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Business, Politics—Maryland Partners

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FALLSTON, Md., Sept. 8—Harry W. Rodgers III, chairman of the board of the Tidewater Insurance Agency Inc. and Maryland political fund-raiser extraordinary, leaned back in his porch chair and put a serious expression on his ruddy Irishman's face.

"Hell," he said, "politics just isn't any fun any more. I like business better, but if you deal with the state you have terrible problems. The people who say we have so much influence ought to look at our balance sheet."

"Damn right," said W. Dale Hess, Tidewater's vice president and treas-

urer, a former legislator who, with Rodgers, has become a rich man and one of the closest associates of Maryland Gov. Marvin Mandel.

Since a federal grand jury in Baltimore began to investigate extortion and bribery in Maryland in connection with the award of government contracts, an investigation that has already touched Vice President and former Maryland Gov. Spiro T. Agnew, Hess and Rodgers have been assiduously avoiding the public eye.

"Seems like we spend all our time dodging reporters," Rodgers said as he sat on the patio of Hess's Harford County home this morning. Neither

he nor Hess is known to be under investigation, though prosecutors have subpoenaed the records of Zollman Associates, Inc., an engineering firm once owned by Tidewater. Tidewater and its subsidiary firms do a large part of their business with federal agencies and state and local governments.

Rodgers, 46, says that Zollman has not been a particularly profitable investment for Tidewater, and that the state owes the company a million dollars. "Charley Zollman (the head of the firm) couldn't meet his payroll

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recently and I had to give him a couple hundred thousand of my own money," he says.

"You know what I think happened with this investigation?" Hess asked a visitor. "They thought the trail would lead to Annapolis, but it went right down the parkway to Washington."

George Beall, the U.S. attorney in Baltimore who is heading the investigation, is a Republican. The grand jury in the case has already indicted Dale Anderson, the veteran Democratic county executive of Baltimore County (and Agnew's successor in that job), for allegedly accepting kickbacks from contractors.

Hess and Rodgers have made a great deal of money from government contracts—Rodgers said a year ago that firms in which he is involved brought in over \$5 million in federal leases annually. They said today, however, that government business can be more trouble than it's worth.

"You win some if you're active in politics, but you lose some too," Rodgers said. "We had a little bit of state insurance business when Agnew was elected governor, and he threw us right out of there. And now we have some land the state really needs to lease, they really want it, but they tell us very frankly that because of who we are they won't touch it."

Despite such setbacks, Tidewater is flourishing. It is Maryland's third largest insurance brokerage firm, Hess and Rodgers say, and its engineering and construction operations have spread to Pennsylvania and Florida and may go overseas.

"We're speculators," Hess says frankly. "We buy land and build buildings where we think they'll be needed."

Probably as well as anyone now alive, Hess and Rodgers exemplify the way that politics and money go together in Maryland—and elsewhere.

Hess grew up on the farm where his brick house now stands, land owned by his father Eugene and farmed by Hesses for at least a century. The fertile, rolling country around Fallston on Harford County's western edge looks now from Hess's patio much as it has for years. The land falls away in cornfields and meadow to a distant ridge. Beyond that are subdivisions.

Hess, now 43, started early in Maryland politics. In 1954, at the age of 24, he ran for a Harford County seat in the House of Delegates and won.

With him on the Democratic ticket were two other young men in their twenties who were to be heard from again—Joseph D. Tydings, who persuaded Hess to run and later served a term as a U.S. Senator, and Thomas R. Hatem, now the state insurance commissioner.

From the start, Hess was known as a hard worker, though not a smooth one. His grammar, then as now, was never under complete control, and his mannerism were distinctly rural.

He had been the state president (and national vice president) of the Future Farmers of America when a senior at Bel Air High School in 1947, and after graduation he went into partnership with his father, farming over 1000 acres, much of it in truck crops—tomatoes and other vegetables.

"We worked from dark to dark then," he recalled this morning, relaxing on the patio in a pair of red Bermuda shorts. "Sometimes I'd get up at 2 in the morning to drive into Baltimore to hire colored labor."

(The yearbooks at Bel Air High School are kept under lock and key. There is only one copy of the 1947 book, and Hess's picture has been torn out, apparently by someone with grimy fingers. But the group picture of the Future Farmers remains; the president is a thin, dark-haired 16-year-old, wearing a bow tie, a baggy sports jacket with wide lapels, and a serious look.)

In the legislature for the first of his four terms, Hess concentrated on agriculture and made himself a spokesman for farm interests. In his second term, from 1959 to 1963, the Democrats had regained the statehouse after eight years under Republican Gov. Theodore Roosevelt McKeldin, and Hess—still in his 20s—began to widen his scope.

He became very close to the administration of Gov. J. Millard Tawes, a politics-as-usual Democratic regular. This association drew a certain amount of needling from Tydings, Hess's roommate during the Annapolis legislative sessions, who considered himself something of a reformer.

Hess attached himself to A. Gordon Boone, then majority leader of the House of Delegates, and those who served in the legislature at that time recall that Hess used to follow him about like an attentive valet, earn-

ing the slightly condescending nickname—which he apparently relished—of "the junior leader." He also became friendly with another Tawes lieutenant, Marvin Mandel of Baltimore.

Rodgers, meanwhile, was beginning to move up in politics by another route.

He is a Baltimorean. By the 1950s, when he worked for the Baltimore firm of Poor, Bowen, Bartlett and Kennedy, he had become known as an intelligent, hard working and successful insurance man, with Democratic political connections—nothing unusual in Baltimore—but by no means an insider.

That began to change in 1958 with Tawes's election. Tawes had served 17 years as the state comptroller, and knew there were ways in which business and government could work together fruitfully.

Apparently at the initiative of George Hocker, a tough lobbyist for the Maryland brewery interests and generally considered the gray eminence of the Tawes administration, Tidewater Agency, Inc., was formed.

In addition to Hocker, the main founders were Philip J. Tawes, the governor's son, and Rodgers—who was brought in to provide expertise.

"I never knew too much about it," recalls former Gov. Tawes now, sitting in the large Annapolis office he now occupies, at the age of 79, as state treasurer. "I told my son not to expect any special treatment, and I'm sure the company never received anything like that."

In any case, Tidewater flourished—as much because of Harry Rodgers' energy, many neutral observers say, as because of the undeniably friendly political climate. Rodgers brought his brother William, also an experienced insurance man, into the firm, and eventually bought out Hocker. Philip Tawes abandoned any active role in the firm.

The story, which the principals do not confirm, is widely told in Maryland that the two had a falling-out and Rodgers demanded Hocker sell his interest.

"You don't have the money to buy me out," Hocker is said to have growled, whereupon Rodgers reportedly wrote him a personal check for \$500,000 to buy all his shares.

In any case, the company grew, and didn't shun business with the state. In 1962 George P. Mahoney, running against Tawes, charged that Tidewater had received about \$100 million worth of business selling bonds to contractors building state roads. Rodgers said the charge was "ridiculous" and the amount was "more like \$2 million."

Tidewater now handles a variety of insurance business with the state, various counties—Anne Arundel and Prince George's among them—and Baltimore City. Much of it is fire insurance, awarded by competitive bid.

"We recently bid on the insurance for the Baltimore Sunpapers," Rodgers said. "You know how they're always out to get us. Well, I told our people to make damn sure we had the low bid, and I know we did—but, of course, they didn't give us the contract."

While Rodgers was beginning to develop Tidewater, Hess was moving ahead in both politics and business. By the time he was elected to a third term in 1962, he had become a trusted member of the Tawes inner circle, and as his various patrons moved up, so did he.

Boone became speaker of the House of Delegates, and Mandel became majority leader. A few weeks, later, when Boone resigned after being indicted (he was later convicted) in the savings and loan association scandals that struck Maryland in 1963, Mandel became speaker and Hess majority leader.

It was as majority leader, believe some who know Hess well, that he first began to realize that his future probably did not lie in the field of electoral politics—or at least not as a participant.

Though he was a shrewd manager of legislation, his tongue-tied style caused many of those whose nominal leader he was to mock him behind his back. "Hessisms" like these passed into Annapolis folklore:

"Mr. Speaker, this administration has did more for education than any other. Gov. Tawes is a great physical (fiscal) expert. He has led us down the primrose path before, and if we help him he can do it again."

"Mr. Speaker, we are beating a dead horse to death."

(On defending the administration from charges of shady contracting practices): "This deal wasn't any different than any other deal."

Hess, during this period, began to concentrate more and more upon his business affairs, primarily real estate. He bought and sold

land in Harford County with acuity, borrowing money, forming corporations and ignoring frequent charges—never proved—that he used inside information to acquire land he later sold back to the state for highway rights of way.

"A lot of people believe Department of Transportation had maps of proposed routes for roads. Anyone could ask to see them, but few people did. And of course, if the person asking was a well-known member of the House, the staff might be a little more helpful to him than to someone else."

Moreover, the legislator went on, "for a lot of these roads — bypasses around towns, for example — there's really only one logical route. And an aggressive man with access to capital can buy land and be pretty sure he's in the right spot."

"My dad and I were always buying land to farm," Hess said today, "so when Bobby Archer, a Harford County attorney, told me I ought to get a real estate license, I went ahead and took the course and got it."

"That was in the early '60s. Then my cousin William, who's a carpenter and a good builder, and I decided to put up some houses. We bought eleven prefabricated houses, and I got some men off the farm here to help put them up, and before we were even finished the first one we

sold it. Then after that we were off—we sold them all, and started a company called Hess of Harford and built some apartments."

He also bought land at Harford County intersections of Interstate 95, and was part of a group that put up a hotel near Bel Air called the Invitation Inn. The motel has a restaurant called "The House of Hess" that features, among other things, a sandwich called a Hessburger.

Mandel, seeking privacy the night last July after he announced that he was separating from his wife, ate with Hess at the Invitation Inn. (Hess' wife Marie is a close friend of Mrs. Mandel, a fact that does not appear to have strained relations between Hess and the governor.)

Hess was elected to a fourth legislative term in 1966, but the General Assembly had been reapportioned and his power was on the wane. He was replaced as majority leader by Thomas Hunter Lowe, now the House Speaker, and appeared uncharacteristically subdued.

"I made up my mind to leave in 1968," he recalled. "Harry came to me and asked if I wanted to work with Tidewater, and I said 'what are you, out of your mind? What do I want a job for?' But he said I could buy in, so I did, and I went with them in 1971."

He had about decided,

friends of his say, to abandon politics entirely and concentrate on business. He had no particular influence with the governor, Agnew, and his Harford County plurality had shrunk in the last election and defeat seemed possible.

But Agnew was elected Vice President, and Mandel replaced him as governor. Hess and Rodgers, along with Baltimore Democratic leader Irvin Kovens, went to work as fundraisers. Together they put together a \$100-a-plate dinner in October, 1969, that gave the new governor a \$500,000 campaign treasure chest for the 1970 election and made him unbeatable, for all practical purposes, a year in advance.

"There's never been nothing like it in the history of Maryland," said Hess of the dinner.

Since that time, Hess and Rodgers have spent much of their time with Mandel. To Hess at least, the governor matters more than money, some close associates of Mandel say. "You want to know what Dale wants to be when he grows up?" asked one member of the governor's staff. "He wants to be Marvin's mother."

In 1971, when Mandel was elected chairman of the Democratic governors' caucus at a conference in Puerto Rico, Hess and Rodgers arrived as if by magic, full of plans for a lavish celebration party. The governor's staff, worrying about

appearances, squashed the idea.

The same year, the Rodgers brothers and Hess joined with Mandel in the purchase of a 195-acre, \$316,000 Eastern Shore farm they said would be the governor's retirement home. (The group agreed to sell the property at no profit this year after the arrangement became public knowledge and controversy erupted.)

Since then, Hess and Rodgers have headed a 1972 Democrats for Nixon group—"Agnew was specifically excluded," Hess notes—and have attended a party at the John Connally ranch in Texas to meet the President.

But even though Mandel gave his rather perfunctory support that year to George McGovern, it hasn't hurt his relationship with Hess and Rodgers. The two, with Kovens, have already raised about \$900,000 for Mandel's 1974 reelection campaign.

"Some people have given me a lot of trouble because I support a big liberal like Mandel," Rodgers said today.

Rodgers is now semiretired from Tidewater. He is recovering from a heart attack—though he appears in splendid health—and spends much of his time now in Boca Raton, Fla., at his Eastern Shore estate, or on his boat.

Like Hess, he has a bit of a weight problem, is fond of his family, does business

with a brother and likes his father.

(Rodgers' father left his family when his sons were children and went west. "When Harry got rich," says a friend of the family, "his father came back, and Harry couldn't have been nicer to him. It really made his mother angry.")

Hess and Rodgers have clearly been good for one another. "Hess has terrific energy and he's smart," says a Maryland Democrat who knows both men. "But until

he met Harry, he used to shoot his mouth off. I think Harry probably told him 'look, you want to make some money, let's go to work and make it, but keep your big trap shut.'"

Both men now shun controversy. "Since all this investigation stuff began," a friend of theirs told a reporter, "they're staying very quiet. You can't blame them, can you? They've built up something very comfortable, and they don't want to spoil it."