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		WALL STREET JOURNAL , AS MARCH 64,	p.1
		Mariachan's Stame	
	A STATE OF THE STA	McCloskey's Story	
		How Big Fund-Raiser	
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		For Democratic Party	
* - }		Prospered as a Juilder	
		————	
		He Wins Negotiated Contract	
		On CIA Project; Stadium	
		Job Figures in Baker Probe	
		Praise From Matt's Clients	
	resident to the second	Tom Matts Clients	
	The property of the	By Monroe W. Karmin	
		Staff Reporter of THE WALL STREET JOURNAL WASHINGTON — A fascinating building	A CONTRACTOR OF THE CONTRACTOR
		tucked away in the southeast sector of this	
		growing capital is, to the aesthetic eye, typical of much local architecture—white, cold, un-	
		inspired. Its appeal lies not in its beauty but in its mystery.	
		Chain link fencing bars the unwanted: win-	
		dows of brownish glass brick prohibit pene- trating vision; and Government officialdom	
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	shuns discussion of the project. It's "classified."	
		The man whose company recently com- pleted this secret structure appears to be of	
		opposite design. To	
		many a visitor, Mat- thew H. McCloskey, Jr.,	your age or
		personifies grand Gaelic charm—rosy, warm,	
		witty. Fittingly, he represents this country in	
		Ireland as ambassador.	
		And as this career draws to a close, Matt	
		McCloskey resumes two others. As a master	* * * * * * * * * * * * * * * * * * * *
4,500		contractor, he's earned millions building pub-	
		lic works; as a master politician, he's col-	
		Nevertheless, he too is most intriguing in his	
		mystery. Much about Mr. McCloskey is hidden from view.	
1 2 4		Like that project in southeast Washington. The ambassador, who has been back in the	
		U.S. for a holiday, won't talk about it. Nor will son Tom, president of the family com-	
<u> </u>		pany in Philadelphia. Nor is much enlighten-	
		ment offered by the General Services Admin- istration, which reguliated the construction	
		contract. Only persistence elicits the bare information that McCloskey & Co. got the job	
		in November 1961—the first year of the Ken- nedy Asministration—and that construction	
	H	was completed recently "on schedule."	
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Continued From Page One

took Bobby in as a silent but influential partner, testified that in the spring of 1960 (though nobody seems to be able to mark the date precisely), Matt McCloskey joined him and Bobby in Mr. Baker's Capitol office—along with William N. McLeod, Jr., clerk of the House Committee for the District of Columbia, and Chairman John L. McMillan (D., S.C.) of the House committee. Mr. McLeod testified a McCloskey vice president, whose name he couldn't remember, attended, too.

This committee had handled legislation authorizing construction of the big D.C. Stadium, costliest structure ever built by the D.C. government. Mr. Reynolds, in his testimony, quoted Mr. McCickey, as expressing a desire to bid on the stadium job. But Rep. McMillan's memory is that Mr. McCloskey already had established himself as low bidder, and the meeting's intent was to "meet Mr. McCloskey and look over the plans for the stadium." Mr. McLeod's recollection is that Mr. McCloskey had not been designated low bidder at the time but "he was pretty sure he was going to be able to get (the award), because he said it was a contract involving a lot of cement work and he said that was his experience."

Interviewed at his Palm Beach vacation home, the ambassador parries questions as to the meeting's specifics with this generalized reply: "I went in to see Baker on another matter, and he said 'I'd like you to meet some people,' and that's all there was to it." As for Mr. Baker himself, Bobby is "taking the Fifth"—refusing to talk about anything, on the ground he might be incriminated.

If the meeting, indeed, did take place in the spring of 1960, then Mr. McCloskey couldn't have been certified as the winning low bidder at that time. Invitations to bid were sent out on April 19; bids were pened June 10; McCloskey & Co. got the official award July 7 with a bid shaved just \$244,750 under the next lowest bidder.

Performance Bond

Having won the award, Mr. McCloskey, as is customary, was required to post a performance bond to insure the contracting authority—in this case the D. C. Armory Board—that he would fulfill his contract. On many other contracts, McCloskey & Co. has bought such insurance from Aetna Casualty & Surety Co., Hartford, Conn., through the firm of Hutchinson, Rivinus & Co., Philadelphia, as agent. Mr. McCloskey's son-in-law, J. B. McHale Jr., is a Hutchinson, Rivinus partner.

The D. C. Stadium performance bond traveled this customary route—except for an initial detour. Mr. Re molds acted as broker, for which he received a commission of \$10,031.56. He promptly distributed \$4,000 to Mr. Baker and another \$1,500 to committee Clerk McLeod. Mr. Reynolds says he made the payment to Mr. McLeod for, among other favors, having helped get the stadium legislation through the House, and to Mr. Baker for bringing the stadium performance bond to him. Mr. McLeod first told the committee his payment was for personal legal services to Mr. Reynolds; later he described it as a gift.

Ambassador McCloskey agrees he did cut Mr. Reynolds in on the performance bond as a favor to Mr. Baker, whom he describes as "a friend of mine." He explains it this way. During the years when he was Democratic treasurer (1955-62), he received many requests from people for information from Capitol Hill and Mr. Baker was his "contact man in Congress, though I rever when too much about him."

"One day he was reling me about the stadium and asked if I were going to bid on it," Mr. McCloskey recalls. "I said 'Yes, I am,' and he said 'If you get the contract will you let my friend, Reynolds, write the bond?' This is not an unusual thing. So when I got the job, I let his friend write the bond." Mr. McCloskey denies that he received anything in return for this gesture.

Stadium Contract

The stadium contract is an interesting document. The winning McCloskey low bid amounted to \$14,247,187.50. Yet at the end of construction, the contract totaled \$17,266,015.58. Explanation: In between, the D.C. Armory Board had issued 236 "change orders"—alterations of specifications which boosted the price by some \$3 million. In addition, McCloskey & Co. is asking the D.C. Contract Appeals Board to award it more than another \$1 million, on the ground that bad weather forced the employment of "unusual and costly procedures not contemplated in the original contract."

An official of the Capitol Architect's Office reports that an informal survey of recent Federal construction showed "change orders" normally run 6% to 10% of contract cost. Other Government and industry experts agree; viewing the 21% jump in the McCloskey contract, one exclaims, "This just isn't normal." He adds "that's poor management at the least. You could go in below cost if you knew you were going to get that many changes." A loser in the stadium bidding voices a similar complaint: "If we had known there were going to be that many extras, we could have shaved our bid lower than McCloskey's."

The point is that change orders can be the most profitable part of a building job. Industry and Federal sources estimate a contractor can often reap a 10% profit on changes, which are negotiated, compared with a typical 6% or smaller return on work in the original competitive bid contracts.

Concession Equipment Omitted

A closer look reveals about \$1.3 million worth of the changes were for equipping concession stands—with such essentials as water piping and electric wiring, and equipment including hot dog warmers, sinks and drink dispensers. Why were such necessities of a spectator sporting life omitted from the original contract?

A. J. Bergman, Armory Board manager, has an explanation. When the contract specifications were drawn up, he says, the board was undecided whether to ask the concessionaire to equip the stands. Later it was concluded that a concessionaire would demand a long-term lease before providing his own equipment, which the board was opposed to, so the chore was handed to the general contractor after all.

Plausible as this may be, it doesn't impress the contracting community. One builder uses the adjective "silly." He doubts anyone would seriously think hot dog and hamburger purveyors would want to sink \$1.3 million into such a venture, certainly not without the protection of a long-term pact.

This opinion is shared by the company that now operates the stadium concessions under a 10-year lease. A spokesman for Sportservice Corp., of Buffalo—which claims to be the biggest in the industry with gross business of about \$100 million annually—says, "We certainly would not have considered investing anything like \$1.3 million without at least a

20-year lease, and I seriously doubt we would have done it even with that." Describing the Armory Board's wish as "very illusory," he notes it canvassed the concession industry and found no interest.

Could Have Been Cheaper"

Even J. A. Blaser, the stadium's contracting officer, confesses to displeasure over the way things turned, out. "Including (the concession equipment) at the beginning would have been a lot less messy for a lot of reasons," he sighs, "and it could have been cheaper."

All of which suggests McCloskey & Co. was either smarter or luckier than its rivals. Every other bidder must have been aware the conces sion equipment was missing from original specifications. One bidding loser agrees, but says the mere fact that the equipment was omitted originally tended to erode his confidence that this job would be given to his firm if it became the general contractor. Tom Mc-Closkey minimizes the importance of the change orders. "Any contractor bidding on a job that size can't bid hoping to get a windfall on change orders," he asserts.

The McCloskey record in this town of uninhibited spending does turn up a larger pat-tern of change orders—some of "normal" dimensions and some beyond. Look at Capitol Hill, for example. In the years since Mr. Mc-Closkey became Democratic Party treasurer -and these have been years of Democratic Party control in both the Senate and House -seven contracts passing the million-dollar mark have been let through competitive bld-ding to improve the area. McCloskey & Co. won three of them including the one that dwarfs the rest: The mammoth and luxurious Rayburn Office Building now scheduled for Congressional occupancy Jan. 1. Depending on what figures you choose, this may be the costliest Federal structure in history.

McCloskey is erecting the superstructure under the major contract, awarded in March 1960 on a \$50,793,000 bid. Since then, Congress has decided to add a cafeteria, health suite, swimming pool and other conveniences. All this has fattened the McCloskey contract by \$1.1 million to date, says Philip L. Roof, executive assistant to the Capitol Architect. But D. Stafford Kelley, the Capitol Architect's representative on the job, states that \$4 million in changes already have been ordered-and more, maybe another half-million-dollars or so, are in the works.

Change Boosts Contract

McCloskey & Co. also dug the hole and built the foundation for the Rayburn Building. The firm won the contract with a \$6,666,000 bid, but a major change in design boosted the contract total to \$8.8 million. Now the contractor has filed an appeal for still more money, a claim that is treated as a dark secret by the Capitol Architect's office. However, \$800,000 is an accurate estimate of the amount.

And history provides a footnote. During the turmoil of World War II, the Government poured nearly \$170 million into a concrete ship and barge program which Ships for Victory, a Government-commissioned history of war-

time merchant shipbuilding, describes as conspicuous example of an expenditure which produced relatively little," One beneficiary: McCloskey & Co. With Government help, a yard was developed at Tampa, Fla. Originally, the cost was estimated at \$2.7 million but it mounted to more than \$7.5 million. McCloskey delivered 24 ships (most of which served in such uncelebrated roles as floating storehouses and training vessels) in 1943-44 that cost Uncle Sam \$48 million, some \$20 million more than the contract price.
Ships for Victory concludes:

"The yards and the ships were built under contracts that guaranteed reimbursement of costs and payment of minimum fees, even when, as happened under McCloskey's contract, the cost proved much more than double the contract price. In such a case clearly the Government paid an outrageous amount compared to what it received." "Not Economic"

The ambassador now recalls the concrete ship as "not economic because the hull weighed two-and-a-half times steel."

On those rare occasions when politicians -Republicans, of course-have tried to build heat against Matt/McCloskey, they've produced more murky smoke than visible flame.

Senator Williams of Delaware, at the time of the Senate's confirmation of Mr. McCloskey as ambassador in 1962, pleaded unsuccessfully for time to look again at some old allegations against the nominee. One involved the 1946 sale of a Government-owned shippard in Jacksonville, Fla., to a Louis Wolfson firm.
Mr. Williams told the Senate Mr. McCloskey was associated with Mr. Wolfson in the deal and that a man who worked for a Wolfson-owned firm paid \$25,000 to a Government official in a position to help Mr. Wolfson buy the yard. Mr. McCloskey, in a letter to the Senate, confirmed being associated with Mr. Wolfson early in the bidding for the shipyard but said he pulled out before the sale and denied any knowledge of the alleged payoff. He noted a House subcommittee in 1947 investigated the sale and "never even called me as a witness."

Sen. Williams told his colleagues the circumstances were investigated by a grand jury that returned no indictments; he noted a key Government witness died before the grand jury completed its work. "I am convinced that the allegations are not entirely unfounded,' he asserted.

Vote of Confidence

But the Senate failed to find Mr. Williams' alarms compelling and awarded Mr. McCloskey a rousing vote of confidence. This sentiment prevails today among Federal contracting officials. Mr. Byrne on the mystery building, Mr. Blaser on the stadium, and Mr. Kelley on the Rayburn Building, all express satisfaction with the McCloskey construction

Back home in Philadelphia (the ambassador says he's built "most of the schools" there), city authorities agree. "Generally speaking," says Thomas J. McCoy, director of the Philadelphia Housing Authority, "he has a fine reputation as a builder." Public construction is the McCloskey specialty; son Tom figures the ratio is at least 80% public, no more than 20% private.

Many McCloskey competitors, not all of whom approve of his simultaneous pursuit of contracts and political funds, attest to his prowess as a contractor. A focal point of admiration: Meeting an "impossible time limit" in building the D. C. Stadium. One describes him as "a tough competitor, a good builder."

Amidst this widespread acclaim, there are some detractors. Kemmel & Co., Inc., a Pennsylvania painting outfit, is one. Now bankrupt, it worked for McCloskey as a subcontractor on a contract to build a 1,000-unit Government housing project at Fort George G. Meade, Md., in 1958-59. The opinion of Federal District Court Judge J. Wood, handed down last May, tells the story:

At the start, Kemmel agreed to do all the painting on the job for \$290,000. But this turned out not to be a simple task. Plaster walls wouldn't take paint and had to be doctored: some 600 painted doors were damaged and had to be re-done; more extra work became necessary when floors buckled and plaster fell; and many exteriors required repainting after later road construction covered them with dirt.

During these difficulties, Matt McCloskey, his own firm beset by mounting penalties for tardiness, told Kemmel to get the job done by employing more men and forget about the cost; he'd take care of the bills on a cost-plus basis. And the McCloskey company did shell out \$530, 298, nearly twice the contract price. But Kemmel complained this wasn't enough and sued. In court McCloskey accused Kemmel of inferior workmanship. Judge Wood ordered McCloskey to ante up another \$271,346. But the case is now on appeal.

Even within the U.S. Government, certain second thoughts about the merit of McCloskey performance have cropped up, though not with undue haste.

Back in Truman's time, 1950, a \$10,563,000 McCloskey bid won the contract to build a 1,000-bed Veterans Administration hospital in Jamaica Plain near Boston. Within a year after the hospital's opening in 1952, outer walls bulged and cracked, window frames buckled. ("When winds were high," one hospital official has recalled, "screens from the windows were flying all over the place.")

But not until Sen. Williams got wind of the fiasco, a decade later, was it decided to demand an accounting from the builder. Under the Senator's prodding, Attorney General Robert Kennedy's Justice Department in January socked McCloskey, along with the architects and engineers, with a civil suit for \$4.9 million. The particulars against McCloskey: "Numerous departures" from contract specifications, "defective workmanship and deficient equipment and materials," and failure to provide proper inspection and supervision.

McCloskey Comments

The McCloskey rebuttal places blame on the hospital's design, not its construction. And the ambassador is quire philosophical about the whole thing: "You can't be in business all the years I've been and not run into a few headaches. We're going to try this thing in the courts."

If the McCloskey talent for erecting big buildings is impressive, equally so is his knack for collecting big money for the Democrats. In a reflective mood on his 71st birthday recently, the ambassador, his white hair gleaming, absorbed the Florida sun at the poolside of his exquisite and expensive vacation retreat and spoke at length. He calculates at \$30 million to \$35 million the amount he's captured for national and local party coffers over the 30 years he's been in the business.

A majestic feet was the \$11.5 million John F. Kannedy campaign four years ago. (The 1956 Stevenson eastpaign cost a comparatively modest \$5.5 million.) And it's in the fond recollection of the late President that the puckish McCloskey humor shines. After the election, when \$4.5 million in bills were still unpaid, the ambassador remembers Mr. Kennedy asked him the state of party finances. When Mr. McCloskey revealed the enormity of the deficit, the President exclaimed: "My God, Matt, what would we have done if we had lost?"

Replied Matt: "What do you mean 'we'? I had a one-way ticket to Mexico."

But the Democrats had not lost; Mr. Mc-Closkey raised the millions. Just the inaugural gala in Washington brought in \$1,250,000. Matt, punching his fist through the air, says he got the rest by "bang, bang, banging away" at state chairmen and contributors.

Ambassador Is Resigning

He'll be doing more of the same for President Johnson this summer. The ambassador, now in Dublin winding up affairs, is resigning his diplomatic post and plans to hit the fundraising trails around May or June. Not this time as treasurer, since that post is filled now by Richard Maguire; Matt expects to serve as finance committee chairman, or in some similar capacity.

But he'll not completely neglect the family business. Throughout his ambassadorship, the elder McCloskey has continued to serve as the company's chairman (he relinquished the presidency to son Tom in 1961 after transferring his stock holdings to his children), and he plans an active future role in the enterprise.

Why the return to politics? The formal Mc-Closkey answer is philosophic: He believes deeply in the principle that party members should support their convictions with contributions. "If you belong to a political party, you should be a dues-paying member."

In more casual conversation, he puts it a little differently: "I've been dealing with these people for years, and I know where the bodies are buried."

Mr. McCloskey describes his fund-raising formula: First, find out who has the money; second, have the courage to ask for it ("It's surprising how timid people are in asking for money"); third, make a "hit" with the prospective contributor. He'll give willingly. In pressing his doctrine upon subordinate fundraisers, Matt has no patience with poor performance. One fellow Democrat tells of witnessing a transformation of this genial Irishman into a "ruthless" driver "with the coldest blue eyes I've ever seen."

Are "convictions" the only motives for political contributing? "How much (a contributor) pays determines how much attention he gets," Matt remarks, "and I do whatever I can to help a fellow—anything that doesn't hurt the taxpayers and lets me sleep at night."

But he quickly adds: "I could give you a list of a lot of people who have given a lot of money and have asked for nothing in re-

\$100-a-Plate Dinners

And, then there's the \$100-a-plate dinner. By now this is such a styndard item for both parties that young folk may think it began about the same time as baby-kissing. But Mr. McCloskey claims he invented it in 1934.

Matt likes nice round figures, and after the Stevenson campaign in 1956, to wipe out the \$750,000 deficit, he formed a "750 Club"—enrolling members at \$1,000 a head. Pennsylvania contributed 25 members, of whom nearly one-third were McCloskeys. "I made a contribution," the ambassador explains, "and got my kids to do the same."

If carried to the fullest, this tribal generosity could finance quite a lot of democracy. Besides six McCloskey children there are 29 grandchildren all living within a five-mile radius of the manor house in Philadelphia. But

contributions to the party. "I'd rather you didn't know."

Nor does the McCloskey dedication to the liberal cause stop at the dollar sign. The firm employs many Negroes on construction jobs ("We've always been sympathetic to their problems" says Tom), and the ambassador has contributed re alarly and substantially to the support of St. Elizabeth's Catholic Church in predominantly Negro North Philadelphia. Too, son Matthew H. III has been a member of what now is the state Commission on Human Rights since its creation in 1955.

There's no doubt that McCloskey means millions, and since money breeds power, Matt possesses considerable of the latter, too. The facts and figures of personal or corporate wealth are unavailable, but the Palm Beach villa is testimony. So was Mr. Kennedy's teasing endorsement of Mr. McCloskey's re-election as party treasurer during the 1960 convention. "I would hope," nominee Kennedy told the Democratic National Committee, "that you re-elect as treasurer my friend, Matt McCloskey, who tells me he has a lot (of money) buried in his cellar and is ready to contribute it to this campaign." Matt was renamed by acclamation.

Power and Warm-Heartedness

Dimensions of the McCloskey power can only be surmised but there are clues. And, if they are not misleading, these are traces also of McCloskey warm-heartedness.

Sen. Joseph Clark, Democrat of Pennsylvania, is a clue. He sponsored Mr. McCloskey's ambassadorship before the Senate Foreign Relations Committee. "We love him," an aide to the Senator proclaims. "We think of him as an Irish Santa Claus. Because of Matt McCloskey the Democratic Party in Pennsylvania never has had real money problems in campaigns."

Miss Catherine A. Coyne is a clue. A former nurse, she attended Mrs. McCloskey during the birth of her daughter, Anne, during the early 1930s. Then she went to work for the state. For some time, progress was slow; after 21 years her salary had reached \$7,400. But during the regime of Democratic Gov. Lawrence, a close McCloskey friend (they drove home together from the recent Clay-Liston fight in Miami), things moved. In 1959 she was named to a \$12,500-a-year job as confidential secretary to the Secretary of Labor and Industry, a post that had been vacant for five years.

Two years later Miss Coyne was appointed executive director of the Bureau of Employment Securi'y at an \$12,000 salary, one of the highest paid by the state to a woman. A newspaper writer unkindly attributed the belated rise to "McCloskey muscle." The ambassador, however, doesn't accept this. "She merely moved up; she'd been with the state for years." Now retired on a \$526.36 monthly pension, Miss Coyne has been visiting the McCloskeys in Palm Beach in recent weeks.

John J. Lynam is a clue. He worked for McCloskey & Co. for many years, mainly as a troubleshooter. He's been close to the family, too; took the kids to the movies and amusement parks when they were young. In 1955, Mr. Lynam went to work for the state; by 1959 he rose to be assistant executive director and by 1961 executive director of the General State Authority. This GSA supervises most construction under state contract, including that done by McCloskey & Co. Now retired, Mr. Lynam is wintering in Palm Beach.

Political Secretary

Miss Marian R. Ford is a clue. She's been a long-time McCloskey associate, served as his political secretary. In a celebrated case, Miss Ford's nephew, David K. Darcy, and two accomplices were sentenced to die for killing a bystander in a 1947 holdup. In 1956 Democratic Gov. Leader commuted the trio's sentences to life imprisonment on the unanimous recommendation of the state board of pardons. Subsequent political furor stirred Mr. Mc-Closkey, who had testified before the board, to make this statement: "I deny that at any time, to anyone, either directly or indirectly, have I paid out any money in connection with the Darcy case." But he did confirm he'd distributed copies of a court opinion to members of the all-Democratic pardons board.

The ambassador, himself, is a clue. He has told the story of his diplomatic appointment. After election a grateful President Kennedy, according to Mr. McCloskey, told him: "I want to do something for you, Matt." The quick and sentimental reply; "Send me to Ireland." The ambassador says he's good friends with President Johnson, too; has known him longer than he did Mr. Kennedy.

But perhaps the most certain sign of the McCloskey power is a matter of feeling rather than fact. A reporter inquiring around Philadelphia discovers a surprising reticence on the subject of Matt McCloskey. Everyone knows of him, but many say they don't know much, and a surprising number insist they don't really know him at all. Among those who do concede knowledge, most conversation clings to the superficial. And of the few willing to venture deeper, almost all insist upon anonymity.

A sense of the awe that McCloskey majesty inspires in the hearts of many Philadelphians was perhaps conveyed by the reply of a prominent Democrat to a phoned request for an appointment to chat about the topic.

"God, no," the horrified voice shricked, "I don't want any trouble with Matt McCloskey."