

Text of Charge Against Agnew and Excerpts

Special to The New York Times

BALTIMORE, Oct. 10 — Following are the text of a statement by George Beall, the United States Attorney for Maryland, of the charge to which Vice President Agnew pleaded no contest and excerpts from the criminal information returned by the Federal grand jury against Mr. Agnew.

The United States Attorney for the District of Maryland charges that:

On or about the 23rd day of April, 1968, in the District of Maryland, Spiro T. Agnew, a resident of Annapolis, Maryland, who during the calendar year 1967 was married, did wilfully and knowingly attempt to evade and defeat a large part of the income tax due and owing by him and his wife to the United States of America for the calendar year 1967, by filing and causing to be filed with the District Director of Internal Revenue for the Internal Revenue District of Maryland, at Baltimore, Maryland, a false and fraudulent joint income tax return on behalf of himself and his said wife, wherein it was stated that their taxable income for said calendar year was the sum of \$26,099 and that the amount of tax due and owing thereon was the sum of \$6,416, whereas, as he then and there well knew, their joint taxable income for the said calendar year was the sum of \$55,599, upon which said taxable income there was owing to the United States of America an income tax of \$19,967.47.

GEORGE BEALL
United States Attorney

THE UNITED STATES ATTORNEY FOR THE DISTRICT OF MARYLAND AS OF OCT. 10, 1973

Introduction

The following statement is respectfully submitted to the court by the Government at the arraignment of Spiro T. Agnew. It constitutes a detailed recitation of the facts and evidence developed by the investigation to date, which establish in part the source of the unreported funds which constitute the basis of the charge filed today. The presentation of this statement in court today was a material condition, requested by the Department of Justice, to the agreement reached between the Government and Mr. Agnew.

Summary

I. The Relationship of Mr. Agnew, I. H. Hammerman 2d and Jerome B. Wolff.

In the spring of 1967, shortly after Mr. Agnew had taken office as Governor of Maryland, he advised Hammerman that it was customary for engineers to make substantial cash payments in return for engineering contracts with the State of Maryland. Mr. Agnew instructed Hammerman to contact Wolff, then the new chairman-director of the Maryland State Roads Commission, to arrange for the establishment of an understanding pursuant to which Wolff would notify Hammerman as to which engineering firms were in line for state contracts so that Hammerman could solicit and obtain from those engineering firms cash payments in consideration therefore.

Hammerman, as instructed, discussed the matter with Wolff, who was receptive but who requested that the cash payments to be elicited from the engineers be split in three equal shares among Agnew, Hammerman and Wolff.

Hammerman informed Mr. Agnew of Wolff's attitude; Mr. Agnew informed Hammerman that the split of the cash monies would be 50 per cent for Mr. Agnew; 25 per cent for Hammerman and 25 per cent for Wolff. Hammerman carried last message to Wolff, who agreed to that split.

The scheme outlined above was then put into operation. Over the course of the approximately 18 months of Mr. Agnew's remaining tenure as Governor of Maryland, Hammerman made contact with approximately eight engineering firms. Informed periodically by Wolff as to which engineering firms were in line to receive state contracts, Hammerman successfully elicited from seven engineering firms substantial cash payments pursuant to understandings between Hammerman and the various engineers to whom he was talking that the substantial cash payments were in return for the state work being awarded to those engineering firms. The monies collected in that manner by Hammerman were split in accordance with the understanding earlier reached: 50 per cent to Mr. Agnew, 25 per cent to Hammerman and 25 per cent to Wolff. An eighth engineer contacted by Hammerman flatly refused to make payments and, instead, complained—first to his attorney and later to Governor Agnew himself — about Hammerman's solicitation. Wolff, informed of the complaint, reduced the share of work being awarded to the complaining engineer, but decided not to cut that engineering firm off completely from state work for fear of further exacerbating the situation.

Wolff, as chairman-director of the Maryland State Roads Commission, made initial tentative decisions with regard to which engineering firms should be awarded which state contracts. These tentative decisions would then be discussed by Wolff with Governor Agnew. Although Governor Agnew accorded Wolff's tentative decisions great weight, the Governor always exercised the final decision-making authority. Often Wolff would present the Governor with a list of engineering firms competent in Wolff's judgment for a state job, and the Governor would make the final selection of which particular firm would be awarded that job.

Hammerman also successfully solicited, at Governor Agnew's instruction, a substantial cash payment from a financial institution in return for that institution's being awarded a major role in the financing of a large issue of state bonds.

II. The relationship Between Mr. Agnew and Allen Green.

Shortly after Mr. Agnew's election in November, 1966, as Governor of Maryland, he complained to Allen Green, principal of a large engineering firm, about the financial burdens to be imposed upon Mr. Agnew by his role as Governor. Green responded by saying that his company had benefited from state work and had been able to gen-

From Grand Jury Criminal Information

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Mike Mansfield, Senate Democratic leader, holds letter from Spiro T. Agnew at meeting with colleagues

erate some cash funds from which he would be willing to provide Mr. Agnew with some financial assistance. Mr. Agnew indicated that he would be grateful for such assistance.

Beginning shortly thereafter, Green delivered to Mr. Agnew six to nine times a year an envelope containing between \$2,000 and \$3,000 in cash. Green's purpose was to elicit from the Agnew administration as much state work for his engineering firm as possible. That purpose was clearly understood by Governor Agnew both because Green occasionally expressed his appreciation to the Governor for state work being received by his company and because Green frequently asked for and often received from the Governor assurances that his company would get further state work, including specific jobs.

Between Mr. Agnew's election and inauguration as Vice President, Wolff contacted Green, at Mr. Agnew's instruction, for the purpose of preparing for Mr. Agnew a detailed written computation of the work and fees which had been awarded to Green's company by Governor Agnew's administration. After assisting Wolff in the preparation of such a compilation, Green subsequently met with Mr. Agnew, who noted that Green's company had received a lot of work from Governor Agnew's administration and stated that he was glad that things had worked out that way. Mr. Agnew then went on to complain about the continuing financial burden which would be imposed upon him by his position as Vice President and to express the hope that Green would not stop his financial assistance to Mr. Agnew. To Green's surprise, Mr. Agnew went on to state expressly that he hoped to be able to be helpful to Green with respect to the awarding of Federal engineering contracts to Green's company.

As a result of that conversation, Green continued to make cash payments to Vice President Agnew three or four times a year up to and including December, 1972. These payments were usually about \$2,000 each. The payments were made both in Mr. Agnew's Vice Presidential office and at his residence in the Sheraton-Park Hotel, Washington, D.C. The payments were not discontinued until after the initiation of the Baltimore County investigation by the United States Attorney for the District of Maryland in January, 1973.

III. The relationship between Mr. Agnew and Lester Matz.

Lester Matz, a principal in another large engineering firm, began making corrupt payments while Mr. Agnew was County Executive of Baltimore County in the early nineteen-sixties. In those days, Matz paid 5 per cent of his fees from Baltimore County contracts in cash to Mr. Agnew through one of Mr. Agnew's close associates.

After Mr. Agnew became Governor of Maryland, Matz decided to make his payments directly to Governor Agnew. He made no payments until that summer of 1968 when he and his partner calculated that they owed Mr. Agnew approximately \$20,000 in consideration for the work which their firm had already received from the Governor's administration. The \$20,000 in cash was generated in an illegal manner and was given by Matz to Governor Agnew in a manila envelope in Governor Agnew's office on or about July 16, 1968. In handing the envelope to Governor Agnew, Matz expressed his appreciation for the substantial amounts of state work his company had been receiving and told the Governor that the envelope contained the money that Matz owed to the Governor in connection with that work.

Matz made no further corrupt payments to Mr. Agnew until shortly after Mr. Agnew became Vice President, at which time Matz calculated that he owed Mr. Agnew approximately \$10,000 more from jobs and fees which the Matz firm had received from Governor Agnew's administration since July, 1968. After generating \$10,000 in cash in an illegal manner, Matz met with Mr. Agnew in the Vice President's office and gave him approximately \$10,000 in cash in an envelope. Matz informed the Vice President at that meeting that the envelope contained money still owed to Mr. Agnew in connection with work awarded to Matz's firm by Governor Agnew's administration and that more such monies would be owed and paid in the future. Matz did make several subsequent payments to the Vice President; he believes that he paid an additional \$5,000 to Mr. Agnew in cash.

In or around April, 1971, Matz made a cash payment to Vice President Agnew of \$2,500 in return for the awarding by the General Services Administration of a contract to a small engineering FIRM, IN WHICH Matz had a financial ownership interest. An intermediary was

instrumental in the arrangement for that particular corrupt payment.

Full Exposition

1. The relationship of Mr. Agnew, I. H. Hammerman 2d and Jerome B. Wolff

I. H. Hammerman 2d is a highly successful real estate developer and mortgage banker. He has entered into a formal written agreement with the Government, pursuant to which he has tendered his complete cooperation to the Government with respect to the present investigation. Under the terms of this agreement, Hammerman will please guilty to a charge of violating a felony provision of the Internal Revenue Code. As a result of that plea, Mr. Hammerman will be exposed to a maximum sentence of three years in prison. In return, the Government has agreed not to charge Mr. Hammerman with any other crime relating to the subject matter of this investigation and to bring his cooperation to the attention of the court at the time of his sentencing. The Government has not agreed to make any specific recommendation with respect to the period of incarceration, if any, to which the Government believes it would be appropriate for Mr. Hammerman to be sentenced, and, in particular, the Government has made no representation to Mr. Hammerman that it will recommend to the court that he be placed on probation.

Jerome B. Wolff is an engineer and also an attorney. He is the president of Greiner Environmental Systems, Inc. Wolff has tendered his complete cooperation to the Government in the present investigation. The Government has not entered into any agreement with Wolff as to what consideration, if any, he may expect in return for his cooperation, other than the assurance that his own truthful disclosures to the Government will not be used against him in any criminal prosecution.

At the Government's request, both Hammerman and Wolff have executed sworn written statements that recount their relationships with Mr. Agnew. Their testimony, the corroborative testimony of other witnesses, and various corroborative documents, would prove the following:

Hammerman has known Spiro T. Agnew for many years. When Mr. Agnew ran for Baltimore County Executive in 1962, however, Hammerman

actively supported his opponent. The day after the election, Hammerman called to congratulate Mr. Agnew and asked to see him. They met in Hammerman's office and again Hammerman congratulated Mr. Agnew on his victory. Hammerman told Mr. Agnew that he knew all campaigns had deficits, and he offered Mr. Agnew a post-election contribution of \$10,000. Mr. Agnew refused, but he told Hammerman that he would expect a contribution three times as large when he ran for office again.

Friendship Develops

Between 1963 and 1966, while Mr. Agnew was the Baltimore County Executive, he and Hammerman developed a close, personal friendship. During the period and continuing up until early 1973, they often discussed Mr. Agnew's personal financial situation. Mr. Agnew complained about it, and told Hammerman that he had not accumulated any wealth before he assumed public office, had no inheritance, and as a public official received what he considered a small salary. Mr. Agnew believed, moreover, that his public position required him to adopt a standard of living beyond his means and that his political ambitions required him to build a financially strong political organization. During the period when he was County Executive, Hammerman entertained him, introduced him to substantial political contributors, and gave him substantial gifts.

At the outset of the 1966 Maryland gubernatorial campaign, Hammerman found himself in a difficult situation. Some of his closest business associates were involved in the Democratic candidates' campaign, but Mr. Agnew insisted that Hammerman choose between them and him. Hammerman decided actively to support Mr. Agnew, contributed \$25,000 and raised an even larger amount in campaign funds for Mr. Agnew. Hammerman was one of Mr. Agnew's financial chairmen and devoted considerable time, energy and money to his campaign. After he became Governor and later Vice President, Hammerman continued to entertain him, travel with him and provide him with other financial benefits. These benefits were not related to the monies discussed below.

In the late nineteen-fifties, while Wolff was Deputy Chief Engineer and later Assistant Director of Public Works for Baltimore County, Mr. Agnew became a member of the Baltimore County Board of Zoning Appeals. Mr. Agnew

and Wolff became acquainted as a result of Wolff's appearances as a witness before the Board.

Wolff left employment with the County approximately six months after Mr. Agnew took office as County Executive. Mr. Agnew and he became good friends between 1963 and 1967 while Wolff was in business as a consulting engineer, and Wolff became an unofficial adviser to him. Mr. Agnew arranged for him to receive contracts from the County. Wolff greatly admired Mr. Agnew and believed that Mr. Agnew was sincerely attempting, with considerable success, to do a good job as County Executive.

Questions from Friends

Friends in the consulting business asked Wolff, while Mr. Agnew was County Executive, how much Wolff was paying for the engineering work that he was receiving from Baltimore County. They seemed to assume that he was paying, as it was well known in the business community that engineers generally, and the smaller engineering firms in particular, had to pay in order to obtain contracts from the County in those days. Only a few of the larger those days. Only a few of the larger and well established firms were generally considered to be immune from this requirement.

It is Wolff's belief, based upon his experience and his understanding of the experience of others, that engineering firms generally have to struggle for 10 to 15 years in order to become established. During this period, and for some time thereafter, they generally make payments — sometimes through middlemen — to public officials at various levels of government throughout Maryland in order to receive public work. Sometimes they reach a point where they are sufficiently established as qualified engineers that they do not generally have to make illegal payments in order to obtain a fair share of the public work.

It was Wolff's belief that a certain close associate of Mr. Agnew's (referred to hereafter as "the close associate" or "the middleman") was his principal middleman in Baltimore County. The close associate courted engineers, developers and others and bragged a great deal about his relationship with Mr. Agnew. Although Wolff was in a favored position with Mr. Agnew, on two or more occasions while Mr. Agnew was County Executive, the close associates requested money from Wolff in return for contracts Wolff wanted or had obtained from the county. Wolff paid him \$1,250 in cash in April, 1966, and in addition made a payment to another associate of Mr. Agnew's, ostensibly as legal fees. Wolff's present recollection is that he also made one or two other payments to the close associate.

Another Middleman Seen

It was Wolff's belief that another individual also acted as a middleman for Mr. Agnew. Wolff learned from others that a certain Baltimore engineer was paying for work through that other individual. It is Wolff's recollection that in his office, Mr. Agnew once remarked to Wolff that the engineer in question was paying 10 per cent for the work that he received from the county. Wolff inferred from Mr. Agnew's comment that the engineer was paying as much as 10 per cent, in view of the fact that the going rate was generally 3 per cent. Through conversations with still another engineer, Wolff learned that he also was making payments for county work.

During Mr. Agnew's 1966 campaign for Governor, Wolff, gave him \$1,000 in cash as a campaign contribution. Wolff also worked in Mr. Agnew's campaign. Wolff knew that he had a potential personal stake in Mr. Agnew's candidacy, as Mr. Agnew had sometime earlier indicated to him the possibility that he might appoint Wolff as chairman-director of the State Roads Commission if Mr. Agnew were elected Governor.

Wolff had first become acquainted with Hammerman during the period when Wolff had been an assistant engineer employed by the Baltimore County Public Works Department. Hammerman considered Wolff to be a brilliant engineer, and Wolff had handled in an efficient manner various problems that Hammerman had had with county agencies in connection with Hammerman's building ventures. A close personal friendship had developed between them. Hammerman had been so impressed with Wolff that he had advised him that if he ever decided to leave county government, Hammerman would retain him as the engineer for his building projects. After Wolff had left county government in 1963 and established his own engineering business, he had done virtually all of Hammerman's engineering work.

After his election as Governor, Mr. Agnew told Hammerman that he in-

tended to appoint Wolff chairman-director of the Maryland State Roads Commission. Hammerman objected strenuously because he wanted to retain Wolff's engineering services. Mr. Agnew responded, however, that Hammerman should not be too upset about Wolff's appointment because, Mr. Agnew told Hammerman, "You won't lose by it."

On or about March 1, 1967, Wolff took office as Governor Agnew's appointee as the chairman-director of the state roads commission. Governor Agnew had Wolff monitor every consulting engineering and construction contract that came through the state. It became obvious to Wolff that, in view of the provisions of the state road commission legislation, he would in effect control the selection of engineers and architects for contracts to be awarded by the state roads commission, subject only to the ultimate decision-making authority of Governor Agnew.

Shortly after Wolff took office, Governor Agnew asked Hammerman to come to his office in Annapolis, Md. At this meeting, Governor Agnew advised Hammerman that there was in Maryland a long-standing "system," as he called it, under which engineers made substantial "cash contributions" in return for state contracts awarded through the state roads commissions. Governor Agnew referred to the substantial political financial demands that would be made on both himself and Hammerman, and said, in effect, that those who would be benefitting (the engineers) should do their share. Governor Agnew said that Hammerman could help him by collecting cash payments from the engineers, and told him to meet with Wolff to set things up.

Hammerman subsequently met with Wolff and told him of the discussion he had had with Governor Agnew. Wolff readily agreed to participate and suggested that the payments be equally divided among the Governor, Hammerman and Wolff. Hammerman then met again with the Governor and told him of the suggested division of the payments. Governor Agnew at first replied that he did not see why Wolff should receive any share of the money, but he agreed to the division as long as he received 50 per cent of the total payment. He told Hammerman that he didn't care what Hammerman did with his share.

Hammerman went back to Wolff and told him that Mr. Agnew insisted on 50 per cent of the money, and that Hammerman and Wolff should equally divide the rest between themselves. Wolff agreed.

Implementation Described

Over the course of the subsequent 18 or 20 months that Mr. Agnew served as Governor of Maryland, the scheme agreed to by Mr. Agnew, Hammerman, and Wolff was fully implemented. Wolff kept Hammerman informed as to which engineers were to receive state contracts and Hammerman kept Wolff informed as to which engineers were making cash payments. It was soon generally understood among engineers that Hammerman was the person to see in connection with state roads engineering contracts. As a result Hammerman soon found himself meeting with individual representatives of certain engineering firms. They would inform Hammerman of their interest in obtaining state work, and Hammerman would reply he would see what he could do. In some cases an engineer would specify the particular work in which he was interested; in most cases, the engineers would not specify any particular job.

There was no need for Hammerman threats because the threats to make coarse demands or to issue threats because the engineers clearly indicated that they knew what was expected of them. The discussions were generally about "political contribution" but the conversations left no doubt that the engineers understood exactly how the system worked—that is, that cash

payments to the Governor through Hammerman were necessary in order for their companies to receive substantial state contracts. The "contributions" were almost always in cash, and many of them were made when there was no campaign in progress.

No SPECIFICATION ON Amount

Although Wolff had told Hammerman that "contributions" should average between 3 per cent and 5 per cent of the contract amount, Hammerman did not specify any exact amount to be paid, and accepted any reasonable sum. Sometimes the "contribution" was made in one payment, sometimes in several. When a contract was about to be awarded to one of the engineers who was known to be willing to make payments, Wolff would advise Hammerman that the engineer had been selected for a certain job. Hammerman would then contact the engineer and congratulate him. His congratulations were intended as signals that a cash "contribution" was due, and the engineer would then meet Hammerman and bring him the money.

Pursuant to his understanding with Mr. Agnew and Wolff, Hammerman retained 25 per cent of the payment and delivered to Wolff his 25 per cent share. Hammerman generally held Mr. Agnew's 50 per cent share in a safe-deposit box until Mr. Agnew called for it. From time to time Mr. Agnew would call Hammerman and ask how many "papers" Hammerman had for him. It was understood between Mr. Agnew and Hammerman that the term "paper" referred to \$1,000 in cash. Hammerman would tell Mr. Agnew how many "papers" he had and Mr. Agnew would ask Hammerman to bring the "papers" to him. Hammerman would then collect the cash from the safe-deposit box and personally deliver it to Mr. Agnew to his office in Annapolis or in Baltimore or wherever else Mr. Agnew would designate.

Cash Was Transferred

The cash which Wolff received from Hammerman was initially kept in Wolff's home. It was then transferred to two, and later, three safe-deposit boxes, two in Baltimore and one in Washington. Most of the money was spent on ordinary personal expenses over a period of more than four years. A small portion of it was used by Wolff to make payments to other public officials in order to obtain work for the two consulting firms which he had sold before he had become chairman of the state roads commission, but in which he still had a

financial interest. Wolff kept detailed contemporaneous documents on which he recorded the dates, amounts, engineering firm, sources of the monies that he received from Hammerman as his share of the proceeds of the scheme. These records are among a large volume of corroborative documents that Wolff has turned over to the United States Attorney's office.

The selection process for the state roads contracts generally worked in the following manner: Usually, based upon previous discussions with Governor Agnew, Wolff would make preliminary decisions with regard to the consulting engineering and architectural firms to be awarded contracts. He would then obtain the approval of the State Roads Commission. Governor Agnew would then make the final decision.

During Mr. Agnew's tenure as Governor of Maryland, Wolff met with him from time to time to discuss the status of various projects and the decisions which had to be made with respect to engineering, management and sometimes architectural contracts. Wolff generally prepared agendas for these meetings in advance. Governor Agnew appeared to have confidence in Wolff's technical ability and generally accorded substantial weight to Wolff's preliminary deci-

sions as to which consulting firms should be awarded contracts, generally concurring with Wolff's selection. Where important or unique projects were involved, Wolff would present Governor Agnew with a list of several possible firms from which Governor Agnew would select the firm to be awarded the contract.

Governor Agnew always had and from time to time exercised the power to make all final decisions.

Factors Influencing Wolff

Several factors influenced Wolff in his own decision-making in the selection process outlined above:

1. It was the basic premise of Wolff's selection process that an engineering firm had to be competent to do the work before it could even be considered for a contract. Any engineering firm which, in Wolff's judgment, was competent to perform a certain assignment which might be given consideration.

2. Both Governor Agnew and Hammerman would from time to time ask Wolff to give special consideration to a particular engineering firm, which might or not be making cash payments, and he would then try to do so. He remembers, for example, that the Governor on one or more occasions asked him to give work to two specific engineering firms. Hammerman also recommended to Wolff, presumably because of Hammerman's friendship with one or more particular engineers, that work be given to at least one company that, according to Wolff's understanding, had not made any cash payments.

3. Wolff's decision-making (and he recalls that this was a matter that he discussed with Hammerman in particular) was intended to avoid substantial and noticeable deviations from general fairness — that is, he tried to avoid a situation in which any firm reserved more or less work than could be justified on a purely legitimate basis. Wolff always viewed the process as one of accomplishing competent public work for the state of Maryland, very similar to that which would have been accomplished if all the selections had been made strictly on their merits, which at the sametime serving the mutual ends of Mr. Agnew, Hammerman, and himself.

Appearance of Fairness

Wolff believed it was important not to deviate too obviously from the appearance of fairness and even-handedness in the selection of engineers. For example, he became aware—he believes initially as a result of a conversation he had with Governor Agnew—thammerman had apparently approached a certain engineer to solicit cash payments in connection with potential state work, and that the engineer had complained to Governor Agnew that state contracts should not be awarded on this basis.

The Governor was very upset, as Wolff understood it, because Hammerman had apparently been especially heavy-handed with the engineer, and apparently because the Governor felt that the engineer might make his complaint public. For these reasons, Wolff continued thereafter to give the engineer's firm some work.

The investigation also established that the same engineer also complained to his attorney, a close personal friend of Mr. Agnew's, about Hammerman's solicitation. Shortly after the engineer had complained to his attorney, and several months before the engineer complained directly to Mr. Agnew, the attorney met with Mr. Agnew and gave him a detailed account of Hammerman's solicitation and of his client's outrage. He warned Mr. Agnew that Hammerman's activities could undermine all the attorney believe Governor Agnew was attempting to accomplish.

Although he indicated that he would look into the matter, Mr. Agnew never reported back to the attorney. He did several months later meet personally with the engineer, at the attorney's in-

sistence, but the investigation has established Mr. Agnew did nothing ever to stop Mr. Hammerman's continuing solicitations of cash payments from engineers in return for state work and that he (Mr. Agnew) continued for several years thereafter to accept his 50 per cent share of these cash payments.

4. The fact that a certain firm was making cash payments was a definite factor in the firm's favor. It was, therefore, accorded special consideration in the decision-making process. Holt believes that a comparison of the amount of work given to certain firms before, during and after Governor Agnew's administration would confirm this.

Selection of Firms

On the other hand, there were times when a firm was selected for a specific job without regard to whether or not the firm was making cash payments. Some local Maryland firms had outstanding expertise in certain fields of engineering. This made them obvious choices for certain jobs, whether or not they were making cash payments. Even such firms, however, can never be completely sure that such considerations would be decisive in the decision-making process, so that even some of those com-

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panies were vulnerable to solicitations for cash payments.

5. Various other factors worked for or against particular firms or individuals in the selection process. For example, Wolff definitely favored Lester Matz and Allen Green, and their companies, not only because he understood they were making cash payments directly to the Governor, but also because Wolff was receiving money from certain illegal dealings that he had with Matz and Green that did not involve Governor Agnew. Conversely, one engineering firm was disfavored by Wolff because in his view that firm had taken positions contrary to the best interests of the Commission.

The evidence accumulated to date, both testimonial and documentary, establishes that Hammerman obtained, and split with Mr. Agnew and Wolff, cash payments from seven different engineering firms in return for State engineering contracts, and from one financial institution in return for a lucrative arrangement with the State involving the financing of certain State bonds. Those seven engineering firms and the one financial institution will not be named in this statement in order to avoid possible prejudice to several presently anticipate prosecutions.

It is worth noting, however, that Hammerman specifically recalls discussing with Mr. Agnew whether or nor the particular financial institution would be awarded the lucrative State bond business, and that during that discussion Mr. Agnew commented that the principals at the particular financial institution in question were "cheap bunch" who "don't give you any money." Mr. Agnew informed Hammerman that he did not intend to award that institution the bond business in question unless a substantial "contribution" were made. Hammerman carried that message to the appropriate person; a substantial cash "contribution" was made; the institution got the bond business.

Green and Matz 'Contributions

Hammerman also remembers that, while Mr. Agnew was Governor, Hammerman observed that Allen Green and Lester Matz, two engineers whom he had known for some time, were receiving very substantial amounts of State Bonds work. Hammerman mentioned that fact to Wolff and, since he had not received any money from Green and Matz, asked Wolff if he should approach them. Both Green and Matz had indicated to Wolff

that they were approach them. Both Green and Matz had indicated to Wolff that they were making their payments directly to the Governor. Wolff therefore told Hammerman that both Green and Matz were making "contributions" and that Hammerman should "stay away." Hammerman did so.

It is Wolff's understanding and belief that both Green and Matz continued to make cash payments directly to Mr. Agnew after he had become Vice President. Wolff bases this conclusion on conversations that he has had with both Green and Matz since January, 1969, in which of them has indicated to Wolff that he had made payments directly to the Vice President.

At a certain point, which Wolff believes was after Mr. Agnew's election as Vice President in November, 1968, but prior to his inauguration as Vice President on January 0, 1969, Mr. Agnew asked Wolff to determine the details of payments that had been made by the State Roads Commission under his administration to the engineering company owned and operated by Allen Green. Wolff then discussed this request with Green, who subsequently prepared a list that he submitted to Wolff. Wolff then prepared a final list, a copy or duplicate of which he gave to Mr. Agnew. When Wolff handed Mr. Agnew the list, they did not discuss it to any extent, according to Wolff's present recollection. Mr. Agnew just put it away.

Wolff would testify that much of his understanding concerning Mr. Agnew's actions and reactions to specific situations was inferential, since he and Mr. Agnew did not discuss Wolff's relationship with Hammerman or others or the fact that he and Mr. Agnew were acting, either jointly or individually, in a corrupt manner. Wolff believes his relationship with Mr. Agnew flourished because of their mutual sensitivity to their own positions and their mutual respect for one another. He does recall, however, an occasion on which he was in the Governor's office in the State House. Governor Agnew and he were standing in front of the fireplace after a meeting, and the Governor said to Wolff in substance: "Look after yourself but be careful."

II. The relationship between Mr. Agnew and Allen Green.

Allen Green is the president and one of the principal owners of Green Associates, Inc., a Maryland engineering company which has, over the years, performed various types of engineering work.

Green has signed a formal written agreement with the Government under which he has agreed to plead guilty to a criminal felony violation of the Internal Revenue Code that will expose him to a maximum sentence of three years in prison. He has given the Government his complete cooperation in this investigation. In return, the Government has promised him that he will not be prosecuted for any offense related to this investigation other than the one to which he will plead guilty, and that at his sentencing the Government will bring his cooperation to the attention of the Court. The Government has expressly refused to promise Green that it will recommend to the Court at his sentencing that he be placed on probation.

At the Government's request, Green has executed a sworn written statement detailing his relationship with Mr. Agnew. Green's testimony, the corroborative testimony of other witnesses, and various corroborative documents would prove the following:

Green has been an engineer in Maryland for 21 years. During this period, he has often made cash payments on behalf of his company in return for various State and local consulting contracts and in order to remain eligible

for further contracts. He used cash for the simple reason that checks could have been traced and might have led to the discovery of these illegal payments. These payments formed a pattern over the years and reflected his understanding, based upon experience, of the system in which a firm such as his had to participate in order to insure its survival and growth in the State of Maryland. This system had developed long ago in Maryland and in other States as well.

Engineering contracts have not been awarded on the basis of public bids in Maryland. Instead, the selection of engineers for State roads contracts has rested exclusively in the discretion of public officials — in Maryland, the Governor and the members of the State Roads Commission. They have had virtually absolute control. There are many engineering companies which seek contracts, but price competition was not allowed under the ethical standards of this profession until October of 1971. Therefore, engineers are very vulnerable to pressure from public officials for both legal and illegal payments. An engineer who refuses to pay can be deprived of substantial public work without effective recourse, and one who pays can safely expect that he will be rewarded.

A few companies developed in time a size, expertise, and stature that insulated them to some extent from this system. One or two developed an expertise, for example, in large bridge design, that other local companies could not match. One or two grew so large and had been awarded so many substantial contracts that the State could not do without their services unless out-of-state consultants were employed. In these ways, a few companies in effect "graduated" in time from the system to a position of lesser vulnerability, and they could afford to resist and perhaps in some instances, refuse to participate. In fact, Green believed that his own company was in recent years in the process of moving into this class.

It was seldom necessary, in Green's experience, for there to be any express prior agreement between an engineer and a public official in Maryland. Under this system, which each State administration perpetuated, the connection between payments and contracts rested on a largely tacit understanding under which engineers knew that if they did not pay, they would not receive very many contracts and that if they did pay, they would receive favored treatment. Therefore, when a politician requested a payment or when an engineer offered one, it was not necessary for anyone expressly to refer to the connection because everyone understood the system, and between payments and contracts because talking about it.

Green came to know Spiro T. Agnew in mid-1963, when Mr. Agnew was the County Executive for Baltimore County, Maryland. Although his company received some engineering contracts from the county, Green does not recall making any cash payments to Mr. Agnew or to anyone in his administra-

tion during these years. Green cultivated his relationship with Mr. Agnew and occasionally had lunch with him. By 1966, they had developed a close relationship.

\$8,000 in Campaign Contributions

In connection with Mr. Agnew's successful 1966 campaign for Governor, Green gave him approximately \$8,000 to \$10,000 in campaign contributions. He did so in part because he genuinely admired Mr. Agnew and believed that he would make an excellent Governor. He also knew, however, that Mr. Agnew would be grateful for his support, and he anticipated that Mr. Agnew would express his gratitude by giving the Green company state work if he were elected.

After the inauguration, Green met with Governor Agnew on several occasions in his new offices, usually in Baltimore, but sometimes in Annapolis. At one of these meetings Governor Agnew expressed his concern about the substantial financial obligations and requirements imposed upon him by virtue of his new position. He told Green that, as the titular leader of the Republican party in Maryland, he would need substantial funds in order to support his own political organization. In addition, he believed that he would be called upon to provide financial assistance to other Republican candidates around the state.

Furthermore, he complained that it was extremely difficult for a person in his limited financial situation to bear the personal expenses of high public office, in the sense that his new position would require him, he believed, to adopt and maintain a life style that was beyond his means. He said that he had served as County Executive at substantial financial sacrifice because of the small salary and that, although the Governor's salary represented an increase in income, it would still be insufficient to meet the additional demands that he believed his new position would impose upon him.

Complaints by Agnew

This was neither the first nor the last occasion upon which Mr. Agnew mentioned to Green his concern about his personal financial difficulties. He had voiced similar complaints while County Executive, and he continued from time to time to mention his personal financial difficulties thereafter.

Green inferred from what Mr. Agnew said, the manner in which he said it, and their respective positions that he was being invited in a subtle but clear way to make payments. He, therefore, replied that he recognized Mr. Agnew's financial problems and realized he was not a wealthy man. Green told him that his company had experienced successful growth and would probably continue to benefit from public work under the Agnew administration. He, therefore, offered to make periodic cash payments to Governor Agnew, who replied that he would appreciate such assistance very much.

On the basis of Green's experience, he had developed a policy that, where required, he would make payments in amounts that did not exceed an average of 1 per cent of the fees that his company received on public engineering

contracts. This informal calculation included legitimate political contributions as well as cash payments. He knew that many politicians believed that engineers were wealthy and often demanded payments in much greater amounts, frequently 5 per cent and sometimes higher. Although he believed that some engineers made payments in these amounts, he knew that such percentages were unrealistic, given the economics of the engineering industry. An engineering firm could not, in his judgment, make a profit on public work if payments in these excessive percentages were made. He had come to the conclusion that his company could not afford to pay more than 1 per cent and, in areas where more was demanded, he had simply refused to pay and had sought work elsewhere.

Therefore, Green calculated, largely in his head, that it would be appropriate for him to make approximately six payments a year to Mr. Agnew in amounts of \$2,000, \$2,500 or \$3,000 each.

Payment Appointments

The exact amount to Green for such purposes at the time of the payment. After the meeting at which his subject had first been discussed, Green scheduled appointments with Governor Agnew approximately six times a year. At the first such meeting, he handed an envelope to Governor Agnew that contained between \$2,000 and \$3,000 in cash. Green told the Governor that he was aware of his financial problems and wished to be of assistance to him. Governor Agnew accepted the envelope, placed it in either his desk drawer or his coat pocket, and expressed his gratitude. Over the next two years, they gradually said less and less to each other about each payment; Green would merely hand him an envelope and Governor Agnew would place it in either his desk drawer or his coat pocket with little or no discussion about it.

During these meetings, Green and Governor Agnew would discuss a number of matters, but Green almost always made it a point to discuss state roads contracts with him. Indeed, Green's principal purpose in meeting with him was always to increase the amount of work that his company received from the state. They would discuss state contracts in general, and frequently, specific upcoming road and bridge contracts in particular. Green would express his desire that his company receive consideration for proposed work and would occasionally ask for specific contracts that he knew were scheduled to be awarded by the State Roads Commission. Green knew from experience and from what he learned from Wolff that Governor Agnew played a substantial role in the selection of engineers for State Roads Commission work. Governor Agnew would often tell him in these meetings that his company could expect to receive substantial work generally, and on occasion, he promised Green specific contracts. On other occasions, however, Governor Agnew would tell Green that a contract had already been or was to be committed to another company.

Green admits that his principal purpose in making payments to Governor Agnew was to influence him to select the Green Company for as many state roads contracts as possible. Based upon his many years of experience, it was his belief that such payments would probably be necessary and certainly helpful in obtaining substantial amounts of State Roads commission work.

A Tacit Understanding

With one exception (to be related later in this statement), Mr. Agnew never expressly stated to Green that there was any connection between the payments and the selection of the Green company for State contracts. According to Green, the understanding was a tacit one, based upon their respective positions and their mutual recognition of the realities of the system; their relationship was such that it was unnecessary for them to discuss openly the understanding under which these payments were given and received. The circumstances were that Green gave Governor Agnew cash payments in substantial amounts and asked for contracts, and from time to time, Governor Agnew told him that contracts would be awarded to the Green company.

Green paid Governor Agnew approximately \$11,000 in each of the years he served as Governor of Maryland (1967 and 1968). Green generated the necessary cash to make these payments through his company by various means that violated the Internal Revenue Code and that were designed to obscure the purpose for which the cash was used.

Green also recalls that during the early part of the Agnew Administration, the Governor occasionally asked him to evaluate the competency of certain engineering companies which he was considering for State Roads Commission work. On at least one occasion, the Governor also asked him if certain companies could be counted upon to provide financial assistance if State work were received.

Under the Agnew Administration, the Green company received substantial work from the Maryland State Roads Commission. It was awarded approximately 10 contracts, with fees approximating \$3,000,000 to \$4,000,000.

On a few occasions during these years Green was asked by Jerome B. Wolff if he was taking care of his "obligations" with respect to the substantial State work that the Green company was receiving and Green replied that he was.

Green saw little or nothing of Governor Agnew between his nomination as the Republican candidate for Vice President in the summer of 1968 and the election in November. He made some campaign contributions by check to the Nixon-Agnew ticket in the 1968 election.

Transmission of the document was not completed in time for this edition.