

U.S. RENTAL DEALS AID NIXON BACKERS IN BALTIMORE AREA

**Democrats Who Shifted to
Him in 1972 Are Found to
Get Millions in Leases**

3 MAJOR PARTNERSHIPS

**73.6 Per Cent of Rent Paid
by G.S.A. Since 1969 Is
Going to One Group**

By **DENNY WALSH**

Special to The New York Times

WASHINGTON, Aug. 18— Nearly three-fourths of the rent paid by the Federal Government for space leased in the Baltimore area during the Nixon Administration goes to a small group of businesses associated with prominent Democrats who switched their support to President Nixon in the 1972 campaign.

An examination of records at the General Services Administration, the Government's acquisition and housekeeping agency, shows that, of the \$4,744,000 paid out every year in rent under leases awarded by the G.S.A. in the Baltimore area since January, 1969, 73.6 per cent of it goes to this group.

\$18-Million Extension

Even if renewal options attached to certain of the leasing contracts are not exercised, the leases awarded to this group during the Nixon Administration will yield from \$50-million to \$60-million in rental income before they expire.

Since July, 1969, the group, operating through three partnerships, has successfully negotiated three leases with the G.S.A. worth \$3,491,000 in yearly rental.

In addition to these new leases, one of which was negotiated while the potential lessors were raising money for the Nixon campaign and donating to it themselves, the agency three months ago extended one of the group's contracts from the era of President Johnson, making it worth \$18-million more.

Justice Department Acted

The Justice Department looked into the matter, but nothing came of its investigation.

There has been no indication that the questions involved are connected in any way with investigations, in which Vice President Agnew has been told he is a target, of alleged kick-backs by construction industry figures in Maryland.

Much the same set of partners were able to secure three lucrative leases from the agency during the last two years of the Administration of the late Lyndon B. Johnson whom they supported financially in his successful 1964 campaign for the Presidency. They are all strong supporters of Maryland's Democratic Governor, Marvin Mandel.

Last year, however, while the Governor acted as co-chairman of the Maryland campaign for Senator George McGovern, the Federal lease-holders were key figures in the state's Democrats for Nixon organization.

In most of the Federal deals

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in which they were involved, there were also offers of space from others, but The New York Times could not determine whether conditions offered were comparable.

Members of these partnerships that have experienced such success in their dealings with the G.S.A. for at least the last seven years include the following:

¶ Harry W. Rodgers 3d, a top Democratic fund-raiser, regarded for years as a key to much political influence, and currently a ranking member of Governor Mandel's "kitchen cabinet."

¶ William A. Rodgers, brother and follower of Harry Rodgers.

¶ W. Dale Hess, former Democratic whip of the Maryland House of Delegates, who functions now as a fund-raiser and influential adviser to the Mandel Administration.

¶ Edward H. Dickinson, millionaire developer and builder, a significant portion of whose wealth is traceable to a zoning decision by Spiro T. Agnew when the Vice President was a member of the Baltimore County Board of Appeals.

All of these men were prime movers in Democrats for Nixon during last year's campaign, and Harry Rodgers and Mr. Hess attended the reception for the President at the Texas ranch of John B. Connally, former Texas Governor and Nixon Administration Treasury Secretary who was national head of Democrats for Nixon.

Johnson Era Leases

Three years ago the Rodgers brothers and Mr. Dickinson, along with two other developers, Samuel F. Heffner Jr. and William Martien, all doing business as the Friendship Investment Company, leased a building, then under construction, to the Government for 15 years at a yearly rental of \$1,954,362. The building houses part of the National Security Agency, a security and intelligence arm of the Defense Department.

At the time of this transaction, the Government was already paying yearly rent in excess of \$1.5-million to partnerships of similar make-up for space housing other parts of the National Security Agency. These leases were awarded during the Johnson Administration.

All of these N. S. A. facilities are near Friendship International Airport on Maryland Route 46, the road connecting the airport with the Baltimore-Washington expressway.

In December, 1971, a partnership known as the Security Investment Company, which included the Rodgers brothers, Mr. Dickinson, Mr. Heffner and Mr. Hess, obtained a 20-year government lease (beginning in March of this year) of a building then under construction in the Woodlawn section of Baltimore County. Yearly rental of the six-story building is \$1,372,364. It houses offices of the Social Security Administration.

Army Station Lease

The building is next to one rented by the Government since the closing days of the Johnson Administration from the same company also for Social Security offices. This lease was originally negotiated at \$1.5-million a year and was scheduled to run from January, 1969, to February, 1980, with renewal options covering 10 more years.

This spring, however, the G. S. A. exercised the options almost seven years early, and added three more years, thus creating a contract that doesn't expire until March of 1993. This is in addition to the new leases awarded to this group during the Nixon Administration.

Last December, the G.S.A. awarded the Rodgers brothers, Mr. Dickinson, Mr. Heffner, and Mr. Hess, all doing business this time as the Airport Investment

Company, a 10-year lease at \$164,730 a year for two floors of a building under construction near Friendship Airport on which to place an Army induction station.

Three and a half months earlier Mr. Connally announced at a news conference in Baltimore the appointment of Harry Rodgers as chairman of the Maryland Democrats for Nixon. This was at a time when the induction center lease was being negotiated with the G.S.A.

The Maryland Democrats for Nixon collected more than \$100,000 for the President's campaign, most of which came in during those negotiations including \$14,400 from the Airport Investment Company partners and their wives.

Harry Rodgers has denied that their efforts on behalf of the national Republican ticket are in any way connected to the dealings he and his partners have had with the G.S.A. Nevertheless, since last November's election the partners have received \$20-million in contracts from the Nixon Administration.

Political observers in Maryland, although they do not wish to be quoted by name, have told The New York Times that the Democratic party accepts the development partners as loyal members and recognizes that their campaign activities were undertaken to preserve their relationship with the G.S.A.

Contributions Investigated

The Justice Department investigated the group's contributions to the Nixon campaign but no charges have been brought. The new Federal law governing campaign finance prohibits any "individual, partnership, committee, association or corporation" that has entered into "any contract" with the Government for "the furnishing [of] any material, supplies or equipment" from making contributions to Federal campaigns when the contract is being negotiated and while it remains in effect.

According to last week's Time magazine, Harry Rodgers got in touch with the White House regarding the Justice Department's investigation, and, according to Time, W. Richard Howard, an assistant to Charles W. Colson, then a Presidential adviser, addressed a memo to John W. Dean 3d, then Presidential counsel, "asking him to go to bat for Rodgers at the Justice Department."

Sources with a thorough knowledge of Maryland political affairs said that the man who was instrumental in bringing the government lessors into the Nixon-Agnew camp last year is J. Walter Jones Jr.

Mr. Jones is a wealthy Annapolis banker and real estate man and a long-time friend and adviser of Mr. Agnew. Mr. Jones has been implicated in the Maryland United States Attorney's investigation of alleged illegal kickbacks from contractors, architects and engineers to public officials, including the Vice President.

Mr. Jones, according to the sources, is a registered Democrat who moves with ease across party lines when he feels the occasion calls for it.

Contract Influence Seen

Sources close to the Federal investigation in Maryland, headed by United States Attorney George Beall, have said that it is concerned in part with allegations that since Mr. Agnew became Vice President money collected from Maryland businessmen on his behalf, ostensibly as campaign contributions, has been used to influence the awarding of contracts and the hiring of persons by the G.S.A.

The allegations concerning the agency are the ones that involve Mr. Jones, the sources said.

The Times reported last Thursday that sources close to

the case had said that more than 20 Maryland businessmen had told government prosecutors they had given cash payments to Agnew associates in return for state and Federal contracts and that they believed some of the money had been funneled to Mr. Agnew.

The Times further reported that the sources had said that at least three of the Agnew associates named by the businessmen had told the prosecutors that they had turned over some of the money to Mr. Agnew. The three are Lester Matz, Jerome B. Wolff and Allen I. Green, all engineers.

According to the sources, Mr. Matz told prosecutors that he had made one \$2,500 payment to the Vice President in 1971, in return for his help in getting someone a job in the G.S.A. He contended, the sources said, that the payment had been made in the presence of Mr. Jones, who promptly labeled the report "ridiculous."

Concerns with which Mr. Matz and Mr. Wolff are now associated have done \$247,311 worth of work on G.S.A. projects since January, 1969.

A partnership and a corporation in which Mr. Jones had an interest at the time of the awards have acquired government leases during the Nixon Administration.

Mr. Jones, who served in five states, including Maryland, as finance chairman for the President's re-election campaign last year, arranged for the G.S.A. lease of space in which to relocate the Baltimore field office of the Federal Bureau of Investigation. The space is owned by Maryland Properties, Inc., a concern in which Mr. Jones had a 6.4 per cent interest at the time. Although the concern still holds the lease, Mr. Jones is in the process of selling his interest.

Another figure from Mr. Agnew's past, Leonard C. Gerber, remains as president of Mary-

land Properties. Mr. Agnew and Mr. Gerber, who served together as directors of the Chesapeake National Bank in Towson through much of the time Mr. Agnew was Baltimore County Executive and Maryland Governor, were among a number of partners, including Mr. Jones, in the ownership of land near the shore of Chesapeake Bay.

Mr. Agnew disposed of his interest as a result of charges during the 1966 gubernatorial campaign that he had sought the land in anticipation of construction of a second bridge crossing the bay onto the Eastern Shore of Maryland.

Mr. Jones has denied influencing the selection of the F.B.I. site. The five-year lease, which began last October, calls for a yearly rental of \$265,573.

An F. B. I. spokesman said the bureau was totally satisfied with the facility, in the Woodlawn area of Baltimore County.

Maryland Properties is an outgrowth of probably the most far-reaching zoning decision Mr. Agnew participated in while on the Baltimore County Board of Appeals.

The circumstances surrounding the decision and its aftermath are detailed in "What Makes Spiro Run," the Agnew biography by Joseph Albright.

According to that account, in 1959 a three-man land company known as the Opfer-Dickinson Company, Inc. bought a 159-acre piece of land. Mr. Jones was a principal of the company with 15 per cent of the stock. One of his two partners was the same Edward Dickinson who now shares in the ventures that have nearly cornered the market on Baltimore-area G.S.A. contracts.

The Opfer-Dickinson partners bought their tract at a relatively low price because the property, which is situated next to an interstate highway

interchange, was zoned for houses. They then set about to multiply the value of the land by transforming it into an industrial park. As a member of the appeals board, Mr. Agnew was in a strategic position—he had to vote on the needed rezoning.

One member of the board excused himself from the case, and it was left up to Mr. Agnew and the other member. On July 14, 1960, Mr. Agnew and his fellow board member voted to grant the rezoning, and Mr. Jones, Mr. Dickinson and their partner were enriched by over 50 times their original \$45,500 cash investment within the next 11 years.

In 1962, they traded the land for stock in McCormick & Co., the international spice and extract concern with headquarters in Baltimore, and in a new McCormick subsidiary formed to handle real estate investments and development for the parent.

The greater Baltimore Industrial Park, the biggest and most successful such venture in Baltimore County, soon materialized on the tract, and today the McCormick real estate subsidiary, Maryland Properties, Inc., has developed two more industrial parks and some other property.

It is in one of these more recent developments that the F. B. I. is now situated.

The bureau is not the only Federal law enforcement agency to have had Mr. Jones as a landlord. The Justice Department's organized crime strike force in Baltimore occupies space that the Government leased in 1971 from a partnership that included Mr. Jones.

The partnership subsequently sold the building in which the strike force is situated, but Mr. Jones is once again dealing with the Justice Department, this time as a subject of a sensitive criminal investigation.