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'A Heartbeat Away'

Spiro Agnew to Friend Matz: 'Say You Gave at the Office'

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Lester Matz and John Childs met during the 1950s when they both worked as municipal engineers for Baltimore. They formed their own firm in 1955, establishing their offices in an old building at 2129 North Charles Street. Matz, a gregarious fellow, went out to seek clients. He found them in Baltimore County, to which thousands of Baltimoreans were then fleeing. All over the county, fortunes were being built as farms made way for housing tracts and sewers and roads were constructed. To an engineer, the booming county was a heady sight, a Comstock Lode of opportunities. One of the major developers was Bud Hammerman, whose father, Sam, had founded the S. I. Hammerman Organization, a real-estate conglomerate. Another was Jerry Wolff, then an engineer in private practice. Before long, the three—Matz, Hammerman and Wolff—established a business relationship.

The firm of Matz, Childs and Associates, began to prosper. As a new and politically unconnected firm, however, it received none of the county's public works contracts. Despite repeated attempts to break into the favored circle of firms that did, it remained an outsider, watching with mounting chagrin as the contracts flowed to their better-connected rivals. Matz, however, was not idle. By 1960, he had befriended the chairman of the county zoning board of appeals—Spiro Agnew. (Within two years, Matz and Agnew became involved in certain transactions with a man who will be referred to here as The Close Associate. Matz made the man's identity known to the prosecutors, but it was not publicly disclosed because the man was not cooperating with the investigation.)

This is the third of seven articles, excerpted from the book "A Heartbeat Away—The Investigation and Resignation of Vice President Spiro T. Agnew," written by Washington Post staff writers Richard M. Cohen and Jules Witcover, and published this week by Viking Press.

When Agnew announced that he would run for county executive, Matz and Childs threw in with him, donating $500 to what appeared then to be a doomed cause. The two engineers genuinely admired Agnew, and of course hoped that his victory would bring them the contracts they believed they deserved.

Over the next four years, Matz, Agnew and The Close Associate became even friendlier—visiting in each oth-

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er's home and celebrating milestone family occasions together, such as the bar-mitzvah of a Matz son. There was also a business relationship. Shortly after Agnew's election. The Close Associate told Matz that the two of them figured to make a lot of money. The comment, though cryptic, was not lost on Matz, and a short time later, the three men met. The new county executive told Matz that he had great confidence in The Close Associate. Matz unscrambled this message to mean that he was supposed to work through The Close Associate. That was fine with him. Not long after, The Close Associate asked Matz to prepare a chart listing how much money the engineers receiving county contracts could be expected to kick back. Matz calculated the likely profits on certain jobs, and concluded that a 5 per cent kickback was not unreasonable. He gave a copy of the chart to The Close Associate, and took the original to Agnew. The county executive thanked him for his work.

The chart then became a manual by which kickbacks in Baltimore County and to Spiro Agnew were determined. When he turned over the copy of the chart to The Close Associate, Matz was told that he would be expected to pay 5 per cent on engineering contracts and 2½ per cent on surveying contracts. This arrangement, in which both parties would benefit, was soon implemented. Whenever Matz learned which contracts the county was about to let, he would contact The Close Associate and tell him which ones he wanted.

Matz usually delivered the money to The Close Associate in his office, handing him a plain, white envelope containing the cash. He paid in installments, generally making each payment when the county sent him an installment for the work performed. And when the size of the cash payments increased and Matz and Childs found themselves in a cash bind, they began to generate cash by having key employees kick back bonuses.

At mid-point in Agnew's Baltimore County administration, Matz complained to The Close Associate that he was not getting enough county work. They all met together at Agnew's home and Agnew promised to contact the appropriate county officials and order them to step up the flow of contracts to Matz, Childs.

It was no surprise, then, that in 1966 Matz and Childs were enthusiastic supporters of Agnew's gubernatorial campaign. Their faith in the man's abilities —and his financial value to them— were undiminished. With Jerry Wolff as chairman of the state roads commission and Agnew in the governor's mansion, Matz, Childs and Associates soon began to enjoy a steady flow of state contracts. By then, however, circumstances had made Matz reluctant to continue paying through The Close Associate, for he suspected that the intermediary was skimming money off the top and taking all the credit for the cash he handed over, Matz went to Annapolis for a face-to-face talk with the new governor. In Agnew's ornate office with its majestic fireplace, Matz proceeded to denigrate The Close Associate, warning that he lacked discretion and would sooner or later get them both in trouble.

Matz had a proposition. Instead of paying through The Close Associate, why not deliver the cash to Agnew directly? He would put the money in a savings account from which Agnew could draw after he returned to the practice of law. The savings account money, Matz continued, could perhaps that it involved keeping too many records. He did not, however, reconsider his determination to make his payments personally, and from that time forth he healt directly with Agnew. The contracts kept coming, increasing substantially as the Agnew administration matured. On one occasion, Matz recalled, he was asked by Wolff if he was taking care of his obligations. Matz replied he was taking care of them directly.

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All through 1967, Matz Childs and Associates continued to share in the largesse of the Agnew administration. So large were the contracts that Matz and Chids had to defer their payments to Agnew until they received their fees from the state. The fees began to arrive in the summer of 1968, and Matz, now far behind in his obligations to Agnew, was determined quickly to catch up, lest he be suspected of welching. By July, 1968, his payments totalled about $20,000. With the fees that would soon be in the mail from the state, Matz figured he would owe Agnew $30,000. He showed his calculations to Childs, who agreed on the sum.

The firm, however, was in a fix. Matz and Childs felt they could not safely generate $30,000 in cash. So Matz turned to a former client who generally dealt in large sums of cash, and arranged a "loan."In a complicated transaction, Matz, Childs and Associates loaned this former client Taking the elevator to the second lforr, he passed through the governor's reception room, with its over-sized portraits of past Maryland governors going back to the Lords Baltimore, father and son, to the governor's offive. There, Matz handed the envelope to Agnew, thanked him for the state contracts and left. It was the past payment Matz made while Agnew was governor of Maryland. Within a Agnew asked Matz for a $5,000 donation to Nelson Rockefeller's presidential campaign. Cash or check? Matz asked. A check would be fine, Agnew said, and Matz put one in the mail. When the Rockefeller campaign emporarily collapsed with Rockefeller's declaration that he would not be a candidate, Matz's check was returned to him. By the time Rockefeller changed his mind again and re-entered the race at the end of April, 1968, Agnew was well on his way into the fold of Richard M. Nixon.

By 1969, Agnew had been promoted by Richard Nixon and by the American people out of Maryland down the Baltimore-Washington Parkway to the seat of national power. What he gained in stature, however, he lost in the authority to grant contracts. There were virtually none of his disposal. Nevermoney for Maryland contracts received under the old Agnew administration. On a piece of yellow paper, he calculated the sum he thought was due Agnew and called the Vice President's office for an appointment. Matz took the yellow paper and an envelope containing $10,000 in cash and went to see Agnew in his office in the basement of the White House.

The engineer showed Agnew his calculations, reviewed them with him, and handed the Vice President the envelope. Agnew took it and put it in a might "owe" him more money as the contracts negotiated during Agnew's Maryland administration continued to generate fees. Agnew told Matz to call his secretary when the next payment was ready and tell her he had more "information" for the Vice President.

On his return to Towson, Matz told Childs about his White House transaction with Agnew. This was no longer something he could be casual about, and he admitted to Childs that he was President of the United States in the White House. Matz told one other person about the payoff—Jerry Wolff, then vice presidential assistant for science and technology.

From there on, Matz's common sense conflicted with his sense of obligation. Since Agnew was no longer in a position to award contracts, the pace of the payments diminished, though Matz did make one for $2,500 in return for a subsidiary of Matz, Childs. Then about a year later, in the spring of 1972, Matz was contacted by The Close Associate, who pressed hard for a $10,000 contribution. Matz complained to Agnew himself.

"Say you gave at the office," the Vice President told him.

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