

Agnew Associates

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Allegations of Kickbacks From

WASHINGTON — While attention has been riveted on Watergate and the President, another growing scandal 40 miles away in Baltimore has been closing in on friends, political and business associates of Vice President Spiro Agnew and one former Agnew staff assistant.

Since early this year, the U.S. District Attorney in Baltimore, the Internal Revenue Service and a federal grand jury have been investigating allegations of widespread payoffs to officials by construction contractors in Maryland.

So far the grand jury has focused on allegations of bribery and extortion in Baltimore county since 1967. The highest official who has been directly implicated is the present Baltimore County Executive, Dale Anderson, a Democrat.

Close to Agnew

However, the grand jury has heard testimony that contractor kickbacks and payoffs on public projects were common practice on both the county and state levels when Agnew was chief executive of Baltimore county, from 1962 to 1967, and when he was Maryland governor, from 1967 to 1969.

Agnew has not been implicated personally but two of the contractors under investigation by the grand jury are men who were close to Agnew during those years and remain close to him now.

They are:

• Jerome B. Wolff, 55, chairman-director of the Maryland State Roads Commission when Agnew was governor, and later a mem-

ber of Agnew's vice presidential staff.

• Lester Matz, 49, the political and business contact man in a Baltimore engineering firm, and an associate of Agnew in a controversial land purchase near the site of the new Chesapeake Bay Bridge, which was just completed.

Perhaps ten other contractors and several present and former public officials are subjects of the intensive investigation. Many of the contractors have been and still are friends of Agnew and contributors to his campaigns.

Wolff and Matz, according to several sources, are considered "prime targets" for indictments, the first of which are expected in three weeks or so.

Could Spread

Business and financial records of the Matz and Wolff firms have been subpoenaed. Their employees have been questioned by the grand jury, and several have been given immunity from prosecution in exchange for their cooperation.

Matz and Wolff, among others, have also applied for immunity. But so far the prosecution has refused to grant it to them.

If they are granted complete or partial immunity, a source close to the investigation said, the scandal could reach into the Maryland State government during Agnew's term as governor.

The U.S. District Attorney in Baltimore is George Beall, a politically ambitious Republican and the brother of U.S. Sen. J. Glenn Beall Jr., of Maryland.

George Beall's deputy prosecutors have discussed the potential explosiveness of an investigation which might broaden to include Agnew's years in Maryland. But they deny this has given them pause.

Instead they say that Agnew personally has not been implicated by testimony, and that there is no reason to investigate him directly.

They add that they are barred by statutes of limitations from investigating activities before 1967 or 1968, depending on the laws allegedly violated.

Payoffs

Contractors and their employes have testified that when they approached the present Baltimore County administration, or were approached by officials, to make payoffs, they were given to understand that they would "continue the arrangements they always had."

Sources involved in the investigation said the payoffs went to Democratic and Republican administrations in the county and to different personnel in each administration, depending on who was designated to receive the money and influence contract award decisions.

Off Limits

Sometimes the money was given as campaign contributions, sometimes as hard cash, the sources said. Often the payoff amounts coincided with a set percentage of the contract. Companies disguised the payoffs on their books by showing the money as bonuses for employes, who were obliged to return all or part of what they received to their employers.

Investigated

Contractors

Although contractors or their employes have testified that the payoffs have extended back through the years and were entrenched as part of the construction business, the period during which Agnew was Baltimore County Executive is off limits to the investigators because they feel restrained by the statute of limitations.

Beyond County

However, the grand jury has evidence that payoff procedures have reached beyond Baltimore County to the state government. And much of the period when Agnew ran the state government is not protected from investigation by statutes of limitation.

One stand of the investigation, for example, involves the Chesapeake Bay Bridge. And one of the biggest contractors in the construction of the bridge was the J. E. Greiner Co., consulting engineers.

Wolff, one of the originators of the plan to build the new span parallel to the old one, is now president of Greiner Environmental Systems Inc., the water and sewer subsidiary of the engineering firm.

As Agnew's director of the State Roads Commission, Wolff negotiated and awarded, without bids, a cost-plus-10 percent contract to Greiner. The fee, \$8.5 million for consulting on the bridge design, has since been doubled.

Greiner originally estimated the bridge would cost about \$70 million, but present estimates range up to \$230 million. The state and several contractors have begun legal wrangles over the cost overruns, and Greiner's work is under an official investigation.

Backed Wolff

During early controversy over the bridge and the Greiner contract, Agnew backed up Wolff in his refusal to allow bridge opponents to see the contract.

Greiner has been the dominant consulting engineer on Maryland state projects and has had considerable clout through campaign contributions, with Democrats as well as Republicans.

Wolff, who owned his own consulting firm before joining Agnew's state administration in 1967, moved to Washington in 1970 to become the vice president's assistant for science and technology. Soon after, he left to join Greiner.