

Klassen Disputed on Contract Claim

By Jack Anderson

Postmaster General Ted Klassen's claim that he had nothing to do with two lucrative contracts awarded to his friends has been flatly contradicted under oath by former postal officials.

Astonished by the gap between Klassen's public but unsworn statements and those of the sworn witnesses, House Postal Facilities Chairman Charles Wilson (D-Calif.) probably will summon Klassen to Capitol Hill.

Here is how the case developed:

The bluff Klassen, who had promised to bring speed and integrity to the Postal Service, has steadfastly maintained that he knew nothing about a controversial \$64,000 contract to study the insurance needs of postal employees.

The contract was awarded in 1973 to the Martin E. Segal Co. As it happens, Klassen had already thrown a fat finder's fee to the Segal Co. on a different postal contract and, significantly, had accepted a \$22,917 payment from the firm. This payment came while Klassen was on the Postal Board of Governors.

At issue before Rep. Wilson was whether Klassen, despite his denials, had known about the \$64,000 contract, which came after he accepted the \$22,917. The FBI is now looking into whether this may have constituted a bribe. Segal's president, Bob Paul, said Klassen was well

aware of the insurance contract.

Under questioning, Paul swore that Klassen had personally told him to drop in on postal employee Robert Eidson and chat with him about the contract. In the sophisticated world of federal contracting, a suggestion by a Cabinet-level officer to an underling like Eidson is almost an order.

Sure enough, after two meetings with Paul, Eidson wrote an evaluation heartily recommending the Segal firm. Bids were solicited as required by federal law, but the \$64,000 bonanza went to Segal even though two other companies had bid lower.

When Eidson was called to the witness chair, he contradicted Paul and sought to rehabilitate the credibility of Klassen, an old crony from their American Can Co. days. At first Eidson said he had not seen Segal president Paul since the early 1950s.

Then, as the committee listened incredulously, he confessed he had met twice with Paul while the contract was on the fire, but denied that he and Paul had talked about it.

But unfortunately for Klassen's credibility, a zealous postal contracting employee named Joe Jacques questioned the unusual award. He was swiftly shushed by a superior who told him that "political and management pressures" were involved.

Jacques also testified that he had seen and distinctly remembered a memo on the contract, a

copy of which was marked for Klassen, the man who claimed he knew nothing about the deal. The memo has now mysteriously disappeared.

Klassen's veracity suffered another setback when the House committee looked into his dealings with another old friend, public relations man Charles Burnaford. The Postal Service had given Burnaford sole source contracts totaling over \$800,000.

When the story broke, Klassen roared that he was "appalled," ordered an audit of the contracts, and pleaded that he knew nothing about the details of the contract.

Former post office executive James Holland, now a deputy White House press secretary, testified, however, that Klassen personally gave him Burnaford's business card. With the card, Klassen gave Holland the advice that Burnaford would be a good choice for various communications projects.

Another witness, former postal contracting chief Conrad Trahern, has also disputed Klassen's statements. Trahern swore that Burnaford complained about Klassen's calls at all hours of the day and night.

Trahern, a former FBI agent, also swore that his boss, Gen. Robert McCutcheon, called him shortly after the Burnaford story surfaced and darkly suggested that he get rid of any files that might be embarrassing to Klassen. Trahern refused.

McCutcheon denied the charge, also under oath.

Subcommittee chairman Charles Wilson is now considering referring the many apparent perjuries committed at his hearings to the Justice Department. Klassen has vowed to fight. He's hired a personal lawyer, who sat in on the Wilson subcommittee hearings. Klassen may need him, since Wilson and his subcommittee are expected to call on him to explain the many discrepancies in his public statements.

Watch on Waste—The taxpayers are shelling out more than \$1 million a year to rent an Austin, Tex., building whose mortgage is held by the Teamsters Union. Under the lease, the taxpayers conceivably could end up pumping nearly \$7 million beyond construction costs into a private corporation, Hudson Properties, which owns the building. . . . Ironically, the Teamster-financed building houses the Internal Revenue Service, which is investigating the use of the Teamsters pension funds for such loans. . . . The Smithsonian Institution expects to spend about \$6,000 in 1974 to study Indian whistling ducks. The study is supposed to satisfy scientific curiosity over the whistling ducks' ability to survive human encroachment. . . . The Smithsonian is spending another \$2,000 this year to study lizards in Yugoslavia. This is intended to determine how hardy lizards displace their less hardy cousins.

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