

Agnew Turns to Coal Venture

By Jules Witcover

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HENDERSON, Ky. — Former Vice President Agnew and his new business associate have bought an operating coal mine in Oklahoma, are about to close a deal on another in Kentucky and are considering purchase of 14 others in three Appalachian states, according to the associate.

Walter J. Dilbeck Jr., the 56-year-old land developer who hired Agnew at a reported yearly salary of \$100,000 to drum up foreign capital for his ventures, said foreign investment money, "not from

the Mideast," is behind all the coal mine deals.

Another person involved, Lester Burns, a lawyer and one-third owner of the Somerset, Ky., mine that the Agnew-Dilbeck combine is reported about to buy, said in a telephone interview he was told by Dilbeck and Agnew that they were functioning as "middlemen for Japanese interests" on purchase of the 16,000-acre mine tract for "several millions of dollars."

Burns said he is working as a representative for Dilbeck and Agnew in the prospective purchase of the other mines in

Kentucky, West Virginia and Tennessee, at a time when oil shortages are increasing the demand for alternate energy sources.

Burns said he had been told that Agnew will leave for the Far East on Jan. 12, presumably to try to raise more capital for the mine purchases. The former Vice President is to be gone 12 days, he said, and on return is expected in Somerset with Dilbeck to complete the deal there.

Dilbeck, in interviews at his race-horse and cattle ranch in

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Henderson and at his lawyer's office in Evansville, Ind., just across the Ohio River, said ranking state officials from Tennessee were coming to Henderson to discuss with him the expansion of coal mining in their state.

Burns, an unsuccessful Republican candidate for Kentucky attorney general in 1967, said he had been told that Dilbeck and Agnew also are negotiating for land in the Lake of the Ozarks resort area of Missouri and are about to close a previously reported deal for purchase of more than 1,300 acres at Lake Barkley in southwestern Kentucky for a large apartment, golf course and resort complex.

Burns said it is his understanding that Dilbeck and Agnew are relying on "Far East, Middle East and Near East oil monies and Japanese industrialists" to finance all these ventures. Dilbeck said the Lake Barkley deal "definitely" will be completed soon, but he declined to confirm published reports that a Kuwaiti investment firm lined up by Agnew on a Middle East trip last summer will provide the bulk of the capital.

Dilbeck said that as an American businessman he saw no conflict in having Arab oil money behind an organization that is moving heavily into the business of mining coal. All the deals, he said, are in the national interest because they will create jobs and bring much-needed American capital back to the United States.

"Sixty-three per cent of our working capital is in the Mideast and Europe," Dilbeck said. Arab oil-producing countries "would like to control the world's energy supply," he said, but luring their money to the United States "without a doubt has to be an asset for this country."

The plan, he said, is not only to produce more coal for domestic use but also to export it. The mines are to be kept in domestic ownership and operation, he said, with sales contracts to suppliers of foreign capital, presumably mainly in Japan.

"I think if it gets to the point where it's going to damage our country," Dilbeck said, "we would just not sell to them."

Dilbeck declined to disclose the exact location of the Oklahoma coal mine, but he said it has been operating since November and that its output of 35,000 tons a month is to be increased to 75,000 tons by the end of January. He said 140 miners are at work there.

Burns said the Somerset mine now employs 78 workers in deep mining. Plans are to expand the operation to perform both deep and strip mining and to employ 500 miners within five months, he said.

Dilbeck steadfastly refused to discuss any aspect of Agnew's involvement, saying he had promised the former Vice President that he would no longer do so. Agnew had been upset about a previous Dilbeck statement to the effect that a June, 1974, agreement would bring Agnew more than

\$100,000 a year for the next four years.

But Dilbeck did not deny the earlier reports that he was paying Agnew that figure plus one-third of their joint profits in the first year and a-half in each of the next three years. And it confirmed that he had told the Louisville Courier-Journal last month that hiring Agnew "was the best deal I ever made. He's opened up more doors than I need. There's no doubt that our joint venture will make millions. We've already made a helluva lot of money." He and Agnew will split \$2.5 million in royalty payments over the next five years on the Somerset coal mine deal alone, Dilbeck said then.

Dilbeck, a World War II infantry private who won the Distinguished Service Cross and Bronze Star for single-handedly killing about 60 German SS troops in 1945, said of his dealings before and since Agnew joined him: "Everything I've ever done has been on the front page of the paper. I've got nothing to hide."

The flurry of business activity by Dilbeck and Agnew has precipitated an investigation, however, by the state of Kentucky's Real Estate Commission to determine whether Agnew may be in violation of state law by acting as a real estate broker without a license.

Dilbeck himself does not have a license in Indiana or Kentucky. His Indiana license was revoked in 1953 because, he says, he ran into conflict with a member of the commis-

sion for selling real estate to minority groups. The commission's executive secretary was quoted in 1968 as saying Dilbeck's license was revoked because he had accepted a deposition contract but failed to return it when the deal fell through.

In any event, a broker's license is not required if one sells his own property, and Dilbeck says he has been able to continue in the real estate business by buying property himself and then reselling it.

"I found I could make more money without a license," he said in an interview last week.

As for Agnew, Dilbeck said, it is "not necessary" for the former Vice President to have a license either, because he is not acting as a real estate salesman or broker.

Carl Bensinger, the secretary-counselor for the Kentucky Real Estate Commission, said in Louisville that he had spoken directly with Agnew and Dilbeck about the matter and has been assured by both men that Agnew is functioning solely as a salaried consultant, not as a broker.

Nevertheless, Bensinger reported, Agnew has not yet responded to his request that a copy of the Agnew-Dilbeck agreement be supplied to the commission to verify that Agnew's duties do not include any activities that would require licensing in Kentucky. A real estate broker's license in the state requires that two years of sales experience and passage of a stiff test on real estate matters, Bensinger said.

A meeting of the Real Estate Commission has been scheduled for Thursday, at which time the commission will consider its next step. A likely option, should Agnew fail to respond, would be to subpoena any documents dealing with the arrangement between Agnew and Dilbeck, Bensinger said.

Agnew, who resigned as Vice President on Oct. 10, 1973, moments before he pleaded nolo contendere to a single count of federal income tax evasion, was given three years' unsupervised probation and a \$10,000 fine. George Beall, the U.S. attorney in Maryland who brought the case against Agnew, informed of the Kentucky investigation, said there is no requirement that Agnew report to the court about his private business activities.

Dilbeck describes himself as a Republican who until recent years had been a liberal Democrat. He said he first met Agnew at the Palm Springs, Calif., home of a movie producer, John Beck, who has bought the film rights to the story of his World War II exploits. Agnew was visiting singer Frank Sinatra at the time.

Dilbeck declined to comment on the outcome of the case that culminated in Agnew's resignation as Vice President, nor would he say what kind of President he thought Agnew might have made. "I said I wouldn't comment on anything involving Mr. Agnew, and I won't," he said.