

State Democrats Original Targets Of GOP-Led Quiz

Shift a Surprise

By Bill Richards

Washington Post Staff Writer

When federal investigators, headed by Baltimore's Republican U.S. attorney, George Beall, hauled away a truckload of records from the offices of Baltimore County's Democratic government last January, top Maryland Democrats from Gov. Marvin Mandel on down privately labeled the burgeoning investigation as a political vendetta against their party.

By June, however, a dramatic turn of events began to shift the focus of the investigation from Baltimore County Democrats to top Maryland Republicans, reaching to Vice President Agnew. And the change caught leaders of both parties by surprise.

Baltimore County, where Spiro Agnew got his political start and where he still maintains long-standing relationships with wealthy Republicans who bankrolled that beginning, was seen by some Justice Department officials as a political danger zone.

At the start of the investigation, however, Beall assured the officials that no matter what the result of the probe Agnew could not be involved, according to

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sources close to the investigation.

The statute of limitations for criminal offenses is five years and for tax offenses is six and Beall and his staff of youthful investigators pointed out that Agnew left his post as county executive in 1966 for the Maryland governor's mansion.

In addition to the county records, which filled an entire room in the U.S. attorney's fourth-floor suite of offices in Baltimore's Old Post Office Building, federal investigators also subpoenaed the records of more than a score of consulting engineers and architects doing business with the county.

The close-knit investigating

staff includes Beall, a 35-year-old lawyer appointed U.S. Attorney by President Nixon in 1970, who is the brother of U.S. Sen. J. Glenn Beall (R-Md.), and three younger lawyers, Ronald S. Liebman, 29, Russell T. Baker, 31, and Barnett Skolnik, 33.

Among the 15 or more persons summoned to the office by the federal investigators were three who supplied information that caused the shift in the investigation.

The three were Baltimore County Administrator William E. Fornoff and consulting engineers Jerome B. Wolff and Lester Matz, whose firms are based in Baltimore County.

In June, after all three had been questioned by the federal investigators, Beall announced that Fornoff was pleading guilty to a minor tax charge and was cooperating with the probers. Fornoff made his plea June 4 and immediately resigned from his post as administrator in which he had overseen the day-to-day operation of government in the sprawling suburban county.

Fornoff, who served under both Agnew and the present county executive, Dale Anderson, who succeeded Agnew in the county post, said he had received cash payments from "various businessmen that had contracts with Baltimore County or wished to acquire such contracts in the future, or both," according to the federal prosecutors.

Wolff and Matz both appeared before the investigators several times during May and June and, according to sources, both hinted that in return for immunity from prosecution they would be willing to supply the prosecutors with information concerning Agnew.

It was at this period in the eight-month investigation, sources said, that the emphasis began to shift from the local Democratic officials to important state Republicans and Agnew.

Wolff, 55, is president of Greiner Environmental Systems, Inc., and was a senior official in the Baltimore County public works department from 1959 through

1963. After Agnew became governor he named Wolff, chairman of the State Roads Commission. Wolff moved in 1970 into the post of assistant for science and technology on the vice president's staff.

Matz, 49, a successful consulting engineer, formed his own company with another Baltimore County consulting engineer, John Childs, in 1955. The firm of Matz and Childs has been one of the major consulting engineering business in the county and does work throughout Maryland and nearby states.

Shortly after Matz and Wolff were called before Beall's staff investigators, "there was a clear change in the atmosphere around here," according to one county official. "When Wolff went before the U.S. attorney's staff it appeared that the pressure began to taper off here in the county and the word was that it had begun to shift to Annapolis."

Last week the investigation, according to sources close to it, had reached as far as Agnew and two of his top associates from the period when he was governor from 1966 to 1968. The vice president was informed that he was under investigation, the sources said, by a letter from Beall delivered by hand.

The investigation has come to cover state contracts awarded during that period and contracts awarded by the General Services Administration after Agnew assumed the vice presidency.

Agnew admitted Monday night in a statement from his office that he was under investigation "for possible violations of the criminal statutes" but he denied any wrongdoing.

Yesterday, Maryland State Highway Administrator Bernard Evans said Beall's office had subpoenaed records from his office stretching back to 1961. But he said he didn't know whether the U.S. attorney was specifically probing Agnew's tenure in Annapolis.

So far none of the information gathered by Beall's staff has been presented to the grand jury and his office is maintaining a tight lid of secrecy, refusing to formally acknowledge what the Vice President has already confirmed.

According to sources, however, the investigation could bring some indictments — although not necessarily involving Agnew — within two weeks. The

grand jury is scheduled to meet Thursday.

The investigation of the Republicans and Agnew by Beall has a special irony since Beall was appointed eight years ago by Agnew — then still governor — to a post on the State Criminal Injury Compensation Board.

After Beall was appointed to his current post by the President three years ago he pledged to root out corruption as a means of restoring the confidence of youth in government.

One of the last acts of

Beall's predecessor, Stephen Sachs, a Democrat, before leaving the post of U.S. attorney in Baltimore was to charge that he was inhibited by his Justice Department superiors from seeking to indict Victor Frenkil, a Baltimore contractor and heavy Republican contributor. Sachs had sought to indict Frenkil on charges of conspiring to defraud the government.

"It made me aware of the tremendous responsibility of the job and the tremendous pressures that are brought on you from outside and from within," Beall said after assuming the post.

Since then he has sought indictments against two Democratic legislators from Maryland.

One, James A. (Turk) Scott, a member of the House of Delegates, was indicted on charges of conspiring to sell heroin in Baltimore. He was shot to death last month before standing trial.

The second indictment came against State Sen. Clarence M. Mitchell III of Baltimore, who was charged with failure to file federal income tax returns. That case has been postponed until next year after Mitchell finishes his legislative term.

Beall reportedly has not received any orders from

his superiors in the Justice Department to drop his case against Agnew or other Republicans.

According to Justice Department sources, he met for 1½ hours yesterday morning with Attorney General Elliot L. Richardson and other Justice staff members and discussed the investigation.

The sources said that Beall was assured at the meeting that his investigation would not be hampered and that he would be given additional manpower from the Justice Department if it is needed. Beall has not requested the extra help, the sources said.



Associated Press

U.S. Attorney George Beall heads the investigation.