



White House-Backed Form of Immunity A Key Weapon in the Agnew Inquiry

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BALTIMORE, Aug. 31—A new form of immunity, put into law largely through the efforts of the Nixon Administration to strengthen the hands of prosecutors, has been a key weapon of the Republican United States Attorney here to advance the inquiry now focusing on Vice President Agnew.

This development and several other points have emerged from an attempt to piece together the origins and course of the investigation, chiefly through a study of tax returns and county documents.

The Vice President was only a peripheral figure in the investigation until late last spring, when an administrative officer of Baltimore County, who had served loyally under four Republican and Democratic County Executives—including Mr. Agnew—decided to cooperate with the United States Attorney's office.

The official, William E. Fornoff, was allowed to plead guilty to a minor tax charge June 4 and was named as a co-conspirator but not a defendant in the recent indictment of N. Dale Anderson, Baltimore County Executive, on charges of bribery and extortion.

Blood Began to Flow

"Without Fornoff they wouldn't have a case," a source said. "That's when the torniquet came off and the blood began to flow."

The following points about the investigation also emerged from sources that are not part of the United States Attorney's office or the Justice Department:

¶The investigators did not start out aiming at the Vice President, but he emerged as a target only when the inquiry was well under way. "It grew like Topsy," one source observed.

¶Some of the key breaks came as a result of applying use immunity, under which witnesses are compelled to testify or face contempt of court—a concept that was put into effect largely through the efforts of the Nixon Administration to prevent witnesses from invoking the Fifth Amendment before grand juries.

¶George Beall, the United States Attorney for Maryland, who was appointed by President Nixon and is a member of a prominent Republican family, told his investigators to proceed with the case as they would with any other after being informed that Mr. Agnew's name was emerging in the case.

¶Mr. Beall was apparently

convinced that he had a strong case against the Vice President when he informed Mr. Agnew's attorney, in a letter dated Aug. 1, that Mr. Agnew was under investigation for possible criminal violations, including bribery, extortion, tax fraud and conspiracy. "The office would not send a letter unless there was a strong case," a source said. "They've had a lot of experience handling big political cases."

Mr. Beall's two immediate predecessors as United States Attorney in Maryland—former Senator Joseph D. Tydings and Stephen H. Sachs, both Democrats—built up a staff that conducted a series of investigations into political abuses. The investigations led to the indictment of some major Democratic politicians, including A. Gordon Boone, one-time Speaker of the Maryland House of Delegates, former Representative Thomas F. Johnson and former Senator Daniel B. Brewster.

A Need for 'Enemies'

When Mr. Beall succeeded Mr. Sachs in June, 1970, he expressed a determination to carry on his predecessors' vigorous investigation of political figures. "If I leave this office without enemies," he said at the time, "I will not have done the job properly."

Mr. Beall, who is 35 years old, is the brother of Senator J. Glenn Beall Jr, a Republican who defeated Mr. Tydings in 1970. Their father, J. Glenn Beall Sr., was also a Senator.

But the new United States Attorney had little experience in criminal work when he took office. He had previously served as a clerk for Judge Simon E. Sobeloff of the United States Court of Appeals for the Fourth Circuit and had been a trial lawyer for a prominent Baltimore law firm for six years.

A former member of the staff recalled that "we carried him along for awhile, but he got control of the job pretty fast."

2 Young Assistants

Mr. Beall began by hiring two young assistant attorneys who are now helping with the current investigation—Russell T. Baker Jr., 31, who was graduated magna cum laude from Harvard Law School in 1969, and Ronald S. Liebman, 29, who had served as a law clerk for Judge R. Dorsey Watkins, former chief judge of the Federal District Court in Baltimore.

And, last September, he rehired Barnet D. Skolnik, 33, who left the staff to work in the 1972 Presidential campaign of Senator Edmund S. Muskie, Democrat of Maine, and is now

a key member of the current investigation.

The details of how the investigation began are still unclear. But it began during the latter part of the Johnson Administration and continued under the Nixon Administration, when Internal Revenue Service agents were urged to give special attention to the tax returns of public officials.

Rumors of Kickbacks

The United States Attorney's office in Maryland had developed an expertise in being able to follow up leads from the I.R.S., and had convicted several local officials for tax fraud. A similar check by I.R.S. agents was concentrated on Baltimore County, where there had long been rumors about kickbacks to local officials.

Last Dec. 8, a grand jury was impaneled to look into the situation in Baltimore County. A month later, tons of county documents relating to contracts and purchasing agreements between July, 1969, and June, 1971, were subpoenaed. The records of 27 contractors, suppliers and engineering firms were also subpoenaed in such huge quantities that they had to be brought to the courthouse in trucks.

One of the key breaks in the case came last April, when five officials from the engineering consulting firm of Matz Childs Associates testified before the grand jury. Their attorney had prepared them to invoke the Fifth Amendment. Instead, they were taken before Judge Edward S. Northrop of the Federal District Court here, and were given use immunity.

Under use immunity, a person must answer questions before a grand jury or be held in contempt, which means held in jail without bail for as long as the grand jury is active. The evidence that a witness gives cannot be used as a basis for indicting him, but he can be indicted on evidence developed independent of his testimony.

Faced with the alternative of testifying or going to jail, the officials spent most of the day testifying before the grand jury.

Pressure on Others

The pressure of use immunity was later applied to Jerome B. Wolff, president of Greiner Environmental Systems, Inc. and an associate of Mr. Agnew. Use immunity has also been given to Lester Matz, president of Matz Childs Associates and a long-time contributor and fund-raiser for Mr. Agnew's political campaigns.

It was also reported this week that I. H. Hammerman 2d, one of Mr. Agnew's closest friends, was negotiating with the United States Attorney's

office over providing information in return for limited immunity from prosecution.

Sources close to the investigation have said that both Mr. Wolff and Mr. Matz have told prosecutors that they turned over some of the payments in return for government contracts to Mr. Agnew.

The last major break came when Fornoff, who had served as administrative officer of Baltimore County since 1957, pleaded guilty last June 4 to one count of interfering with the administration of Federal internal revenue laws.

The sources said that, in return for leniency Fornoff has been cooperating with the Federal investigators. His extensive knowledge of Baltimore County affairs had made Fornoff a key man in the Government's investigation.

Fornoff was named in 31 of the 39 counts of the indictment last week of Mr. Anderson as acting as an agent for the County Executive in taking payments from eight engineering, architectural and consulting firms.

There had been some friction between Mr. Anderson and Mr. Fornoff in the past. Mr. Anderson once held up a \$2,000 raise for Mr. Fornoff, and there were hints at one time that he wanted to replace him.

Admirer of Agnew

Mr. Beall, who has been described by some as an admirer of Mr. Agnew, has disagreed with the Vice President in the past. In 1968, Mr. Beall, then one of the youngest delegates to the Republican National Convention, supported Governor Rockefeller's candidacy until the Governor decided that he would not seek the nomination. He later changed his mind and staged a late drive for the nomination.

There were also reports that Mr. Agnew had held up Mr. Beall's appointment as United States Attorney and wanted someone else appointed to the post.

But associates say that these disagreements have not caused any great animosity between the two men. Mr. Beall has a color photo of the President and Vice President on the wall. It is inscribed "To George Beall, a very able U.S. Attorney." And it is signed "Spiro Agnew."