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'A Heartbeat Away'

Kickbacks, Payoffs --And Spiro Agnew?



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"The Presidency is th' highest office in the gift of th' people. Th' Vice-Prisidincy is th' next highest, an' th' lowest. It isn't a crime, exactly, ye can't be sint to jail fr it, but it's a kind iv disgraced. It's like writin' anonymous letters."

—Mr. Dooley (Finley Peter Dunne)

On January 15, 1973, five days before Richard M. Nixon and Vice President Spiro T. Agnew, the eyes of the nation's political community were focused on a courtroom in Washington. There, four men arrested in the break-in of the Democratic National Committee headquarters at the Watergate complex—Bernard Barker, Virgilio Gonzalez, Eugenio Martinez and Frank Sturgis—pleaded guilty to conspiracy. Their pleas were to have been a final act in an embarrassment which the Nixon-Agnew administration, in the full flush of 1972's landslide victory, hoped to put behind it.

On that same day, however, another scene was unfolding in nearby Baltimore that was destined to inject an entirely new element into the equation of Watergate—the question of presidential succession in time of national crisis.

The unwitting catalyst in this unforeseen development was an old friend and business associate of Agnew named Lester Matz. During the morning, Matz arrived in the lobby of downtown Baltimore's Mercantile Bulding for an appointment with a lawyer. He

was extremely nervous. He walked into the elevator, turned, punched number 18 and watched the elevator's polished metal doors close in front of him. As the car rose to the law offices of Venable, Baetjer and Howard, the glistening doors reflected the image of an athletic-looking man, tanned the year round by the sun of St. Croix, where he and his friend Ted Agnew had bought condominiums, and trim from the ski slopes of Aspen, where he maintained an apartment.

At the law firm's reception desk, the dapper Matz asked for Joseph H. H. Kaplan, whom he had never met. Up to now, his dealings with the firm had

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been restricted to corporate and tax law, and Kaplan had nothing to do with those matters. He was in the litigation division; his specialty was trial work, and his experience included two and a half years' service as an assistant United States attorney. That specialty and that experience were what Lester Matz, friend of Spiro T. Agnew, needed very much on this day.

In dress and demeanor, the two men

could not have been less alike. Matz, flamboyant and outgoing, affected the mod look—the latest doubleknit suits, wide lapels and flap-breast pocket. The lawyer who greeted him was pale and boyish-looking, his hair parted in the best prep-school fashion. His suit, too, was conservative—dark, double-breasted. Matz at 49 was trying to look younger. Kaplan at 36 was trying to look older.

Matz handed Kaplan a subpoena duces tecum, issued in the name of a special federal grand jury that had recently been impaneled in Baltimore. It called for the engineering firm of Matz, Childs and Associates, Inc. to produce certain corporate records. Kaplan was not surprised that the firm had received a subpoena. Every lawyer in town had heard by then that George Beall, the U.S. attorney for Maryland, was investigating kickbacks in Baltimore County, with the objective of indicting Dale Anderson, the county's Democratic executive and political boss. Reaching for a yellow legal pad, Kaplan jotted notes as the extremely agitated Matz told his story.

The records, Matz admitted at once, would indicate that his engineering firm had been generating cash for the purpose of kicking back five percent of its fees for county public works projects to Baltimore County politicians. It was an old, familiar story, and Kaplan had a ready strategy to deal with it. The government, he explained to Matz, was not interested in making a case against Matz or his partner, John

See AGNEW, A9, Col. 1

AGNEW, From A1

Childs. What the government wanted was information to use against higher-ups. Kaplan's advice was orthodox and blunt: Tell the government everything. Withhold nothing. Then the U.S. attorney, as was the custom, would offer Matz and Childs immunity from prosecution. All they had to do was be absolutely candid and agree to testify as government witnesses at any subsequent trial.

Matz was hesitant. "Do I have to tell them everything I know?" he asked.

Yes, Kaplan said, he did. If the prosecutors discovered that he had withheld any information, the immunity grant would be voided and he would be prosecuted with a vengeance.

In that case, Matz replied uneasily, he could not cooperate.

Why couldn't he? the perplexed Kaplan demanded.

"Because," Matz blurted, "I have been paying off the Vice President."

For the rest of that morning, as Joe Kaplan sat stunned, Lester Matz related a story that, before long would jolt a nation nearly inured to shock after the many months of revelations in the Watergate case. Unlike the Watergate chronicle of arrogance, excess and stupidity in high places that defied imagination, it was a story of old-fashioned graft and greed practiced by a man regarded more than most as the epitome of righteousness in American politics.

Systematically since 1962, the year Agnew became executive of Baltimore County, Matz had been making cash payments to him in return for county public works contracts. The arrangement had continued after Agnew became governor of Maryland in 1967, except from that point on the quid pro quo involved state contracts. In fact, Matz had made payments to Agnew

that Agnew was involved, indeed that he was Beall's principal target. Beall turned away the questions. The investigation was directed at Baltimore County and Agnew had not been county executive since 1966—seven years before—two years past the statute of limitations.

By the most curious happenstance, on February 1, 11 days after Agnew began his second term of office, another lawyer who said he had been asked to represent Matz called on George Beall. He was George White, the Vice President's own legal counsel and friend.

White's purpose was simple enough, but it was expressed in the code that lawyers sometimes use when they are trying to get information. In being asked to represent Matz, White told Beall, he was worried about possible conflict of interest. He was, after all, the Vice President's personal attorney and close adviser. Decoded, his question was clear: Was Agnew under investigation?

Beall told White that representing Matz would pose no conflict: Agnew was not under investigation. Beall was after the current Baltimore County political leadership, and Agnew had not been a part of that leadership since 1966. Even assuming that Agnew had done something wrong, he was protected by the statute of limitations.

Nevertheless, White said, he was worried that the newspapers would seize upon the investigation and make an effort to drag Agnew into it. They hated Agnew, he said, and would try through innuendo to link him to the investigation. Beall assured White that he would do everything possible to protect the Vice President's good name. White thanked the young prosecutor, and then, almost as an afterthought, he added that he had decided



LESTER MATZ

... Agnew business associate

even after his election as Vice President. On one occasion he had visited Agnew in an office he then occupied in the basement of the White House, and there handed him an envelope containing about \$10,000 in cash.

Matz, having concluded his story, asked to use a phone. Kaplan led him to one in the outer office, and from

there Matz made two calls to close associates of Agnew. He was in trouble and something had to be done. Agnew must somehow stop the investigation. But the Vice President was very busy. It was a period of intense activity for him. In just five days he would be inaugurated for his second term and would then leave almost immediately for the Far East as a presidential emissary extraordinary.

After Matz left the office, Kaplan remained in his chair. The lunch hour came and went and still the young lawyer sat there, tumbling Matz's admissions over and over in his head. The six clocks in his office—three of them pendulum models—ticked off the time, ringing the hours as they passed. Finally, at five o'clock, Joe Kaplan went home. He said little to his wife, telling her only that there was trouble at the office. He went to bed but not to sleep. That night he experienced the first of many episodes of insomnia. The White House itself! It made him sick.

All over Baltimore that week other consulting engineers and architects rushed to the offices of the city's available legal talent, advised by some cold and blunt-talking assistant United States attorneys that they should retain counsel familiar with the federal United States attorney Russell T. Baker, Jr. and all issued in the name of a special federal grand jury.

George Beall, the 36-year-old United States attorney for Maryland, was papering the Baltimore metropolitan area with subpoenas, attempting, or so it was rumored, to prove at the bar of justice what was already no secret in the state of Maryland: Baltimore County public officials were receiving kickbacks. Already, there were rumors

attorney general of the United States, Richard Kleindienst. Beall told Kleindienst he wanted to alert him that rumors saying Agnew was involved in the Baltimore County investigation were false.

Only three days later, on February 9, Kleindienst called back. Agnew, worried, had called him to complain that Beall's investigation into political corruption in Baltimore County had the potential to embarrass him. Echoing White, Agnew had argued that the press would have a field day intimating that the scandals of the present county executive, Dale Anderson, had their genesis in the administration of his predecessor. Moreover, he had reason to believe that one of Beall's assistants, Barnet D. Skolnik, was intent on political mischief. After all Skolnik had been on the staff of the 1972 presidential campaign of Edmund S. Muskie.

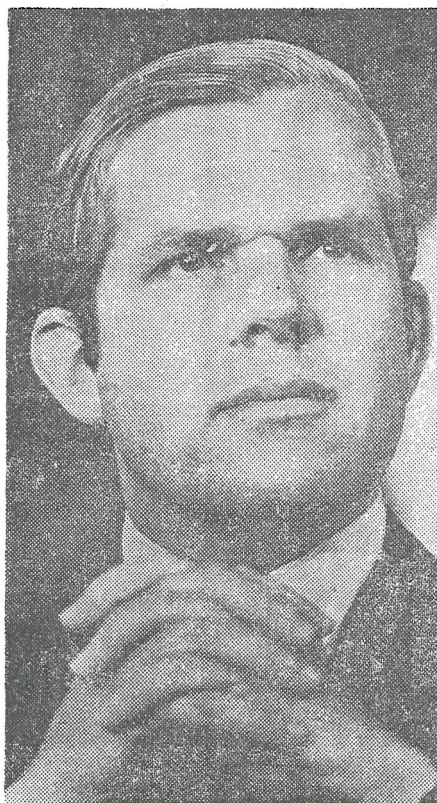
Beall told Kleindienst nothing had changed. Agnew was protected both by the statute of limitations and by a total lack of evidence that he had ever accepted kickbacks. As for Skolnik, Beall protested, he was his most experienced man, a gifted prosecutor. He agreed, however, to Kleindienst's suggestion that Skolnik assume a "low profile" and refrain from interviewing witnesses who were once close to Agnew.

Beall hung up the phone and later in the day reported Agnew's call to Kleindienst to his three assistants—Baker, Skolnik and Ronand S. Lieberman. The Vice President, Baker suggested, was acting like a guilty man. This remark drew quizzical looks from his colleagues.

"We're going to get Agnew," Baker said.

The others laughed.

NEXT: The Baltimore Prosecutors.



GEORGE BEALL

... the Baltimore prosecutor

not to represent Matz after all.

At the time of White's visit, rumors indeed were sweeping Baltimore that Agnew was being implicated in the investigation. The rumors persisted—even though the United States attorney was of the Vice President's own party. So Beall moved quickly. On February 6, he went to see his boss, the