

Agnew Investigation

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and Edward Walsh

Washington Post Staff Writers

The federal investigation of Vice President Spiro T. Agnew is centered on allegations that private engineering and architectural firms were improperly awarded federal contracts during Agnew's term as vice president, and that similar improprieties occurred with state contracts while Agnew was governor of Maryland.

The suddenly mushrooming investigation, which began only as an inquiry into alleged kickbacks on engineering and architectural contracts awarded in Baltimore County, has now jumped the boundaries of that area and even the state.

Under investigation at the moment—besides Agnew—are a large assortment of prominent Maryland Republi-

can and Democratic politicians, the executives of at least two Maryland counties, some political fund-raisers and several engineering and architectural firms based in Maryland and the District of Columbia.

The federal investigators also subpoenaed yesterday state highway records which cover the state administrations of both Agnew and his successor, Democratic Gov. Marvin Mandel. The records asked for include one year of the Agnew administration and four years of Mandel's.

Mandel yesterday said he was not under investigation. He acknowledged that the records had been subpoenaed and said all further information would have to come from federal officials.

The investigation, headed by the U.S. attorney for Maryland, George Beall, and assisted by Internal Revenue Service agents, concerns possible

violations of bribery, conspiracy and tax laws.

Beall, a Republican appointed by President Nixon and the brother of U.S. Sen. J. Glenn Beall (R-Md.), met for an hour yesterday with U.S. Attorney General Elliot Richardson and, according to reliable sources, was told to proceed with his politically sensitive investigation. Beall was assured, the sources said, that the Justice Department would not interfere in the investigation and that the probe would remain under Beall's supervision and control.

Agnew acknowledged late Monday night that the U.S. attorney's office in Baltimore was investigating him for "possible violations of the criminal statutes." In a terse statement, the Vice President proclaimed his innocence and said he would have no further comment on the investigation.

Mushrooms

The federal investigators, sources said, are seeking to tie Agnew to an alleged scheme in which prominent Maryland Republicans influenced the awarding of federal engineering and architectural contracts in return for kickbacks or political contributions from these firms.

Others under investigation include two of Agnew's close friends and political fund raisers when he was a Maryland official—J. Walter Jones, a Maryland banker, and I. H. (Bud) Hammerman II, a Baltimore investment banker. Along with Agnew, Jones and Hammerman have been formally notified that they are under investigation.

Jones, in a statement issued yesterday, said he had been informed that he was under investigation "in connection with past fund-raising efforts," and denied any wrongdoing.

"Without exception, all contributions

made through my committees" to Agnew, Jones said, "were freely given, without commitment and recorded in a proper and legal manner.

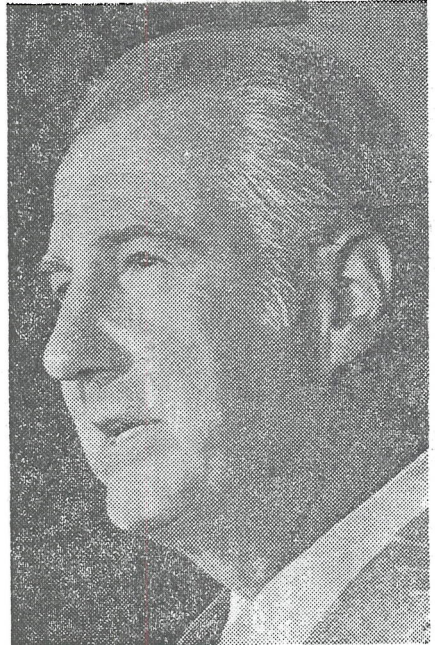
"I am not aware of any kickbacks on the part of the Vice President," Jones said. "He just isn't that type of man. There has certainly been none on my part. I consider myself an innocent victim of the present Watergate atmosphere and will have no further comments on this matter."

Hammerman could not be reached for comment.

The major target of the original investigation was Baltimore County Executive Dale Anderson, one of the state's most powerful Democrats and Agnew's successor as chief executive of the sprawling, suburban county in 1967.

On June 4, William E. Fornoff, who

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Associated Press

Agnew in St. Louis on June 11.

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served as the No. 2 man—chief administrative officer of the county under both Agnew and Anderson, pleaded guilty in federal court to a relatively minor tax law violation after telling prosecutors that since 1967 he (Fornoff) had funneled cash kickbacks from several local contractors "to another official in Baltimore County."

The "other official" was not named in court, but Anderson was the only other Baltimore County official known to be under investigation at the time. Anderson publicly denied he was the "other official," but he acknowledged privately to some of his aides that he was the target of a federal probe.

The investigation into Anderson's activities, which sources said was expected to result in the indictments of some contractors, also focused on two well-known Maryland engineers: Lester Matz, a partner in the consulting engineering firm of Matz, Childs and Associates, and Jerome B. Wolff, the president of Greiner Environmental Systems, Inc. Both firms are headquartered in the Baltimore area. Wolff also worked for Agnew while Agnew was county executive, governor of Ma-

ryland and, for a time, since Agnew has been Vice President.

Wolff and Matz are now known to be negotiating with federal prosecutors for immunity from prosecution in return for information they are understood to be supplying about Agnew, and perhaps others.

Informed sources have said that some of the information from Wolff and Matz concerns federal General Services Administration contract awarded since Agnew became Vice President.

The GSA late yesterday said that a preliminary check of its records in Maryland for the last four years uncovered only three contracts involving central figures in the Agnew probe.

There is no known impropriety about any of the contracts, and the GSA was able to supply only sketchy information yesterday. The contracts are:

- A \$158,243 contract with Greiner Environmental Services, which is headed by Wolff, for an environmental impact study of the proposed expansion of the Social Security Administration complex in Baltimore County. The contract was approved recently and the work is still being done, according to a GSA spokesman.

- A \$24,000 contract with Matz, Childs and Associates for a structural study of the roof of an aging GSA facility in Franconia, Va. This contract was approved and work completed in 1971.

- A \$8,700 contract with Matz, Childs for design changes in the sewer and water system at the Law Enforcement Training Center in Beltsville. The contract was approved and the work completed within the last 18 months.

GSA officials said the check of records involving Maryland contracts was not complete and that more information would be available later.

In Baltimore, meanwhile, officials of the Maryland State Highway Administration said yesterday that federal prosecutors have subpoenaed virtually all of their records involving engineering and consultant service contracts let by the administration between Jan. 1, 1967, and Dec. 31, 1972.

Although the period of time the prosecutors are apparently zeroing in on includes Agnew's last year as gover-

nor, the bulk of the records being sought involve contracts approved under the administration of Democratic incumbent Gov. Marvin Mandel.

Mandel was elected governor by the General Assembly in January, 1969, after Agnew had been elected Vice President. Mandel was re-elected to a full four-year term in the 1970 state elections.

The subpoena for state highway records, issued by the U.S. attorney's office in Baltimore, was formally served Monday on officials of the Maryland Department of Transportation, which includes the highway administration.

Bernard Evans, the state highway administrator, said an agent from the Internal Revenue Service was at the highway administration headquarters in Baltimore yesterday to inspect the records and discuss how they will be turned over to investigators.

Evans said the records being sought fill "dozens of filing cabinets" and that up to one-third of them involve contracts for work that is still being done. Because removing these records would hinder current state projects, Evans said highway administration officials have asked federal investigators to leave the records at the highway administration headquarters while they sift through them.

Under this proposal, U.S. Attorney George Beall would be in charge of providing "security" for the records while they remain at the highway administration headquarters, Evans said. He said federal investigators have not yet responded to the state's request.

Nolan Rogers, the highway administration's counsel, said the federal subpoena demanded production of "any

The chief owner of the firm is Harry W. Rogers III, one of the governor's foremost fund-raisers. Another Tidewater executive is W. Dale Hess, the former majority leader of the Maryland House of Delegates.

It was not clear late yesterday whether federal prosecutors were interested in Zollman transactions that preceded the time when Tidewater bought an interest in the firm. The company has long been active in Maryland and has been a prime contractor on a number of state projects, including the outer harbor bridge now under construction in Baltimore.

I. Sidney Sherwin, an attorney for the Zollman firm, said yesterday that the company's president, Charles Zollman, had been subpoenaed and will appear in Baltimore Thursday.

The state highway records being sought by the federal prosecutors involve a time when Maryland launched two of its most expensive and controversial highway projects—construction of the parallel span of the Chesapeake Bay Bridge and construction of the Baltimore outer harbor crossing bridge, the final link in the interstate highway beltway around Baltimore.

The main consulting engineers for both of the multimillion-dollar projects was the J. E. Greiner Co., Inc., the parent of the firm headed by Wolff, Greiner Environmental Systems.

In addition, when plans for the proposed Baltimore harbor crossing were changed from a tunnel to a bridge in 1971, Zollman Associates was awarded major state contracts to supervise the construction.

The two projects were approved while Agnew was governor but the actual work on them has been done during the Mandel administration. The state approved a \$220 million bond issue in 1968 to finance the projects, with the bonds to be repaid from tolls paid by motorists using the bridges.

The parallel span of the Bay Bridge, opened to traffic June 28, is now the subject of more than \$30 million in claims for extra work by contractors. Some of the claims involve allegations that the Greiner firm misinformed contractors about conditions on the bay bottom, resulting in delays, extra work and additional costs.

Because of controversy surrounding the Bay Bridge project, Maryland Transportation Secretary Harry R. Hughes last week announced that earlier this year the state transportation department had imposed a moratorium on new state contracts for the Greiner firm.

The information developed on Agnew and his Republican associates in Maryland has not yet been presented to a grand jury, sources said, and can not be until the Justice Department gives its approval. If it approves, the information can then be submitted to the sitting grand jury, which has been investigating alleged corruption in Baltimore County, or to a new grand jury. One source described the Justice Department approval as a Technicality.

It is not clear, however, that an incumbent U.S. Vice President can be indicted before being impeached by Congress. Legal experts divide on the question, for which there is no known precedent.

Sources close to the investigation emphasized that a U.S. attorney would not have formally warned Agnew that

he is under investigation unless he has "hard" information.

Meanwhile, tighter security was imposed at the U.S. attorney's office in Baltimore yesterday. The outer office door had a lock placed on it, barring the public from the area where the offices are located. Previously, the outer door had been open. Now, callers must wait in a reception area until persons they want to see are available.

Beall, who has been mentioned a possible future Republican gubernatorial candidate, said he would have no comment on the investigation. Asked how he personally felt about investigating one of his own party's foremost officials, he begged off commenting.

"Once you open the door even a crack, it's bad practice," Beall said. When a reporter noted that Agnew himself had acknowledged the existence of the federal investigation, Beall said he still could not make a comment on it.

Agnew, meanwhile, said no more about the investigation yesterday, sticking to his word that his Monday night statement would be his sole public comment on the probe.

Agnew's name has figured thus far in only one other scandal—and then only tangentially. He was the guest of honor last year at a testimonial, political fund-raising gala in Baltimore in which the proceeds were exaggerated for public relations purposes. Agnew said he knew nothing about the scheme, which involved the use of \$50,000 in Nixon campaign funds to inflate the gate.

Contributing to this story were Washington Post staff writers John Hanrahan, Douglas Watson, Carl Bernstein and Robert Woodward.

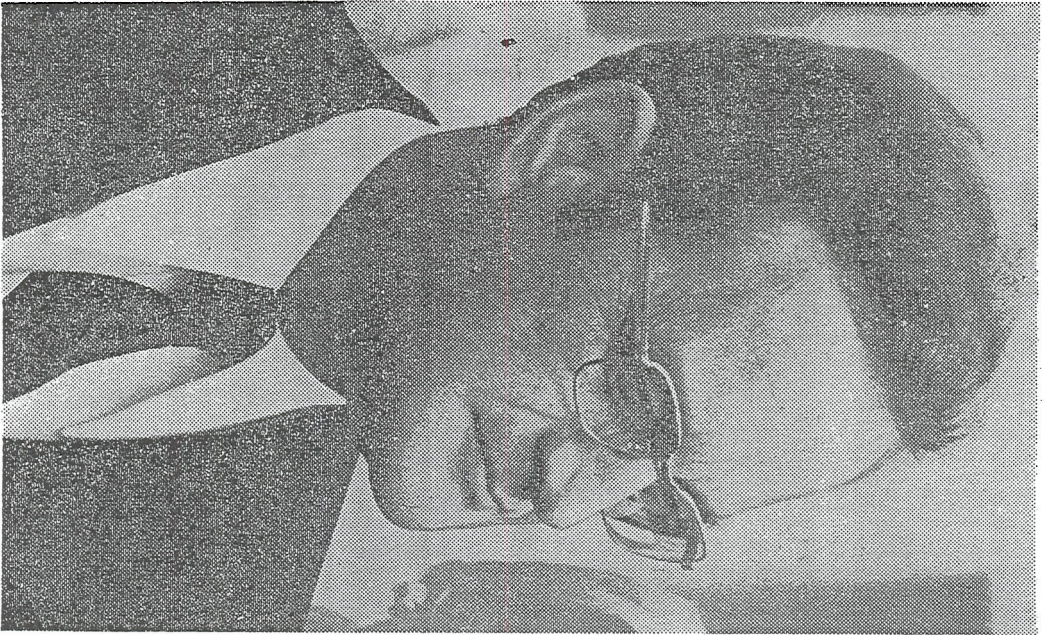


Vice President Spiro Agnew, when he was Maryland governor in 1967.

that the records remain at the highway administration headquarters.

and all documents, books, papers and records of any kind" involving contracts that "relate in any way to engineering and consultant services" during the five-year period between 1967 and 1972.

In addition, the federal prosecutors in Baltimore also have subpoenaed the records of the engineering firm of Zollman and Associates. The firm is now partly owned by the Tidewater Insurance Co., a politically active Maryland firm whose officers are close friends of Gov. Marvin Mandel.



Special presidential counsel Fred Buzhardt, left, and Special Watergate Prosecutor Archibald Cox wear grave expressions as they leave court after latest round of tapes arguments.

Photos by Joe Heiberger—The Washington Post