

The CHAIRMAN. Give the number and the date of the amendments to the SBIC program as it was originally passed.

Mr. BROWN. We will be glad to do that.

(The information referred to follows:)

AMENDMENTS TO THE SMALL BUSINESS INVESTMENT ACT AS OF MAY 29, 1968

The Small Business Investment Act of 1958, Public Law 85-699, has been amended six times since it was approved on August 21, 1958. The following is a list of these amendments:

1. Small Business Investment Act Amendments of 1960, Public Law 86-502, which were approved on June 11, 1960.
2. Small Business Investment Act Amendments of 1961, Public Law 87-341, which were approved on October 3, 1961.
3. Small Business Investment Act Amendments of 1963, Public Law 88-273, which were approved on February 28, 1964.
4. Housing and Urban Development Act of 1965, Public Law 89-117, Section 316 amending the Small Business Investment Act of 1958 by adding Title IV, Lease Guarantees, approved August 10, 1965.
5. Small Business Investment Act Amendments of 1966, Public Law 89-779, which were approved on November 6, 1966.
6. Small Business Investment Act Amendments of 1967, Public Law 90-104, which were approved on October 11, 1967.

The CHAIRMAN. You indicate that about 164 SBIC's have left the program. Did they leave voluntarily or did they leave as a result of investigation, examination, and action by you and your predecessors as Administrators of the program?

Mr. BROWN. I would think the large majority left because of the latter, Mr. Chairman, because of our regulatory actions, and because of credit problems. A few left voluntarily, but they were in the minority.

The CHAIRMAN. You indicate that there are 537 licensees today, and you are going to have in the future about 375. So you are going to hone these down to an even lesser number?

Mr. BROWN. We still have about 120 of our present licensees that are in some problem category. And we feel that eventually most of these will be going out of the program, which will bring us down to a 350 to 400 base.

The CHAIRMAN. What is the nature of the problem—that Congress doesn't pass enough amendments and the SBIC's are not provided enough funds?

Mr. BROWN. Part of the problem, of course, Mr. Chairman, is that many of these companies that we are talking about have been having credit problems because of inadequate size; they are not just big enough, many of them, to be profitable and to make it. Many others are just not going along with the act and regulations. And there are very significant violations that we can't permit.

The CHAIRMAN. Who are they serving, these SBIC's?

Mr. BROWN. Their shareholders, of course, the people that own them. But they are serving the needs of small business, we hope, along with it.

The CHAIRMAN. Mr. Moot.

Mr. Moot. I wanted to be sure that the record indicated that these companies are vehicles to provide assistance to the small business community, which is our primary mission.

The CHAIRMAN. That is the intent of Congress, and that is the intent of the Administrator. But are they doing it?