

Klassen Paid by Firm He Aided

By Jack Anderson

Postmaster General Ted Klassen has collected several thousand dollars in secret fees from a firm doing business with the Postal Service.

While he was deputy postmaster general, he intervened personally to help the Martin E. Segal Co. earn a 15 per cent commission on a half-million-dollar postal contract.

Then he moved up to the Board of Governors, which controls the Postal Service. Unknown to the other governors, he accepted "management consultant fees" from the Segal company while he was serving on the board.

When my associate Jack Cloherty confronted him with our findings, Klassen admitted he had received around \$20,000 from the firm. Our investigation determined that the payments totaled \$22,917.67.

The Board of Governors, meanwhile, elected Klassen as the nation's 60th Postmaster General. Not long afterwards, the Segal firm was back angling for postal contracts. It landed a \$50,000 contract, although its bid astonishingly was more than double the lowest entry.

Ted Klassen is a tall, stern, impressive figure with a tired, sagging face. He rose from office boy to president of American Can Co. before President Nixon recruited him to bring his business skills to the Postal Service.

Instead, we have exposed a record of misspending and mismanagement. Klassen cut back postal workers and slowed down the mails during the 1972 election campaign, we reported, in order to avoid raising postal rates and antagonizing the voters against Mr. Nixon.

While the mail service deteriorated, we wrote, he lavished postal funds on himself for everything from a penthouse dining room to Christmas presents for his friends. He also padded the postal payroll with his cronies and handed out contracts to favored companies.

Although these boondoggles cost the taxpayers much more than the Segal company collected, Klassen's dealings with this firm constitute a clear conflict of interest and an apparent violation of the law. Here are the details:

On March 5, 1970, the firm's founder and namesake, Martin E. Segal, wrote a personal letter to Klassen in behalf of a client, Retirement Advisers, Inc., which wanted a contract to produce retirement literature for postal employees.

Postal employees already could get all the retirement literature they needed from the Civil Service Commission. Nevertheless, Klassen agreed to award Segal's client a five-year, half-million-dollar contract. The Segal firm's take was 15 per cent.

After Klassen already had agreed to the contract, he in-

structed personal aides to make out the paperwork that would justify the deal. Then he tried to hide the transaction by entrusting the Segal file to a loyal aide who kept it under lock and key. (We got hold of the file anyway.)

The following year, Klassen began collecting secret fees from the Segal company which retained him, he told us, because of his expertise as a labor relations expert. He insisted that he could see nothing at all wrong with this.

He also denied advance knowledge of the subsequent \$50,000 contract that was awarded to the Segal firm in March, 1973 when Klassen was PMG. Yet the company got the contract even though it was one of the highest bidders.

Martin Segal told us he earned no money personally from the company's good fortune. He said he is now an unpaid consultant to the company he founded.

Footnote: Last week, The Washington Post documented in a series of articles how the Postal Service under Klassen is ridden with waste and inefficiency, resulting in higher costs and slower mail service. The series by Ronald Kessler, a painstaking reporter, showed that first-class mail users are overcharged and, therefore, are subsidizing the "junk mail."

Washington Whirl—The Watergate prosecutors have drafted a favorable, secret presentencing report on ex-White

House hatchetman Charles Colson, acknowledging they would have had difficulty convicting him. The likelihood, therefore, is that he will get a light sentence . . . Washington skeptics suspect Colson's sudden embrace of Christianity was a scaffold conversion. But members of his prayer circle are convinced his heart has changed. They come to his office daily for prayers. They also spent weeks helping him fill a huge scrapbook of clippings to dramatize to the court that he couldn't get a fair trial . . . Washington's controversial International Police Academy, which provides training for foreign police as part of our foreign aid program, also trains security guards for overseas corporations. Guards have been sent to the school from the Arabian American Oil Co., Firestone Tire and Rubber Co. of Liberia, Saudi Arabian Airlines, the Liberian-American Mining Co. and the Creole Petroleum Corp. of Venezuela. An AID spokesman assured us that, except for a \$9 insurance premium for each student, the corporations reimburse the U.S. government for the training. . . . Following our recent analysis of the foreign aid program, the agency's public information officers were provided with "guidance" on answering anticipated press inquiries. The official line was that the accuracy of our figures could not be challenged, only our "slant."