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U.S. INDICTMENTS EXPECTED IN CASE INVOLVING AGNEW

But There Is No Indication
That the Vice President
Will Face Charges

PAYMENTS ARE ALLEGED

Officials Say Some Suspects
Co-operate With Inquiry
to Protect Themselves

By BEN A. FRANKLIN
Special to The New York Times

BALTIMORE, Aug. 7 — Federal officials said today that indictments were expected within weeks in an investigation into bribery, extortion and tax fraud charges involving Vice President Agnew and some of his closest political and financial associates.

There was no indication whether Mr. Agnew, a former Maryland Governor, was among those expected to be indicted by the grand jury. But the Vice President is among several persons under criminal investigation in the case, which involves allegations of 5 per cent kickbacks from contractors to Maryland officials.

Some of the alleged co-conspirators are now cooperating and plea-bargaining with the Federal prosecutors here to protect themselves, the officials said, and Mr. Agnew is a prime subject of the widespread investigation by the United States Attorney's office.

The investigation involves alleged bribery and extortion — and the concealment of these illegal payments to avoid discovery and taxation — during Mr. Agnew's two-year terms as Governor in 1967 and 1968 and after he became Vice President in January, 1969.

Weekly Payments Alleged

The Detroit Free Press reported today that Federal investigators were checking allegations that Mr. Agnew got weekly \$1,000 payments from contractors while Baltimore County Executive and \$50,000 after he moved to Washington.

The payments allegedly were made after campaign fund-raisers for Mr. Agnew sought contributions from contractors in exchange for state and Federal contracts, The Free Press said. Some of the contributions may have been put to personal, rather than political use by Mr. Agnew, the paper said.

Confirmation of the Federal investigation, an unexpected and stunning blow to Mr. Agnew and to the Nixon Administration on top of the wholly unrelated Watergate scandals, came from informed officials and lawyers familiar with the allegations.

In Washington today, the United States Attorney for Maryland, George Beall, obtained the approval of Attorney

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General Elliot L. Richardson to continue the politically explosive Maryland investigation in Baltimore, rather than transferring it to the special Watergate prosecuting team of Archibald Cox in the capital. Mr. Beall was said to have conferred with Mr. Richardson for an hour this morning at the Justice Department. Their agreement was reached with the full approval of Mr. Cox, officials said.

Statement Issued

With no details, but with an assertion that he was "confident that my innocence will be affirmed," Mr. Agnew confirmed that he was under investigation in a brief, written statement last night. It followed publication of an article in the Wall Street Journal on the developments in Baltimore.

Reportedly, Mr. Agnew was notified formally that he was the subject of a Federal investigation in a letter from Mr. Beall, hand-delivered about a week ago.

Besides Mr. Agnew, a former Baltimore County Executive, those under investigation are known to include Dale Anderson, Mr. Agnew's Democratic successor as County Executive, and Lester Matz and Jerome D. Wolff, the heads of private planning and engineering consulting firms that have held county and state contracts.

Mr. Wolff was the Maryland State Roads Commissioner during Mr. Agnew's term as Governor.

Mr. Anderson, who was reported to have come under grand jury investigation more than two months ago, repeated at a news conference today that he would not comment on



United Press International
J. Walter Jones, who is
a Baltimore banker.



Associated Press
I. H. Hammerman 2d, a
mortgage banker.

any charges until the Federal investigation was completed.

Attorneys for Mr. Matz and Mr. Wolff said that it would be improper for them to discuss the allegations in any way, and the two men themselves declined all comment.

Others reportedly under the United States Attorney's scrutiny include J. Walter Jones and I. H. Hammerman 2d, both prominent Baltimore businessmen.

Mr. Jones is a wealthy suburban banker and real estate developer who has been a close friend and political and financial mentor of the Vice President since Mr. Agnew's days as a zoning official and then as County Executive in the late nineteen-fifties and early sixties. He was the Maryland fund-raising chairman for the Nixon-Agnew ticket in 1972 and was a vice chairman of the national Finance Committee to Re-elect the President.

Phrase Not Explained

Mr. Jones's secretary read a prepared statement to newsmen today that said in part: "I understand that I am one of many, including the Vice President, under investigation for alleged violations in connection with past fund-raising efforts."

There was no explanation in the statement—nor was one available directly from Mr. Jones—of his citing possible "fund-raising" irregularities, a matter not mentioned by other

sources familiar with the investigation.

But Mr. Jones asserted in his statement that "I am not aware of any kickbacks on the part of the Vice President. He just isn't that type of man. And there have certainly been none on my part."

"I consider myself an innocent victim of the present Watergate atmosphere," Mr. Jones's statement concluded, "and I will have no further comment on this matter."

Mr. Hammerman, like Mr. Jones a former Democrat turned Republican, is an executive of the S. L. Hammerman Organization, Inc., a Baltimore mortgage banking firm. In a statement, he, too, expressed "confidence that the allegations will prove to be unwarranted."

"I am shocked at the allegations reportedly being made against me," Mr. Hammerman's statement said. "I am proud of my long-standing friendship with the Vice President."

Scope of Case Unclear

Mr. Hammerman was said to be out of town on a fishing trip and could not be reached for further comment, but his statement, like all the others today, said he would decline any further expression on the matter.

Published reports have said that the grand jury was investigating alleged kickbacks relating not only to state and local contract awards, but also to contracts awarded by the General Services Administration, but it was not clear from the statements made today whether the state or the Federal G.S.A. was involved.

Spokesmen for both the Federal and state General Services Administrations asserted today that there had been "no contacts" from and "no requests for" documents or data from any Federal investigators. The United States Attorney's office here refused to discuss the investigation in any way.

One report, however, in today's editions of The Washington Post, said that the investigations here were "widening" the state and local character of the inquiry to include contracts awarded by the Federal G.S.A. and "the role of a Republican Senator from outside Maryland" in the handling of such contracts.

Comment by Telephone

This was taken widely here today as a reference to Senator Hugh Scott of Pennsylvania, the minority floor leader who has been an important figure in the Republican patronage appointments of Pennsylvania to high G.S.A. posts.

Reached by trans-Atlantic telephone today aboard the cruise ship Royal Viking Sky off the coast of Norway, Senator Scott insisted that "I know nothing about" any investigation involving himself or Mr. Agnew. The Senator said he had not been informed that he was under investigation. He added that he had met Mr. Hammerman and Mr. Jones only infrequently at "several" social occasions in Washington.

The notification of Mr. Anderson several months ago by the United States Attorney's office that he was under investigation in the kickback inquiry was described by officials familiar with the case as a key to understanding both the development of the investigation—since a grand jury began considering what appeared to be at first purely state and local matters last January—and the significance of the investigation now for Mr. Agnew.

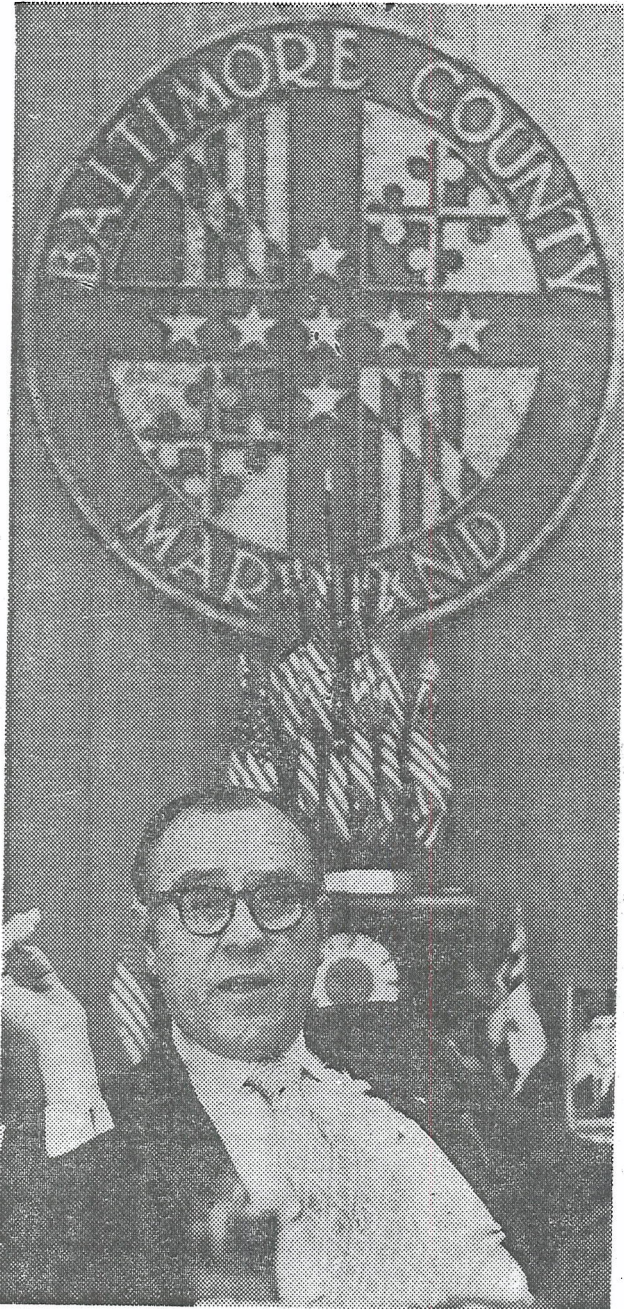
Commenting on the letter hand-delivered to the Vice President last week—a document whose receipt The Wall Street Journal said today had caused Mr. Agnew to confer personally with President Nixon—a lawyer familiar with Federal prosecutorial protocol said, "You can be sure that they would not have made a formal notification to the Vice President, or to Dale Anderson, either, if there were not some chance of their being indicted."

'I Am Innocent'

Mr. Agnew's public statement last night also appeared to anticipate some such development. It said:

"I have been informed that I am under investigation for possible violations of the criminal statutes. I will make no further comment until the investigation has been completed, other than to say that I am innocent of any wrongdoing, that I have confidence in the criminal justice system of the United States and that I am equally confident that my innocence will be affirmed."

Mr. Agnew was reported to



The New York Times

Dale Anderson, who succeeded Vice President Agnew as County Executive of Baltimore County, Md., is among those included with Mr. Agnew in U.S. inquiry.

have engaged the New York law firm of Paul, Weiss, Rikind, Wharton & Garrison to represent him in any further legal developments here. The Vice President reportedly has not yet appeared before the grand jury himself.

Lawyers familiar with the case said that Mr. Agnew's involvement in the case had come about through a "falling-domino succession of pleas" by witnesses against Mr. Anderson.

Guilty Plea Entered

—A key witness in the early stages of the investigation, it was reported, was William E. Fornoff, Mr. Anderson's former administrative officer at the Baltimore County Executive offices in suburban Towson.

Mr. Fornoff pleaded guilty in Federal Court here June 4 to a relatively minor charge of obstructing tax collections by agreeing to pass untraceable and therefore untaxable cash "from various businesses that hold contracts with Baltimore County or wished to acquire such contracts in the future" to an unnamed county official.

It was reported today that Mr. Fornoff's testimony, along with corroborating evidence from a number of Maryland contractors who have also appeared before the grand jury, had implicated Mr. Matz and Mr. Wolff. Mr. Fornoff's role was said to have been merely that of a cash "conduit" or "messenger" in making kickback payoffs from the contractors to one or more Government officials. Mr. Matz and Mr. Wolff are now said to be plea-bargaining in the same way for themselves and offering testimony in return that might implicate Mr. Agnew.

Payment Plan Alleged

Officials here would not confirm today published reports that the alleged kickbacks had been paced over a number of months or years—stretched out to make payments easier for the bribe givers or less obvious for the bribe takers.

According to some reports, allegations of such a stretched out payment timetable involving Mr. Agnew would explain the intrusion into his Vice Presidential tenure, starting in January, 1969, of alleged payment agreements begun years or months earlier, when he was Governor or County Executive.

Assuming the truth of the reported charges, however, there was little doubt that prosecution would be deterred by a time lag involving the statute of limitations—the deadline before which the Government must obtain its indict-



Associated Press

Jerome Wolff, former Maryland roads chief.

ments against a defendant if the charges are to stand in court.

The Federal statute of limitations for bribery and extortion is five years, and for tax fraud, seven years. But for conspiracy—an umbrella criminal charge often added to specific counts of other crimes in cases involving more than one person—there is no limitation.