Agnew Scandal May Spread Beyond Maryland

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BALTIMORE, Oct. 10—Federal officials who were investigating Sprio T. Agnew apparently believe that they have uncovered a durable and time-honored pattern of political corruption in Maryland and other states involving a host of minor and major political figures.

In a 40-page statement of evidence compiled against Agnew, the prosecutors frequently refer to what they apparently believe is a well-established Maryland custom of architects and engineers kicking back a portion of their fees to public officials in exchange for non-bid public works contracts.

As a result of the evidence uncovered so far, informed sources said, federal officials anticipate many more indictments and a continuing investigation that may even leap the borders of Maryland and spread to other states.

In addition, these sources said, the prosecutors have yet to act on allegations made against persons associated with the Democratic administrations of former Gov. J. Millard Tawes and Gov. Marvin Mandel and persons associated with the local governments of Baltimore County, Baltimore city and Anne Arundel County.

"These guys (the engineers) gave," said one source. "They gave at every Howard Johnson's up and down Rte. 66."

The sources emphasized, however, that no persons associated with either the Tawes or Mandel administrations are currently under investigation, adding that the allegations have yet to be verified. Still, a number of sources say that the federal officials do not view the alleged corruption during Agnew's administration as an isolated episode, but as part of a long-standing pattern.

On the basis of the government document, it is clear that the evidence against Agnew was as "hard" as rumored. It is based on the testimony of two former Agnew associates that the government has called middlemen in the payoff scheme. They have been granted a limited form of immunity in exchange for their cooperation.

It is also based on the testimony of two Maryland engineers, both of whom have told the government they systematically and repeatedly paid Agnew in return for Maryland state contracts while he was governor, and Baltimore County contracts when he was county executive.

Only one of the persons who has cooperated with the prosecution is immune from further prosecution based on evidence gathered in the Agnew case. He is Agnew's old friend and close associate, I.H. Hammerman, who has agreed to plead guilty to a tax charge.

In addition to these, a score of contractors may yet be indicted for their role in the alleged payoff scheme as well as the intermediary not named in the government document.

Moreover, the contractors and others have provided information on other Maryland political figures, alleging that they bribed them also. And finally, informed sources have said that some of the major Maryland contractors who did business out of the state have made allegations against political figures from states other than Maryland.

As a result, federal prosecutors apparently believe that their investigation will result in scores of indictments and that the surface has just been scratched.

However, the prosecutorial team under U.S. Attorney George Beall in Baltimore, has thus far forced a Vice President of the United States to resign his office and plead guilty to a common tax charge and successfully sought the indictment of Dale Anderson, the Democratic executive of Baltimore County.

The result is that the last two men Baltimore County has elecetd to be its executive—Agnew and Anderson, in that order—have been humbled by the prsceutors and the venisemen of the grand jury.

Except for the tax charge, Agnew said in a statement: "I deny the assertions of illegal acts on my part made by the government witnesses."

"These payments formed a pattern over the years and reflected his (an engineer's) understanding, based on experience, of the system in which a firm such as his had to participate in order to insure its survival and growth in Maryland," the prosecutors' document says of Allen Green, a Bltimore County-based engineer.

"This system had developed long ago in Maryland and other states as well," the document says.

In fact, according to the document, nearly every party involved with the alleged Agnew kickback scheme was an enthusiastic partner and considered it as a guarantee that county or state public works projects would flow to his firm. Even Agnew, the document states, viewed the alleged arrangements as in keeping with Maryland tradition and, the prosecutors charge, said so on several occasions.

It was only when Agnew became Vice President, an exalted office far removed from the sewer and road contracts of Baltimore County and the bridge contracts of Annapolis, that some of the alleged participants began to feel queazy and a bit awed.

Agnew was executive of Baltimore County from 1962 to 1966, and the governor of Maryland until he became Vice President in 1969.

"Green particularly recalls the first occasion on which he paid money to Mr. Agnew in his offices in the Executive Office Building," the document says. "Green was quite impressed with Mr. Agnew's office and position and felt very uncomfortable about the transaction that was about to occure."

Nevertheless, the document continues, Green handed Agnew $2,000 in cash, part of the $8,000 a year he paid the Vice President in 1969 and 1970 and the $6,000 he paid Agnew in 1971 and 1972.

From that first meeting in Agnew's office, the prosecutors' document says, Green began to talk of 'political contributions' instead of outright cash payments.

Similarly, Lester Matz, another Baltimore County-based engineer, continued to make payments to Agnew after Agnew became Vice President, the document states.

Like Green, Matz was awed by the office now occupied by Agnew. After one meeting in the vice presidential office when Matz allegedly handed Agnew $10,000, the document relates what he told to his partner, John Childs.

"He also told Childs that he was shaken by his own actions because he had just made a payoff to the Vice President of the United States," the document says.

In general, the 40-page document paints a portrait of political and corporate venality so detailed and compelling that it left cynical courthouse reporters and observers shaking their heads in disbelief. Like the Mafia, the document says, the conspiracy was well known, and like the Mafia, governed by a rule of silence.

Only once, the document says, did a contractor balk at an attempt to elicit a bribe and then he complained to the man the government says was running the scheme—Agnew himself.

On another occasion, the government details how some of the alleged bribe money collected by Agnew and his associates was used by one of the associates to pay off other public officials to award contracts to an engineering firm he had an interest in.

In essence, the document concentrated on the alleged roles of five persons, four engineers and Agnew. A sixth person, variously referred to as an intermediary or "close associate" of Agnew, is never named. Informed sources said, however, that he is J. Walter Jones, an old Agnew friend and now an Annapolis banker.

Jones has confirmed that he is under investigation but has denied any wrongdoing. In a statement issued in August, he said the only money he collected were campaign funds. His lawyer, Plato Cacheris of Washington, refused to comment on the allegations contained in the government's statement.

I. H. HAMMERMAN **LESTER MATZ** **JEROME B. WOLFF**

Prosecutors say these men were linked with Spiro T. Agnew in receiving kickbacks from Maryland contractors.

Besides Jones, the others are Agnew, Green, Matz, Jerome Wolff and I. H. (Bud) Hammerman. All but Jones and Agnew have been granted limited forms of immunity against prosecution. Some of them have already signed agreements with the prosecutors in which they have consented to guilty pleas on tax charges.

Wolff, Hammerman and Agnew, the document says, agreed in the spring of 1967, shortly before Agnew took office as Maryland governor, to get cash payments from Maryland contractors.

Agnew, the document says, told Hammerman that "it was customary for engineers to make substantial cash payments in return for engineering contracts with the state of Maryland."

The idea, the document says, was Agnew's and he instructed Hammerman, an old and close friend, to discuss it with Wolff, the gubernatorially appointed chairman of the old State Roads Commission. The State Roads Commission was the agency that let the bulk of Maryland's road and bridge contracts.

Wolff, who later joined Agnew's vice presidential staff, agreed to the scheme, the document says, but insisted that he be given 25 per cent of the kickbacks. Agnew and Hammerman agreed, and the three, the government says, were off on an 18-month scheme to extort kickbacks from Maryland contractors.

The federal prosecutors also said in their document that Hammerman, working under orders from Agnew while Agnew was governor, successfully solicited "a substantial cash payment from a financial institution in return for that institution's being awarded a major role in the financing of a large issue of state bonds."

The document did not name the institution but the only large state bond issue awarded during the period that Agnew was governor involved $220 million used for construction of the parallel Chesapeake Bay Bridge and the Outer Harbor Bridge crossing in Baltimore.

The Baltimore bond house of Alex Brown and Sons acted as chief bond underwriter on the issue. Under the terms of an agreement awarded by Agnew without competition, the firm bought the bonds from the state and resold them at a profit.

Spokesmen for the bond house have refused to say what profit the firm made on the issue. But bond experts in New York and Washington estimate that Alex Brown could have realized a profit on the bond sale of between $1.1 and $1.5 million.

The spokesman for the 173-year-old firm could not be reached for comment today. A secretary said the company's senior partner and press spokesman, F. Barton Harvey Jr., was out of town and would not return until Friday.