

# Post Office Suspends Aide in Probe of Loan

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The U.S. Postal Service announced yesterday that its banking director, James T. Blair, has been placed on leave without pay pending a full investigation of Blair's connection with a \$500,000 loan obtained by a Washington builder.

Blair has said he placed a call to First National City Bank of New York, which handles about \$5 million of postal funds a day, to help Dr. Cyrus Katzen, the Washington builder, obtain the loan.

The call was made to the bank's vice president in charge of government banking as a personal favor to Douglas W. English Jr., according to Blair.

English received \$5,000 for his role in the transaction. Following disclosure of this \$5,000 payment in Saturday's Washington Post, English was fired from his position as a special assistant to the Republican National Committee co-chairman.

In announcing that Blair has been placed on leave without pay yesterday, D. Jamison Cain, acting assistant postmaster general for communications said: "After the facts have been determined, the Postal Service will take whatever action is warranted by the findings."

Blair has said that he had no idea that his friend English

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would receive \$5,000 for assisting with the loan.

The \$5,000 was paid to English in the form of a personal check from Cyrus T. Anderson, a lobbyist due to come to trial this fall on charges of bribing former U.S. Sen. Daniel B. Brewster to influence mail rates.

Anderson said he made the \$5,000 payment on instructions from Katzen, who is a business associate.

Katzen, one of the chief builders in the Washington area, said last week that the \$5,000—1 per cent of the loan—was the standard fee for arranging a loan of that size. Katzen also said he had no idea that postal banking director Blair was involved in assisting with the loan.

In a related matter yesterday, Norman Galman, who represents First National City in Washington, said the \$5,000 payment was a "rather peculiar transaction" for two reasons: Because Anderson acted as a middleman, and because English got the money though he was not directly involved in arranging the loan.

Raymond R. Dickey, attorney to Katzen, responded yesterday by saying that Ander-

son was involved because he was Katzen's business associate and knew English well. "However, now I wish he (Katzen) had made the payment directly," Dickey said.

Dickey also said that English told Katzen he arranged the loan, and accordingly the \$5,000 fee was paid to him.

"I feel First National City feels they've been embarrassed by this and we've been embarrassed; and we're upset by this . . . Dr. Katzen feels he's in the middle of an apparently political fight," Dickey said.

He said that the \$500,000 loan has been used to pay sewer and water tap fees in several of Katzen's projects in Virginia.

There is a notation "Investigatory Services" typed in the lower left hand corner of the \$5,000 check to English. That space is usually to specify the reason for payment. Anderson, the writer of the check, offered no explanation for the use of that phrase.

English, 35, was in charge of placing advertising for the Republicans in the party's program for their National Convention at a salary of \$25,000 a year. Postal banking director Blair's annual salary is \$26,000.