

act shall be extended to any project when the result will be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods and so forth to employ the efficient capacity of existing competitive commercial and industrial enterprises.

I am now referring to the North Carolina project which you list in this EDA directory; namely, Vaughan's Blue Ridge Nursery, which I understand will provide for 28 greenhouses for cut flowers.

I understand also that the chief clerk of the Committee on Public Works in the Senate, Mr. Richard Royce, wrote a letter to your department on August 11, 1967, inquiring as to how you conformed to this legislative mandate in making this loan. This reply came from Mr. Coleman Stein, Director, Office of Business Development:

Our staff made a thorough study of the application. Loan specialists in EDA evaluated the material submitted by the applicant, and engineers and market analysts from the Small Business Administration conducted a detailed investigation. Consultations were held with growers, wholesalers, and retailers of cut flowers, North Carolina State University, Society of American Florists, American Association of Nurserymen, and the U.S. Department of Agriculture. Also, an opinion from an independent consultant. As a result of the information obtained from these numerous sources, it was concluded that the restrictions of Section 702 of our Act were not applicable and the loan was approved.

Now, I understand also that letters were directed by the Society of American Florists, one that was cited as having been consulted, and by the American Association of Nurserymen, Inc., another cited as having been consulted, one letter dated October 11, 1967, and directed to Mr. Stein, in which was advised that there was no knowledge of such consultation and no records of such consultation with the Society of American Florists; and the same information came from the executive vice president, Mr. Robert Lederer, with the American Association of Nurserymen, Inc.

Mr. EDMONDSON. Would the gentleman like to have those made a part of the record?

Mr. CRAMER. I would like to have all three of those letters made a part of the record because I think this raises a very serious question.

Mr. EDMONDSON. Without objection, the letters will be made a part of the record.

(Three letters referred to follow:)

U.S. DEPARTMENT OF COMMERCE,
ECONOMIC DEVELOPMENT ADMINISTRATION,
Washington, D.C., August 25, 1967.

Mr. RICHARD B. ROYCE,
Chief Clerk, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. ROYCE: This will reply to your letter of August 11, 1967, addressed to Deputy Assistant Secretary Lambert S. O'Malley and also refer to the conversation we had on August 21, 1967, relating to the loan which the Economic Development Administration approved to Vaughn's Blue Ridge Nursery, Inc., Pineola, North Carolina.

As we discussed in your office, the only information we can supply is that which is a part of the public record. However, I feel that this will be sufficient to reply to the questions raised in Attachment A of your letter.

Regarding the question of the repayment terms under the EDA loan, it should be pointed out that the terms of the loan require principal payments to start after 48 months with interest only being required for the first 4 years. Our loan repayment requirements are established in such a manner as to permit our Borrower to amortize its debt at a level annual basis taking into consideration the bank loan in the amount of \$111,600.