened with dismissal at subject's instigation because he sent to Rumania quotations for oil well equipment without having notified Malaxa, who had already sent inflated quotations to Bucharest.

9. In late 1947 subject was informed through his own channels that his enterprises in Rumania might be taken over by the government. He was in communication with Ralea, who had gone to Rumania in January 1948, and who had promised to look into the situation. Ralea cabled subject that the situation was serious and advised him to return to Bucharest. Instead, Malaxa got his wife and son out of Rumania (his daughter and son-in-law, Dr. Gheorghe Pallade, are presently in the United States).

10. Malaxa has established in New York a firm known as "The Rumanian-American Economic Corporation". Among the members of its Board of Directors are Viorel Tilea, former Rumanian Minister to London and Grigore Gafencu, former Foreign Minister. Brutus Coste, a former Rumanian diplomat and a close associate of General Nicolae Radescu, receives \$250 monthly from this corporation, allegedly for preparing reports on conditions in Rumania.

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11. Malaxa is presently financing General Radescu, who is attempting to organize his own resistance movement. In turn Radescu has supported Malaxa's request for an extension of his U.S. visa. Adherents of Radescu, notably Coste, are spreading the story that the Central Intelligence Agency has intervened with the State Department to secure an extension of Malaxa's visa, in return for which Malaxa will furnish Radescu \$1,000,000 to finance a resistance movement. This version was given by Coste when leaving a social affair in the home of Lt. Col. David Scott Crist, U.S. Army, 2501 Que Street, NW, Washington, D.C., on April 26 or 27.

12. This attempt to implicate CIA in the affairs of Malaxa and Radescu is without foundation in fact. Radescu had proposed that this organization transmit certain funds, amounting to only a few thousand dollars, to certain of his adherents abroad. In view of Radescu's association with Malaxa, his proposal was rejected.

13. This Agency would greatly appreciate receiving any information or comment the Bureau may now have relating to the background and activities of Mr. Malaxa, with special reference to his association with General Nicolae Radescu.

Acting Assistant Director

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