

Mr. MOOT. Yes, sir; we do have that information.

Mr. BROWN. We will try to get it for you, Mr. Chairman.

The CHAIRMAN. Mr. Conte?

Mr. CONTE. Will you yield while he is looking for that?

The CHAIRMAN. Yes.

Mr. CONTE. What has been the reaction of the SBIC's in regard to this position of not being able to control the small business concerns?

Mr. BROWN. I think it has been very good, Mr. Congressman. Most of them realize that this program wasn't intended for a SBIC to control those small business concerns, they were supposed to be independent small businesses, and be helped by financing.

And the SBIC industry, I think, has been very appreciative of this. And they feel like as long as we allow, when it is necessary for them to get into control, as long as we allow sufficient time for divestiture, we haven't had too many problems about that.

Mr. CONTE. That is interesting, because you would think the feeling might be the other way around. When you are putting quite a bit of money into a small business which is being mismanaged, you would want to get in there and control that particular business.

Mr. BROWN. But there have been a few SBIC's that have gone out of the program, because the number of controlled companies were so large that they felt it was better to go out of the program and into operating companies, holding companies, than stay in our program.

The CHAIRMAN. You may supply this data for the record.

Can you tell us how many SBI's are controlled by banks?

Mr. BROWN. Yes, we can tell you that: 72 are either wholly or partially controlled by banks out of a total number of SBIC's of 537.

The CHAIRMAN. Do you or the Administrator envision that that was one of the original intents of Congress?

Mr. MOOT. We have felt right along, Mr. Chairman, that Congress expressed the intent for bank participation in this program by placing the limitation. And, of course, this has been the limitation that we have required in our regulations. But within that limitation we have felt right along that if we could get private sector funding we could also do the job without as much Treasury impact, because banks have a greater availability of funding.

The CHAIRMAN. Mr. Administrator, that wasn't exactly my question. We want to get venture capital for small business, and we want to get private capital. And certainly Congress intended that the banks should advance some of the money. But my question was, was it intended that the banks should control it?

Mr. MOOT. I am sorry, I apologize for misunderstanding your question.

The answer is obviously no. And this situation has been corrected.

The CHAIRMAN. Counsel Mitchell has a question.

Mr. MITCHELL. Mr. Administrator, I believe in Public Law 90-104 that it was written into the act that a bank could not own 50 percent or more of the stock.

Mr. MOOT. Forty-nine percent or less, it has to be.

Mr. MITCHELL. And that act was to take effect on January 9, I believe. Could you tell us how many banks applied for licenses in the period of time from when that legislation was passed and the time it went into effect?