

NASBIC PROCEDURES FOR ENFORCEMENT OF THE CODE OF ETHICS AND TRADE PRACTICE RULES

1. Complaints of violations shall be forwarded to the Chairman of the Committee on Ethics and Trade Practices, who will have the responsibility, in consultation with counsel to NASBIC, of deciding if there is an initial basis for further investigation and action.

2. If the decision is affirmative, a 3-man ad hoc investigating committee shall be constituted to consist of the Chairman of the Committee on Ethics and Trade Practices (or his designee), the President of the Regional Association having jurisdiction over the SBIC or person complained against (or his designee), and if either such Chairman or such President or their companies are involved in the complaint then the President of NASBIC shall appoint such members; and the two members so designated shall select a third.

3. The ad hoc committee shall promptly investigate and consider the facts. The accused SBIC or person shall be under the affirmative duty to cooperate fully and supply all facts and evidence requested, and may be required to do so under oath; the accused SBIC or person complained against shall have the right to counsel at all stages of the proceedings.

4. The committee shall reach its determination with all due diligence and shall render a confidential report to the Chairman of the Committee on Ethics and Trade Practices, who shall forward the report to the Executive Committee of NASBIC for such action as may be appropriate, together with his recommendation. To the extent feasible, but bearing in mind the need to avoid publicity, the Chairman shall consult with other members of the Committee on Ethics and Trade Practices before making his recommendations.

5. The Executive Committee of NASBIC shall make the final determination which shall be either dismissal of the complaint, censure, suspension or expulsion, and shall also determine whether its rulings shall be kept private or made public and whether to report them to the Small Business Administration.

EXHIBIT 5

SUMMARY OF SBIC LITIGATION REFERRED TO AND CLEARED BY CIVIL DIVISION, DEPARTMENT OF JUSTICE

CIVIL CASES TRANSMITTED TO DEPARTMENT OF JUSTICE, AUG. 1, 1966, TO APR. 30, 1968

	0 to 6	6 to 12	12 to 18	18 to 24	Total
Completed cases:					
Subpoena enforcement.....					
Other.....	47	25	5		77
Incomplete cases.....	18	14	12	5	49
Total.....	65	39	17	5	126

The above figures include 4 cases in which a civil complaint was transmitted to the Department of Justice in addition to a criminal reference. The above figures do not include 13 cases in which a criminal reference was made, but no civil complaint transmitted.

Statistical analysis of SBIC's referred to Criminal Division, Department of Justice, since inception of SBIC program

Prosecution completed.....	1
Prosecution declined.....	9
Pending.....	9
Total.....	19

The CHAIRMAN. Thank you, Mr. Brown, for a rather comprehensive statement of a very important program of one of the constituent agencies of SBA.

The original Small Business Investment Act, I believe, was passed in 1958. This is 1968, 10 years later. SBA has had a 10-year period to make that program become really effective as intended by Congress.