the record. It hasn't reached an issue point yet other than the general information that SBIC's and the industry publish frequently.

Mr. MORTON. I will tell you the reason for the question. Of course, on your listed companies, the 36 companies that are public, a prospective buyer could go in and get complete information. In case those people would like to form an SBIC to serve a given area, it would seem to me that one of the basic foundations for the judgment as to whether they should invest would be what the SBIC community as a whole is doing in servicing small business in this given area. I have had people discuss with me the proposition of starting an SBIC. They ran into the difficulty of trying to find out what the SBIC impact already was in that area. I wonder if there is a policy or guideline that would make it mandatory that SBIC's furnish information as to their transactions.

Mr. MOOT. I think that I can partially answer this question, Congressman. With the industry as represented by the National Association of Small Business Investment Companies, the president of which I will listen to a little later this morning, we have developed a program whereby people who are desirous of forming an SBIC in an area can be counseled not only by SBA, but by the SBIC industry in the area as to its potential, because they are equally as alert as we are to the need to get proper geographic coverage throughout the country for the small business investment program.

So I think even on a voluntary basis that we are developing the kind of a system that will provide the information to new entrepreneurship in this area.

Mr. MORTON. I think it is very important that it be done, because you want to prevent the formation of SBIC's in areas where such SBIC's have an unlikely chance of success.

Mr. MOOT. That is absolutely right, sir.

Mr. MORTON. What is the competitive relationship between the SBA regional offices and SBIC's as far as furnishing capital to small business?

Mr. MOOT. I would rather say that the relationship is complementary rather than competitive. As you know, the SBIC industry is designed primarily to furnish equity capital. And SBA, through its regional offices, is precluded from providing equity capital. There is a growing and closer relationship between the regional offices of SBA and the SBIC's. And we have fostered this, we have written program information guidelines which both the industry and we have disseminated. So that we have a small business concern needing equity capital, but coming to the SBA for a long-term loan or relatively long-term loan, in which the prospects for its success look as though they need equity injection versus another debt situation, and we get frequent reference to the SBIC's in the area.

On the contrary, the SBIC's, looking at a small business concern, will frequently refer them to us, if it looks as though it is a short-term working capital financing that is required.

Mr. MORTON. The facts are, are they not, that SBIC investments are predominantly nonequity?

Mr. MOOT. Well, the answer is "Yes." Of course, this is one of the concerns of SBA and the Congress. And the reason for the change in the legislation is to provide the incentive to get a greater degree of equity financing. But generally speaking there is some combination of