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Agnew's Link With Maryland Developer

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Washington

The long connection between Spiro T. Agnew and J. Walter Jones started at the Kiwanis Club in Loch Raven, Md., back in the early 1950s.

Jones belonged to the Kiwanis Club in Parkville, where he lived, but once in a while he would come over to Agnew's branch in Lock Raven to make up a meeting and preserve his attendance record.

From 1957 on, their paths often crossed in the third-floor hearing room of the county office building in Towson, where Agnew sat as a member of the board of appeals and Jones was a perennial expert witness in zoning cases.

Agnew's recollection is that Jones appeared before him in about 50 cases, either on behalf of the rezoning applicants or the protesting neighbors. That would be about one out of every three cases Agnew heard.

In that time span, Agnew was also struggling to develop his own little law office in Towson, handling mainly automobile negligence cases and out-of-town labor relations matters. The two men saw each other fairly regularly for lunch.

Over the years Jones became one of Agnew's two most important political fund raisers, although he was himself a Democrat until recently.

While Agnew was governor, Jones was ubiquitous although he had no state job. A Baltimore Evening Sun columnist, wrote in 1967:

"These days, Mr. Jones is in steady if not daily communication with the governor. . . . Mr. Agnew treats him as a sounding board, as a test of public reactions."

CASE

There is a fascinating forgotten link between the two men: in 1960, while Agnew was on the board of appeals, he signed a rezoning decision that has made Jones rich. Curiously, no one has ever made an issue of the case.

It goes back to the summer of 1959 when a three-man land company known as Opfer-Dickinson Co., Inc., bought a 150-acre piece of land next to an interchange on the heavily traveled interstate highway connecting Washington, Baltimore and Harrisburg, Pennsylvania. Although the land deed did not show it, Jones was a principal of Opfer-Dickinson with 15 per cent of the stock.

J. Walter Jones, a Maryland banker and developer, was one of the men notified along with Vice President Spiro T. Agnew that he is under investigation in a federal bribery-extortion tax fraud case.

In a 1972 book, "What Makes Spiro Run, The Life and Times of Spiro Agnew," Chronicle correspondent Joseph Albright described some of the relationship between Jones and Agnew.

The following is excerpted from Albright's account.

The case came before the board of appeals for a full hearing and review on March 31, 1960, after the deputy zoning commissioner and the planning board had approved the petition.

One member of the board excused himself from the case, which left it up to two men. Agnew and the late Nathan N. Kaufman.

One of the most effective witnesses that day was J. Walter Jones, Jr., who identified himself merely as an expert witness for Opfer-Dickinson.

On July 14, 1960, Agnew and his fellow board member Kaufman granted the rezoning. The board's three-page decision made a major point of Jone's contention that the land in Baltimore county already zoned for industry was largely unsuitable for industrial development.

The opinion conceded that the new industrial tract would be an "industrial spot" bounded on north and south by residential land. But it would be "valid spot zoning" because it would benefit the public rather than merely the pecuniary interests of the owner.

PARTNERS

Although the enrichment of Jones and his partners may not have been the intention of the rezoning, that was the result. That land, which cost $2600 an acre in 1959, was worth at least $150,000 an acre one year later.

As soon as the board of appeals opinion was upheld by the local circuit court, Jones and his partners sold off 40 of their 205 acres for $474,000 in cash — thus paying off their original investment and leaving 165 acres for further dealing.

Then, in January 1962, they signed a merger agreement with McCormick and company, an old-line Baltimore spice company that was anxious to diversify into the industrial park business. In the merger, Jones and his partners traded their landholdings in exchange for stock in McCormick and Company, which is publicly traded, and in a new McCormick subsidiary for industrial parks.

TRACT

By 1971, the stock was worth more than three million dollars — over 50 times the original cash investment by the Opfer-Dickinson partners. As for Jones' share, he put up $12,500 in cash in 1959 and received stock which was worth more than $600,000 by 1971.

The resulting tract, known as the greater Baltimore industrial park, soon turned into the biggest and most successful industrial park in Baltimore county. It opened in 1962 and, by 1968, it had grown into a nationally known complex with a country club, golf course,and convention center.

During an interview on February 8, 1971, in his office in the executive office building, I asked the vice president whether he didn't consider it a conflict of interest for him to have become a business partner in 1965 of someone who had benefited from his big greater Baltimore industrial park rezoning in 1960.

To my amazement, he replied by denying that he had anything whatsoever to do with that rezoning. He repeated his denial four times.

Because the property was only zoned for housing, Opfer-Dickinson was able to pick it up for $2600 an acre — $45,500 in cash and a mortgage loan from the sellers of $369,000.

Jones and his associates next snapped up 46 adjacent acres of the gently rolling farmland, some of it in the name of a separate corporation.

LAND

The stage was not set to seek to multiply the value of the land by transforming it nito an industrial park. As a member of the board of appeals, Agnew had to vote on whether to grant the needed rezoning to Jones' company.

"I didn't have anything to do with that," he said. "That was zoned before I went on the zoning board."

After rechecking, I sent a photocopy of the rezoning decision bearing Agnew's signature to Victor Gold, then the vice presidential press secretary. Gold telephoned back to say that Agnew had experienced a "lapse of memory" during the interview — and would I like to see the vice president again to get everything straight."

MAP

On February 16, I was ushered back into his office, to find the vice president armed with a huge zoning map of Baltimore county.

Of course, he had voted to rezone the Opfer-Dickinson tract, he said, but "I didn't recall" that it was part of the industrial park.

Later in the interview, he offered another explanation for his earlier denials: "My recollection was that it (the Opfer-Dickinson land) had been rezoned before I became a member of the board of appeals. And so I was wrong in that respect."

The vice president told me he didn't know that Walter Jones owned part of Opfer-Dickinson at the time he heard the case. However, he said, he has known "for quite some time" that Jones had an interest in the greater Baltimore industrial park.

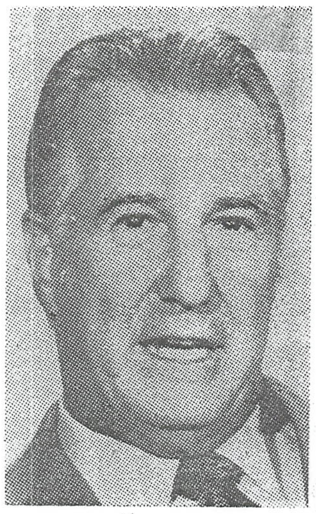
"I don't remember when I (became aware), but it was common knowledge that he was interested. I didn't know if it was an an employee or as an expert . . . or on his own behalf, but I have known he had an interest in it for quite some time."

LAND

It was also common knowledge in Towson, by 1962, that the industrial park was created out of land obtained from Opfer-Dickinson — and that Walter Jones was one of the owners of Opfer-Dickinson. Those facts were included in news stories in the Baltimore Sun and the Towson Jeffersonian announcing the creation of the greater Baltimore industrial park in January 1962.

Their first common investment made by Agnew and Jones was in stock in the Chesapeake National Bank in Towson, a new national bank which Jones and a few friends organized in 1963 while Agnew was county executive.

Before the bank opened its doors in January 1964, Ag-



SPIRO T. AGNEW
Rezoning decision

J. WALTER JONES
Paths often crossed

new invested $10,000 in cash to buy 400 shares of Chesapeake National Bank stock. He was elected to the bank's board of directors at the outset and served until after the 1968 election.

For part of that time, the bank letterhead listed him on top of its slate of directors as "Spiro T. Agnew, governor, state of Maryland."

Jones, who has been the bank's board chairman from the beginning, says it was he who originally asked Agnew to join the board. The reason had nothing to do with Agnew's role as a public official, said Jones: "He was a friend . . . there was nothing more to it than that."

BENEFIT

Agnew got a rather unusual fringe benefit from the bank that up to now has been unpublicized. It turns out that, on July 2, 1965, the bank granted Agnew an unsecured loan for $15,000, thus providing the county executive with the cash he needed to join a syndicate of real estate investors speculating in an induustrial park venture in neighboring Anne Arundel county.

The original bank ledgers, unearthed for me with Jones' authorization, indicate that on July 2, 1965, a personal note signed by Agnew for $15,000 was entered in Chesapeake's loan records. The original ledger card was marked to indicate that Agnew did not put up any collateral.

On the day I saw Vice President Agnew to hear his explanation for the "lapse of memory" about the Opfer-Dickinson rezoning, I ventured to ask him also about the propriety of the unsecured loan.

Again to my surprise, he didn't try to justify it. He simply denied that the loan was unsecured, despite what the bank records might say.

BUZZED

"I had over $15,000 in my savings account in that bank," he told me. ". . . I had all my personal savings in that account. What better collateral could they have than having my money in their bank?"

As we talked, he buzzed his secretary and told her, "would you get Mr. Robert Baker at Chesapeake National Bank in Towson, Maryland, for me?"

Baker was unavailable so Agnew asked for Bill Ryan. "Bill, could you do me a favor?" Agnew asked. The favor was to look up the records of his savings account "as quick as you can" and tell him how much money was in the account on the date the loan was granted.

"We ought to get this call back fairly quickly," he said a few minutes later, "because I think that is an important point, to show that there was no special favor advanced me by the bank."

Ryan called back in 10 minutes with some unpleasant news. Although Agnew had just finished saying in a tape-recorded interveiw that his loan was fully secured by his savings account, he now learned that the savings balance was less than the loan. On the day he took out the $15,000 loan, his savings account balance was $10,327,40. "Well, generally, everyone's loans are partially unsecured," Agnew said.

The venture for which Agnew wanted his $15,000 loan was a carbon copy of the greater Baltimore industrial park deal. Once again, the man who put it together was J. Walter Jones, Jr.

PRICE

Early in 1965, Jones heard about a 106-acre piece of flat farmland near an express highway in Anne Arundel county, which adjoined Baltimore county on the south. Perfect for another industrial park, he thought, and the price was only $2500 an acre.

Jones' first thought, he says, was to share his find with some of his very good friends, including county executive Agnew.

The result was a syndicate of 10 men who bought the land in their own names in July 1965 for a total of $265,648. There were eight full members, including Jones and Agnew, and two others who split a share, meaning that Agnew personally owned one-ninth interest. (Another of the partners was Lester Matz, whose local consulting engineering firm, Matz, Childs and Associates, did $315,000 worth of business with Baltimore county while Agnew was county executive. Matz, reportedly, is now seeking immunity from prosecution in return for cooperating with the grand jury in its investigation of the vice president.)

The syndicate immediately took out a $200,070 mortgage on the acreage, splitting the debt among them. In addition, each full shareholder had to put in $11,000 in cash for the down payment and other expenses. Agnew's unsecured loan from Chesapeake National more than covered his share of the down payment.

QUALMS

County executive Agnew had no qualms about going into business with Jones. As he described his reasoning to me:

"During the time I was county executive, I was complaining about the fact that it was very difficult to do anything in a business sense because anything in your own county is prohibited. He (Walter Jones) said, 'Well, I've got an opportunity in another county and certainly nobody can criticize you for owning a piece of land in another county.' "

On that, he guessed wrong. When he announced his financial holdings in July 1966, during the gubernatorial campaign, the Maryland newspapers pointed out the fact that the land was on the probable approach route to a proposed new bridge across Chesapeake Bay.

Stung by the criticism, Agnew decided to sell out. "Running on a record of integrity as a candidate for high office, admittedly afraid that some voters may not have the time to study the propriety of my position and may, therefore, be misled by the demagogues, I must reluctantly decide to sell this excellent investment at its cost to me," he declared.

Agnew and Jones joined in another deal on May 24, 1966, while Agnew was campaigning for governor. On that day, Jones and Agnew, along with 10 other Marylanders, signed an agreement of limited partnership to develop what has become the largest condominium project on the island of St. Croix in the U.S. Virgin Islands.

VENTURE

John W. Steffey, a Maryland state senator who along with Jones was a general partner in the venture, said the profit projection originally supplied to all limited partners — including Agnew — was that they would double their money inside of four years. Actually, says Steffey, the profits have been lower because of building delays and carrying charges.

In fact, when the costs of the project rose unexpectedly, the general partners did not insist that Agnew live up to his original pledge to the partnership to put in $15,000. Of the nine original limited partners, Agnew was the only one who paid in less than his original $15,000 pledge.

Altogether, when the results of Agnew's three joint investments with Jones are totaled up, it seems he would have done better in savings bonds.

Agnew paid $10,000 for his Chesapeake National Bank stock in 1964 and sold it in December 1968 for $11,200 after receiving no dividends or director's fees in five years. In 1967, he sold his interest in the Anne Arundel county land venture at what it cost him, $34,430.

In the Virgin islands venture, he put up $1658.33 in 1966 and then sold out for $2500 when he formally dropped out of the partnership on September 10, 1969.