

# Vice President Fined for Income

By Laurence Stern

Washington Post Staff Writer

In a stunning and historic finale to his two-month public ordeal, Spiro T. Agnew resigned the vice presidency yesterday and accepted a criminal sentence for federal tax evasion.

The sentence—three years of unsupervised probation and a \$10,000 fine—was imposed by U.S. District Court Judge Walter E. Hoffman, who called the affair “a tragic event in history.”

The resignation was accepted by President Nixon in the form of a “Dear Ted” letter which paid tribute to Agnew’s decision to resign rather than bring on “a protracted period of national division and uncertainty” through extended battle in the courts and Congress.

The President immediately launched the search for a successor to serve out the remaining three years of his

administration. He asked Republican politicians—congressional leaders, governors, state chairmen and Republican National Committee members—to submit suggestions today.

The dramatic news of Agnew’s resignation reverberated quickly through Congress. It was received with reactions of shock and compassion.

“Everything is so unreal. I’ve got to go straighten myself out,” said Sen. Daniel K. Inouye (D-Hawaii). Republican National Chairman George Bush praised Agnew for his “great personal courage,” but said the action was “in the best interest of the country.”

In the great national guessing game over Agnew’s successor, speculation centered most heavily on former Treasury Secretary and Texas Gov. John B. Connally, New York Gov. Nelson A. Rockefeller and former Secretary of

# Agnew Resigns, Tax Evasion

State William P. Rogers. The three men were non-committal on the question.

For Agnew the paramount event of the day was when he stood erect and expressionless before Judge Hoffman to enter his “no contest” plea on the tax evasion charge.

That plea, which the judge declared to be the “full equivalent of a plea of guilty,” was the result of days of plea bargaining between Agnew’s lawyers and top Justice Department officials.

In return for the plea and his resignation the government agreed not to prosecute Agnew for alleged acts of extortion and bribery stretching over a 10-year period and involving at least \$87,500. The charges were spelled out in a 40-page Justice Department “exposition of evidence” submitted to Judge Hoffman.

Attorney General Elliot L. Richardson defended the compromise and also asked for leniency in the sentencing

of the former Vice President. The alternative, he said, would have been prolonged trial or impeachment proceedings.

“It is unthinkable that this nation should have been required to endure the anguish and uncertainty of a prolonged period in which the man next in line of succession to the presidency was fighting the charges brought against him by his own government,” Richardson said.

The Attorney General asked that Agnew not be jailed “out of compassion for the man, out of respect for the office he has held, and out of appreciation for the fact that by his resignation he has spared the nation the prolonged agony that would have attended upon his trial.”

And so Spiro Agnew became the first Vice President of the United States to be driven from office by a cloud of personal scandal.

*Statements, details of charges.*

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when Justice Department officials agreed not to press for a jail sentence for Agnew.

Hoffman, who today called the proceedings in the hushed courtroom "this tragic event in history," sentenced Agnew to three years of unsupervised probation and imposed a \$10,000 fine, to be paid within the next 30 days. Agnew faced a total maximum penalty on the single income tax evasion charge of a \$10,000 fine and five years imprisonment.

In return for the resignation and plea, the government agreed not to prosecute Agnew on massive evidence of alleged bribery and extortion of at least \$87,500 detailed in a 40-page Justice Department "exposition of evidence" submitted to Judge Hoffman.

According to this document, several of Agnew's closest associates told the prosecutors that Agnew initiated and directed, almost from his first days in public office as Baltimore County executive in 1962, a complex scheme to extort thousands of dollars from consulting engineers in return for granting them lucrative government contracts.

Agnew can still be prosecuted by the state of Maryland on state income tax or other charges, a decision that state officials say will be made in the near future. Government lawyers were uncertain last night what effect Agnew's plea would have on his civil rights, including voting and eligibility to hold other public offices.

Agnew's stunning resignation and plea came at 2:15 p.m. today in a courtroom crowded with reporters, lawyers, the nation's top law enforcement officials headed by Attorney General Elliot L. Richardson, and prosecutors, staff members and their relatives from the office of George Beall, the U.S. attorney for Maryland, who directed the nearly year-old investigation that produced the evidence against Agnew.

Many of the lawyers, some of whom are partners in prestigious Washington and New York law firms, were there to ask Judge Hoffman to quash subpoenas Agnew's lawyers had served on nine newspapers, news magazine and television reporters to discover their sources for news stories of the unfolding investigation.

The subpoena issue, which had threatened a legal confrontation over the constitutionality of compelling such testimony was made moot by Agnew's plea.

Richardson recommended to Hoffman that Agnew not be imprisoned and said that this was a key element insisted upon by Agnew during the plea bargaining.

"I am firmly convinced that in all the circumstances leniency is justified," the



**ELLIOT L. RICHARDSON**  
... present in court



**JUDGE WALTER HOFFMAN**  
... "plea of guilty."



Attorney General declared. "I am keenly aware, first, of the historic magnitude of the penalties inherent in the Vice President's resignation from his high office and his acceptance of a judgment of conviction for a felony.

"To propose that a man who has suffered these penalties should, in addition, be incarcerated in a penal institution, however briefly, is more than I, as head of the government's prosecuting arm, can recommend or wish."

Richardson said that, in the plea-bargaining sessions with Agnew's lawyers, he and other Justice Department officials insisted that any settlement of the case include the public release of the government's evidence against Agnew. "Only with knowledge of these circumstances, can the American people fairly judge the justice of the outcome," the Attorney General said.

Before sentencing Agnew, Hoffman said that he had insisted that the culmination of the case occur in open court in the presence of Agnew. In the past, Hoffman also noted, he has generally imposed at least a brief prison term on any lawyer (such as Agnew) found to have evaded federal income taxes.

"However," the judge said, "I am persuaded that the national interest in the present case are so great and so compelling—all as described by the chief law enforcement officer of the United States—that the ends of justice would be better served by making an exception to the general rule."

Agnew, accompanied only by Secret Service agents, strode quickly from the courtroom after the 30-minute proceeding and left the courthouse in a gold and black Cadillac. He told reporters outside the courthouse that he decided not to

## GEORGE BEALL ... directed probe

fight the charges against him "because I believe it would be against the national interest and have a brutalizing effect on my family..."

In his formal plea, Agnew acknowledged that he evaded payment of \$13,551.47 in federal income taxes for 1967. The government charged that Agnew, in a joint tax return for 1967 with his wife, reported an income of \$26,099 on which he paid taxes of \$6,416, while his actual income that year was \$55,599 on which he should have paid \$19,967.57 in taxes.

But it was clear from the 40-page Justice Department document released publicly after the court hearing that the government's evidence against Agnew involved much more than income tax evasion and centered on information that Agnew regularly extorted money and accepted bribes from Maryland engineers.

In a prepared statement that he read to Judge Hoffman, Agnew denied that he was guilty of anything but the single charge of income tax evasion for 1967. He said that he has never conducted his public duties in a way that would harm the public interest, and asserted that his acceptance of "contributions" while governor of Maryland "was part of a long-established pattern of political fund-raising in the state."

"At no time have I enriched myself at the expense of the public trust," Agnew declared.

The Justice Department document detailed charges not only against Agnew but also four of his close associates, who have been cooperating with federal prosecutors in the case.

According to the document, the extortion and bribery scheme devised by Agnew split the kickback funds, with half going to Agnew and the other half being divided by I. H. Hammerman II, a wealthy Baltimore investment banker, and Jerome B. Wolff, a former aide to Agnew and now president of Greiner Environmental Systems, Inc., a Maryland engineering firm.

Wolff proposed at the beginning that the money be split in three equal shares among him, Agnew and Hammerman, the document stated, but Agnew insisted in subsequent negotiations with Hammerman that he, Agnew, get a full 50 per cent.

Hammerman has agreed to plead guilty to a federal income tax charge, involving a possible jail term of



three years, and to cooperate with prosecutors in return for not being prosecuted on other charges, the Justice Department said.

Wolff has received no promises from prosecutors except that his testimony before the grand jury will not be used against him in any subsequent criminal trial, the document said.

The other two key figures whose activities were described in detail by the Justice Department were Lester Matz, of the engineering firm of Matz, Childs and Associates, and Alan I. Green, head of the engineering firm of Green Associates, Inc.

These two men, the Justice Department said, delivered \$87,500 in cash in plain envelopes to Agnew in Baltimore, Annapolis and Washington between 1967 and 1972.

Green, like Hammerman, has agreed to plead guilty to a tax charge involving a possible three-year prison term, the government said. Matz, like Wolff, has been told his grand jury testimony will not be used against him at any later criminal trial.

Referring to these agreements, Richardson said in the courtroom today that "none of the government's major witnesses has been promised immunity from prosecution."

As he left the courthouse, Agnew appeared to be bitter about this aspect of the case, which clearly was crucial in establishing what Richardson called "a pattern of substantial cash payments" to Agnew while he was governor of Maryland.

"Irrespective of the statements by the Attorney General in open court," Agnew told reporters, "the principal witnesses against me are not being prosecuted to the full extent. They have received full or limited forms of immunity."

The courtroom hearing here today was also attended by James Thompson Jr., the U.S. attorney in Chicago who was assigned by Richardson to defend Justice Department officials against Agnew's charge that Justice officials had deliberately leaked information about the case to the press.

In Chicago later today, Thompson said that he has never seen a stronger case of bribery and extortion than the evidence against Agnew developed by Beall and his staff. "The man (Agnew) is a crook, no question about that at all," Thompson said.

Agnew's dramatic public plea on the tax charge and his resignation were the culmination of weeks of delicate, sporadic negotiations between his lawyers and top level Justice Department officials.

Beall informed Agnew Aug. 2 that he was under investigation for possible violation of bribery, ex-

tortion, conspiracy and tax laws. During the next several weeks, details of some of the allegations against Agnew became known, but it was not until today that the massive volume and specific detail of the government evidence became public.

Agnew's lawyers and Justice Department officials first began what were described as plea-bargaining sessions last month. Justice Department officials, according to informed sources, were under intense pressure from President Nixon to arrange a settlement that would include Agnew's resignation.

These early bargaining sessions deadlocked soon after they began, largely on the question of what facts would be included in the statement of government evidence that the Justice Department insisted be issued as part of any settlement, sources said.

As a result of the deadlock, the question of whether Richardson would recommend leniency for Agnew in sentencing was not discussed in detail. But this issue—in its starkest form, whether a former Vice President of the United States would go to jail—was the key issue in renewed plea bargaining that began last Friday.

A source who is familiar with the negotiations tonight gave this account of the events that led up to Agnew's dramatic decision to resign and plead no contest to the tax charge:

The first "feelers" for renewing the negotiations came last Friday night, although it is not clear whether the first moves were made by the Justice Department or Agnew's lawyers. By Saturday, the negotiations were being conducted in earnest, at that point entirely by telephone conversations.

The early approaches between the two sides, the

source said, was "like two people on different sides of the fence hoping the other guy would make the first move."

Throughout the negotiations, senior White House officials are believed to have been kept informed of the sessions by telephone, although this was not confirmed tonight.

The final sessions were held Monday and Tuesday in the presence of Judge Hoffman in a motel room rented by Hoffman in Alexandria. Agnew was represented by his lawyers, Jay H. Topkis and Martin London of the New York law firm of Paul, Weiss, Rifkind, Wharton & Garrison, and Judah Best, of the Washington firm of Colson and Shapiro.

Representing the government were Richardson, Petersen, Beall and Barnet D. Skolnik, Beall's chief assistant in the Agnew investi-

The initial position taken by the government lawyers was said tonight to have been much tougher than the final agreement and apparently included a demand that Agnew serve some time in jail. But on this point, Agnew's lawyers would not budge.

The final agreement was reached at 4:30 p.m. Tuesday at the Justice Department in Washington. Agnew was not present for any of the negotiating sessions, and it is not known when he authorized his attorneys to agree to the terms announced in court today.

Events then began unfolding rapidly early this afternoon at the six-story, gray-ing federal courthouse in the downtown section of Baltimore.

Agnew's lawyers arrived at the courthouse at 1:20 p.m. and were ushered by U.S. marshals down a corridor to a courtroom on the fifth floor of the building.

Ten minutes later, the marshals opened the closed doors leading down the corridor, allowing reporters to scamper to the courtroom, past the small room in which the grand jury that is investigating political corruption in Maryland has been meeting.

For the next 30 minutes, Agnew's lawyers paced the floor in the front of the blue-carpeted courtroom, which was quickly filled with spectators. Richardson and other top level Justice Department officials arrived just before 2 p.m.

Richardson took a seat at the prosecution table next to Beall and Petersen, the head of the Justice Department's criminal division and the man Agnew accused of a "malicious and outrageous" attempt to drive him from public office through deliberate leaks to the press.

Seated behind Richardson, Beall and Petersen were Beall's three young assistant U.S. attorneys who did the bulk of the investigative work against Agnew: Skolnik, Ronald Liebman and Russell T. Baker.

At 2:03 p.m. Agnew, dressed in a blue suit, light blue shirt and blue tie, strode briskly into the courtroom. There was a murmur in the audience—"it's Agnew," some people were heard to say—but this was the only time during the proceedings that spectators made any sound.

After shaking hands with his attorneys, Agnew sat down at the defense table with Topkis on one side and London and Best on the other.

Hoffman entered the courtroom less than a minute after Agnew and the proceedings began with the traditional words spoken by a clerk, ending, "God save the United States and this honorable court."

What unfolded in the courtroom clearly had been agreed to in advance by all major participants in the



hearing—Agnew, Richardson and Hoffman—read from prepared, written statements.

Agnew first signed a written statement waiving his right to be indicted by a grand jury. Then Beall, speaking for the government, formally filed with the court a "criminal information"—a charge made by a prosecutor, not a grand jury—charging Agnew with income tax evasion in 1967.

With Agnew standing at his side, Topkis told Hoffman that Agnew pleaded "nolo contendere" to the charge.

Hoffman asked if the plea offered by Topkis was in fact what Agnew wished to plead to the charge.

"It is my plea, your honor," Agnew answered in a firm, low voice that displayed no emotion.

The judge then led Agnew through a series of questions that are asked of all defendants who plead no contest to a criminal charge.

Did Agnew understand the nature and seriousness of the charge, Hoffman asked.

"I do," Agnew answered.

Did Agnew have enough time to confer with his attorneys about the plea? the judge asked.

"I have, your honor," Agnew responded.

Had he been pressured by government lawyers to plead no contest?

"No, your honor," Agnew said.

Did he understand that he could be fined up to \$10,000 and imprisoned for five years? Hoffman asked.

"I have been so advised," Agnew said.

After Beall outlined the conditions of the plea-bargaining agreement, including the provision that Agnew resign from public office, Hoffman asked: "Do you fully understand the agreement, Mr. Agnew?"

"I do so understand it," Agnew replied.

"Thank you, Mr. Agnew," the judge said.

After Agnew and Topkis sat down, Richardson rose to read a four-page statement outlining the government's position in the case.

The plea bargaining agreement, Richardson told

Hoffman, "must be just and honorable . . . and must be perceived to be just and honorable, not simply to the parties but above all to the American people."

For this reason, the Attorney General said, the Justice Department insisted on the right to disclose the massive evidence it had accumulated against Agnew, who until today had denied any wrongdoing.

"In the light of the serious wrongdoing shown by its evidence, the government might have insisted . . . on pressing forward with the return of an indictment charging bribery and extortion," Richardson said. "To have done so, however, would have been likely to inflict upon the nation serious and permanent scars."

Because of this, and because Agnew was sparing the nation "the anguish and uncertainty" of a criminal trial of the Vice President, Richardson said he could not recommend a jail sentence.



Associated Press

Assistant U.S. Attorneys Barnet Skolnick and Ronald Liebman head for hearing on newsmen's subpoenas.



"Out of compassion for the man," Richardson said, "out of respect for the office he has held, and out of appreciation for the fact that by his resignation he has spared the nation the prolonged agony that would have attended upon his trial, I urge that the sentence imposed on the defendant by this court not include confinement."

In his own statement to Hoffman, read from a single sheet of paper he held with both hands, Agnew acknowledged his guilt on the income tax evasion charge but denied all other wrongdoing.

"I am aware," he said, "that government witnesses are prepared to testify that preferential treatment was accorded to the paying companies pursuant to an understanding with me when I was governor. I stress, however, that no contracts were awarded to contractors who were not competent to perform the work and in most instances state contracts were awarded without any arrangement for the payment of money by the contractor. I deny that the payments in any way influenced my official actions."

Significantly, Agnew did not deny that payments were made.

Judge Hoffman made it clear that he was not pleased by the release of the Justice Department statement of evidence but ap-

proved it as a part of the plea bargaining agreement because of the charges that have swirled around the Agnew investigation since it became public.

Hoffman also stressed that Agnew's action today did not shield him from possible state criminal prosecution, for example for state income tax evasion, or from civil actions attempting to recover the income taxes he did not pay in 1967—his first year as Maryland governor.

Hoffman's comments appeared to indicate that in any subsequent indictments handed down by the grand jury investigating Maryland corruption, Agnew is likely to be mentioned frequently as an "unindicted coconspirator"—meaning that he was involved in alleged criminal actions but not charged with a crime by the government.

Hoffman placed Agnew on three years "unsupervised" probation—meaning that the former Vice President will not have to report regularly to a federal probation officer. The principal condition of such a probation is that the person involved remain free of new criminal charges.

The judge also gave Agnew 30 days to pay the \$10,000 fine. If he does not pay in that time, Agnew could be imprisoned.

Agnew could still face prosecution by Maryland authorities for nonpayment of state income taxes since 1967, according to state legal sources. These sources said the decision will be made by State Comptroller Louis Goldstein.

Goldstein said he will meet with the state's attorney general on Friday to determine whether the state has cause for action based on Agnew's plea and evidence gathered by the Justice Department.

Officials at both the Justice Department and state's attorney general's office were unsure yesterday whether Agnew stood in jeopardy of losing certain civil rights, such as his right to vote, hold public office or carry a handgun.

These sources said a nolo contendere plea may not necessarily be construed as a guilty plea, which might result in loss of those privileges. Another complication was whether conviction of a federal offense would affect those rights—such as voting and holding public office—granted by the state.

Norman Ramsey, head of the Maryland Bar Association, refused to comment on the possibility of Agnew's disbarment as a result of his plea to a felony offense.

The proceedings in the Baltimore courtroom ended as swiftly as they had begun. The sentence imposed, Agnew, his lips closed tightly but otherwise showing no signs of emotion, rose from his seat at the defense table and walked briskly from the room alone except for his Secret Service agents. Spectators were not allowed to leave the room until Agnew was gone from the fifth floor.

The plea Agnew made today, "nolo contendere," means literally that a defendant chooses not to contest a criminal charge against him. It is less than a plea but it involves the same basic finding: a judgment of guilt on the criminal charge and the imposition of a sentence by a judge.

It was not until Agnew was well away from the courthouse that the full extent of the government case against him because known as aides to Beall handed out the 40-page summary of evidence.

Despite Agnew's bitter denunciations of the allega-

while his salary was rising (to \$25,000 as Maryland governor and \$62,500 as Vice President) so were his social demands and other factors demanding additional income. In similar conversations, made first in Towson, then Annapolis and finally Washington, the government said, Agnew made it clear he wanted the payments to continue.

Eventually, according to the Justice statement, those involved in the scheme developed their codes for communicating. It was understood between Agnew and Hammerman, for example, that the term "papers" referred to \$1,000 in cash, kept by Hammerman in a safe-deposit box.

*Contributing to stories on the Vice President's resignation were Washington Post Staff Writers B. D. Colen, Helen Dewar, Paul G. Edwards, Martha M. Hamilton, John Hanrahan, Laura A. Kierman, Charles A. Krause, Jim Lunders, Harold J. Logan, Richard L. Lyons, Judy Nicol, Tim O'Brien, Raúl Ramirez and Adam Shaw.*

tions during the last two months, the government document painted a picture of a man who took easily to a system where kickbacks from engineers in return for government work were not only acceptable but expected.

Those kickbacks began almost as soon as Agnew won his first elective office as county executive of Baltimore County in 1962, and continued regularly through Agnew's spectacular political rise through a two-year term as governor of Maryland and the first two years he served as Vice President, the government said.

The document stated that Agnew conceived his own scheme to obtain kickbacks, even to the point of insisting that he receive half the money obtained for him by Hammerman and Wolff, his agents in the scheme. Nor was his desire for these "corrupt payments" lessened by his rise to national political prominence, according to the document.

With each step up the political ladder, the government statement said, Agnew told his associates that