

## U.S. INVESTIGATING G.O.P. CHIEF ON L.I.

### Jury Sifts Charge Schwenk Put Pressure on a Bank for Loan to Realty Man

By MARY BREASTED

A Federal grand jury in Brooklyn is investigating the Suffolk County Republican leader, Edwin M. Schwenk, for possible violations of Federal extortion and interstate commerce statutes, sources close to the investigation said yesterday.

The investigation stems from allegations that Mr. Schwenk tried to use his influence as county Republican chairman to put pressure on officers of the Franklin National Bank to give a \$1-million unsecured loan to George Tobler, a Smithtown insurance man active in Republican politics.

The sources said that officers of the Franklin National Bank had been questioned by agents of the Federal Bureau of Investigation following up on allegations that Mr. Schwenk had hinted to the officers that he would exert political pressure if Mr. Tobler were not given the loan.

In February of 1973, a welfare fund of between \$3-million and \$4-million was withdrawn from the Franklin National Bank by the county treasurer. The money was deposited in Security National Bank, in a noninterest-bearing account.

The sources said that several months before the transfer of the welfare fund, the officers of Franklin National Bank had refused to give Mr. Tobler a loan but that he had successfully obtained a \$1-million loan from Security National Bank.

#### Introduced Tobler

Mr. Schwenk said yesterday that he had introduced Mr. Tobler to the officers of Franklin National Bank during the winter of 1971-1972, when Mr. Tobler was seeking the loan.

"I've done nothing wrong," Mr. Schwenk said, adding, in response to a question, that he had not tried to put any pressure on the officers of the bank in behalf of Mr. Tobler.

"Either the loan should stand on its merits or it wouldn't, and that's the way it should be," Mr. Schwenk said.

He recalled that he made the introduction for Mr. Tobler at the request of the late Sidney Hein, former Queens County Republican chairman, who was friendly with Mr. Tobler.

A spokesman for Franklin National Bank yesterday confirmed that at least one of the bank's officers had been questioned by the F.B.I. in connection with the investigation, but the spokesman did not disclose the officer's name. Most of the high-ranking officers of the bank were en route to a bank-opening in Mexico City yesterday and unavailable for comment.

Donald Mates, a former Islip Town Republican leader who was a partner of Mr. Tobler's in the real estate business until last year, was called before the Federal grand jury Monday and asked about several of his business transactions with Mr. Tobler, sources close to the investigation said.

#### Fund Reduced

The noninterest-bearing portion of the welfare fund that was transferred to Security National Bank in 1973 has been reduced to conform with a Suffolk County Legislature resolution, passed last November, that restricts such accounts, Mrs. Jean H. Tuthill, the current County Treasurer, said yesterday. Reached at her home, he said she could not recall how much money was in the account now nor how much had been in it in 1973 without looking at her records.

Mrs. Tuthill, who was deputy county treasurer at the time of the transfer, also said that she understood the money had been withdrawn from the Franklin National Bank because "the account never balanced in all the years we had it there."

A Franklin National Bank spokesman said that when the account was "turned over to Security, it was in balance and up to date."

The spokesman also said "we



Associated Press

Edwin M. Schwenk

had no complaints on record about that account."

"As a matter of fact, we had several letters of commendation from the county," he added. He said that Franklin had held the account for about four years.