

Richard Nixon Presidential Library  
White House Special Files Collection  
Folder List

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
31	4	12/10/1968	Letter	Haldeman to Henry Day re:cabinet selections. 1 pg.
31	4	11/27/1968	Letter	Haldeman to Elliott DeGraff re: Martin Anderson. 1 pg. (1 duplicate)
31	4	12/10/1968	Letter	Haldeman to Joseph Di Fiore re: Cabinet. Pg. 1.
31	4	12/10/1968	Letter	Haldeman to Joseph Di Nero re: administration. Pg. 1.
31	4	01/06/1969	Letter	Haldeman to John Eisenhower re: dark ages. 3 pgs with attachments.
31	4	12/21/1968	Letter	Haldeman to Charles Farrington Jr. re: invitations to the Inauguration. 2 pgs.with attachments.

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
31	4	12/16/1968	Letter	Haldeman to James Foy re: foreign policy. 2 pgs. With attachments.
31	4	12/06/1968	Letter	William Blakely to Harry Flemming re: administration. 3 pgs. With attachments.
31	4	12/13/1968	Memo	Haldeman to Peter Flanigan re: Frank Markoe's resume. 2 pgs with attachment.
31	4	12/10/1968	Letter	Haldeman to John French re: cabinet. 1 pg.
31	4	01/21/1969	Letter	Haldeman to Congressman Charles Gubser re: White House Fellows Program. 1 pg.
31	4	12/27/1968	Memo	Haldeman to Bryce Harlow re: Small Business Investment Company Industry. 11 pgs with attachments.
31	4	09/26/1968		From unknown to National Association of Small Business Investment Companies member re: support of Small Business Investment Company. 2 pgs with attachment.

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
31	4	07/11/1968	Letter	Nixon to Elliott Davis re: small business. 5 pgs.

December 10, 1968

Mr. Henry L. Day, President  
Day Mines, Inc.  
Wallace, Idaho 83873

Dear Mr. Day:

Thank you for taking time to express in a most concise manner your feelings regarding the Cabinet selections of the next administration. I have forwarded them to the appropriate staff members and you can be assured that they will be considered along with the other recommendations we have received.

Again, thank you.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH/mc

November 27, 1968

Mr. Elliott D. DeGraff  
President  
Ambionics, Incorporated  
416 Southern Building  
Washington, D. C. 20005

Dear Mr. DeGraff:

Thank you for your letter of November 20th.

I have forwarded it to Mr. Martin Anderson, the head of our Research Department. I am sure that he, or the appropriate member of his staff, will be incontact with you shortly to further discuss your ideas.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH:jc  
cc: Martin Anderson

December 10, 1968

Mr. Joseph E. Di Fiore  
510 Southeast 13th Avenue  
Deerfield Beach, Florida

Dear Mr. Di Fiore:

Thank you for your suggestions on the Cabinet. I have forwarded them, along with those of several others, to our people concerned in this area. I am sure they will be appropriately considered.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH/mc

December 10, 1968

Mr. Joseph G. Di Nero  
1347 Shakespeare Avenue  
Bronx, New York 10452

Dear Mr. Nero:

Thank you for taking the time to write and express your views and concerns on problems confronting the new administration. We can assure you that we share them.

Thank you too for expressing your best wishes to the President-elect.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH/mc

January 6, 1969

Mr. John S. D. Eisenhower  
Valley Forge  
Pennsylvania 19481

Dear John:

Although you asked me not to answer your letter of December 16th, I want to say that your experiences in the "dark ages," as you call them, are most useful and helpful to us, and I find that we keep turning back to the procedures and people of those days as we try to put this whole thing together.

I appreciate your emphasis of the necessity of keeping a record of every conference with the President, and I am sure you are absolutely right in that we must find a way to do this that fits with his method of working. One way or another, we will find a way to do so.

Thanks very much again for your help and very best regards.

Cordially,

H. R. Haldeman

HRH:ds



JOHN S. D. EISENHOWER

Valley Forge,  
Pennsylvania 19481  
16 December 1968

Mr. Robert Haldeman  
Office of the President-Elect  
THE PIERRE HOTEL  
New York, New York

Dear Bob:

Thank you for your letter. Quite obviously every President organizes his staff according to his own personality. Therefore our experiences in the dark ages are useful as references only.

I would like to repeat one point, however: if you don't have someone keeping a record of every conference with the President, Mr. Nixon will later regret it. He will some day need these records for his own protection and as references when he will inevitably write his memoirs.

Please do not bother to answer. I have said my piece.

Sincerely,



JSDE:jht

cc: The Honorable Bryce Harlow

December 4, 1968

Mr. John S. D. Eisenhower  
Valley Forge,  
Pennsylvania 19481

Dear John:

Thank you very much for the memorandum regarding the staff Secretariat in the White House. The outline of how you operated, and the suggestions you have for our upcoming operation, are most valuable. As you well know, it is a monumental task trying to figure out how best to approach this whole thing.

Because of a number of differences in the way Dick works, I am going to have to work out a staff arrangement somewhat different from what yours was, but obviously the basic needs are the same.

Thank you again for writing. Hope to see you soon.

Cordially,

H. R. Haldeman

HRH: jc

December 21, 1968

Mr. Charles Farrington, Jr.  
Vice President  
National Environment Corporation  
Union Bank Square  
Orange, California 92668

Dear Charlie:

I am passing your letter requesting  
invitations to the Inauguration to:

Mr. Robert McCune  
Office of the President-Elect  
Federal Office Building #7  
Seventh & H St., N.W.  
Washington, D.C.

Bob is handling the arrangements for  
the Inauguration and will do all he can  
for you.

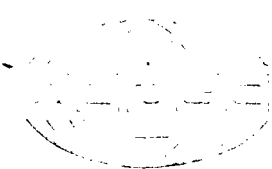
Hope to see you soon. In the meantime  
have a Merry Christmas.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH:ds

cc: Robert McCune



# NATIONAL ENVIRONMENT CORPORATION

UNION BANK SQUARE • ORANGE, CALIFORNIA, 92668 • CABLE: CLARCO • TELETYPE 910-595-1566 • (714) 547-9781

December 18, 1968

Mr. H. R. Haldeman  
Office of the President-Elect  
450 Park Avenue  
New York, New York 10022

Dear Bob:

While I realize you are probably not directly involved in this -- and therefore would prefer not to take up any of your time with it -- I would appreciate your advising me as to how it would be possible to obtain invitations to the Inauguration for both myself and my wife, as well as the President of National Environment, Mr. Henry D. Clarke, Jr. and Mrs. Clarke.

Hopefully, my credits as a long-time working Republican and unwavering Nixon supporter are well-enough established. I should tell you, though, that Henry Clarke, while never involved in the "nitty-gritty" of Republican political activity, has been a more than sufficient supporter in terms of financial aid and comfort.

Thank you, Bob, for any help you can give me on this.

With warmest personal wishes, I am

Sincerely,

Charles Farrington, Jr.  
Vice President

CF:nad

December 16, 1968

Mr. James A. Foy  
427 Seventy-sixth Street  
North Bergen, New Jersey

Dear Mr. Foy:

Thank you very much for your letter suggesting that we follow the foreign policy of the Johnson Administration. However, each administration must set its own course. This we intend to do.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRH/mc

427 Seventy-sixth Street  
North Bergen, New Jersey  
December 10, 1968

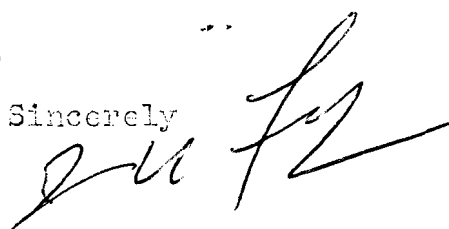
Dear Mr. Holdeman:

As one of President Elect Nixon principle aides I want to urge you to use your influence to have Mr. Nixon follow the foreign policy of the Johnson administration.

President Johnson, Vice President Humphreys and Secretary Rusk & Clifford have indeed carried out a wise and prudent foreign policy which I urge you to carry out during the next four years.

Best wishes.

Sincerely

  
James A. Foy

December 6, 1968

Dear Mr. Flemming:

It was most flattering to receive the letter from Mr. Nixon relative to the recruiting effort for the new Administration. At the risk of displaying gross immodesty, I am returning a detailed, although self-endorsed, resume on McMahon, supported by a recent article in the press somewhat germane to government.

It is always difficult to isolate the precise situation that will turn one on for party and country in the face of a snug and remunerative hearth warmed by big business. The low mortgage rate on the old homestead and two teenage daughters in love are also strong California adhesives.

In my case, I suspect that challenge alone would not be enough; I experience this each day commuting by crowded freeway. A chance to make a meaningful contribution on a daily basis, to be exposed to an exciting environment for innovation, to pursue a job inadequately performed by predecessors yet possessing the potential to improve the lot of us; these are conditions which justify 3,000 mile moves, 18-hour days and teary teenagers.

Specifically, I have no idea where I might strike a blow for democracy. The thought of an association with the Vice President-Elect stimulates my creative processes

immediately if for no other reason than to attempt to compensate for the premature and misguided public judgment. There is also the strong possibility that those of my ilk serve best who only sit and pay taxes.

In any event, my qualifications are attached for all to see. If you get a chance, please convey my personal greetings to Bob Haldeman and tell him to give me a "V" for volunteering.

Sincerely yours,

Mr. Harry Flemming  
Office of the President-Elect  
Richard M. Nixon  
Washington, D. C.

Encl.



**HARRY FLEMING**

**BOB HALDEMAN**

*See serial*  
**Dec. 7, 1968**

**Please note the attached correspondence  
from William W. Blakely.**

**It is possible that he might be good to use  
in screening or recruiting.**

MEMORANDUM

TO: Peter Flanigan

FROM: H. R. Haldeman

December 13, 1968

I enclose memorandum from Franklin Lincoln sending us Frank Markoe's resume, for your attention.

HRH/mc  
encl.

December 16, 1968

Mr. Walter Forward, Executive Vice President  
Royal Hawaiian Management Corporation  
457 South Robertson Boulevard  
Beverly Hills, California 90211

Dear Buzz:

Thank you very much for your letter and enclosures recommending Victor M. Carter for the position as Ambassador to Japan.

I have forwarded your letter to Mr. Peter Flanigan, who is handling a particular part of the staffing phase of the transition period. Mr. Carter will hear from us as soon as possible.

Thank you also for your congratulations on the Nixon victory. The next four years will provide many new challenges that are as yet unthought of. It is good to know that we have your support as we approach them.

Best wishes.

Cordially,

H. R. Haldeman

HRH/mc  
cc E. Flanigan

December 16, 1968

Mr. James A. Foy  
427 Seventy-sixth Street  
North Bergen, New Jersey

Dear Mr. Foy:

Thank you very much for your letter suggesting that we follow the foreign policy of the Johnson Administration. However, each administration must set its own course. This we intend to do.

Cordially,

H. R. Haldeman  
Assistant to the  
President-elect

HRR/mc

December 10, 1968

Dr. John D. French, Director  
Brain Research Institute  
The Center for the Health Sciences  
Los Angeles, California 90024

Dear Jack:

I was glad to receive your letter. Comments of the quality of one such as yourself are always welcome. I have forwarded your suggestions to Mr. Peter Flanigan who is doing most of the basic screening in the areas of secretaries and assistant secretaries at the Cabinet level. I am sure he too will welcome the impute you offer.

Thank you too for your congratulations and best wishes. While I am sure the challenge ahead looms large, I eagerly look forward to meeting it.

Sincerely,

H. R. Haldeman

HRH/mc

January 21, 1969

Dear Congressman Gubser:

Thank you for your letter concerning Mr. Phillip Euler's application in the White House Fellows Program which you mailed to me in New York.

It is a pleasure to forward this to Mr. Stephen P. Strickland, Executive Secretary, Commission on White House Fellows, Civil Service Commission Building. I am certain he will be happy to advise Mr. Euler if there is any further action he should take.

With warm regards,

Sincerely,

H. R. Haldeman  
Assistant to the  
President

Honorable Charles S. Gubser  
House of Representatives  
Washington, D. C.

INCOMING TO Mr. Stephen P. Strickland.

RH:ny

MEMORANDUM

December 27, 1968

TO: BRYCE HARLOW  
FROM: BOB HALDEMAN'S OFFICE

The attached correspondence is further to Mr. Gray's earlier letter on the same subject. He is aware that the correspondence has been forwarded to you.

Please forward this correspondence to Mr. Anderson, if you think it is appropriate.

D. L. Stephens  
Secretary

December 27, 1968

Mr. L. P. Gray, III  
Suisman, Shapiro, Wool,  
Brennan & Gray  
325 State Street  
New London, Connecticut 06320

Dear Mr. Gray:

In Mr. Haldeman's absence, I have taken the liberty of passing your letter of December 23, 1968, to Mr. Bryce Harlow and Mr. Martin Anderson.

Sincerely,

D. L. Stephens  
Secretary to Mr. Haldeman



LAW OFFICES

SUISMAN, SHAPIRO, WOOL, BRENNAN & GRAY

325 STATE STREET

NEW LONDON, CONNECTICUT 06320

TELEPHONE 442-4416  
AREA CODE 203

CHARLES SUISMAN  
MAX M. SHAPIRO  
LOUIS C. WOOL  
JAMES F. BRENNAN, JR.  
LOUIS PATRICK GRAY, III

S. JOEL SUISMAN  
MARILYNNE G. WOOL  
DALE P. FAULKNER  
THOMAS B. WILSON  
ANDREW BRAND

December 23, 1968

IN REPLY REFER TO:

OUR FILE #

Mr. H. R. Haldeman  
Office of the President-Elect  
450 Park Avenue  
New York, New York 10022

Dear Bob:

As a follow-up to my recent letter, I am enclosing a brief summation of the position of the Small Business Investment Company Industry. This is submitted to acquaint you with the record of the Industry and the nature of the problems confronting the Industry.

The summation ties in with the President-Elect's letter to the Industry President dated July 11, 1968, a copy of which was forwarded to you with my recent letter. You will recall that you referred that letter to Messrs. Greenspan and Anderson of the Staff.

In the summation I have included the legislative package proposed by the Industry. In keeping with the expression of interest contained in the President-Elect's letter to the Industry President, I have recommended that the appropriate members of the Staff meet with Industry representatives at the earliest opportunity in order to hammer out a legislative package to be forwarded to the Congress by the Nixon Administration as soon as practicable after January 20, 1968.

This is a program that is sound, makes money for the Federal Government (the taxpayer), can have a direct impact in developing minority businesses, and is loaded with favorable political mileage in that it also impacts directly upon the economic health and development of small businesses throughout the Nation.

Mr. H. R. Haldeman  
Page Two  
December 23, 1968

Here is an opportunity for the Nixon Administration to run with the ball and establish at long last a viable partnership between the Federal Government and private capital envisioned by the Eisenhower Administration and the Congress in the legislation which created the Industry in 1958.

I am sending along three extra copies of this letter and the summation for your internal distribution purposes.

With my best wishes and warm respect,

Sincerely,



L. P. Gray, III

LPG:wd  
Enclosures

Prepared By: L. P. Gray, III  
12-23-68

THE SMALL BUSINESS INVESTMENT COMPANY INDUSTRY

PROBLEM:

The President-Elect is on record favoring a positive and aggressive approach to the problems facing the small businessmen and the Small Business Investment Companies of the United States. THEREFORE, a Nixon Administration legislative package ought to be presented to The Congress of the United States as early as may be practicable after January 20, 1968.

SOURCE:

Refer to the letter of The President-Elect dated July 11, 1968, and addressed to Mr. Elliott Davis, President, National Association of Small Business Investment Companies; and to the telegram of The President-Elect and also addressed to Mr. Davis. (Copies attached as Exhibit A.)

INDUSTRY ORIGIN:

The Small Business Investment Company Industry was created by the Small Business Investment Act of 1958 and observed its 10th anniversary on August 21, 1968.

WHAT IS AN SBIC?

(a) A corporation established by private individuals with private capital and licensed by the Federal Government to do business as a Small Business Investment Company in accordance with the Act and the Regulations issued thereunder.

(b) Prior to the enactment of the Small Business Investment Act of 1958, the Federal Reserve Board established that the Small businessman was not getting the financing that he required in order to compete and maintain his position in the Nation's growing economy.

(c) The intent of the Eisenhower Administration and the Congress was to provide the small businessman with the venture capital financing required via the private sector of the economy with a minimum of government funds.

(d) The SBIC's constitute the first national grass-roots system of equity and debt financing for small businessmen in the Nation's history. Small businessmen, for the first time, have a recognizable place to go for the "hard-to-find" kind of money which is provided big business by the traditional national money market.

#### WHAT HAS THE SBIC INDUSTRY ACCOMPLISHED?

(a) Leveraged government loans of \$250 Million to SBIC's into a total investment of \$3 Billion in small businesses.

(1) \$1.3 Billion in SBIC investments, making it possible for small businesses to borrow an additional \$1.7 Billion from banks and other lenders.

(b) The \$1.3 Billion SBIC investment represents over 30,000 financing transactions to small businesses.

(1) This financing was in the form of loans, capital stock purchases, and convertible debentures.

(2) Average equity position of the SBIC's in the small business concerns financed is estimated to be 15 to 20% on the basis of the original investment.

(3) Interest rates on debt financings have averaged about 8% with equity rights and about 9% without equity rights.

(c) Created jobs and created them cheaply. Each \$100,000.00 of SBIC financing is now resulting in more than 20 new employees being hired by the small business concern receiving SBIC financing - or one new job for every \$5,000.00 SBIC investment. The SBIC's cost for creating new jobs is lower than that of any other program in the Federal arsenal.

(d) Helped small companies to grow and to grow much faster than the national averages - an extremely important consideration if small companies are not to lose ground to big companies in our expanding economy. The small business concerns aided by SBIC financing:

(1) Have increased employment - 2,022 small business concerns have increased employment by 41,219 jobs, or 53.5% since original SBIC financing.

(2) Have increased assets - assets of 2,164 small business concerns have grown \$525 Million, or 50% with SBIC financing.

(3) Have increased gross revenues - gross revenues of 1,884 small business concerns have jumped more than \$500 Million, or 49.1% with SBIC financing.

(4) Have increased profits - profits of 1,859 small business concerns have climbed \$13 Million, or 56.2% with SBIC financing.

WHAT HAS BEEN THE COST TO THE FEDERAL GOVERNMENT?

(a) Annual cost to Government - \$5.5 Million.

(b) Additional Income generated by SBIC program - \$12.5 Million.

(c) Interest income to Government - \$1.2 Million.

(d) Total profit to Government - \$7.2 Million.

(e) The Small Business Administration has concluded that the SBIC program is clearly a very efficient and beneficial means of aiding economic growth.

WHAT IS THE INTERNAL CONDITION OF THE SBIC INDUSTRY?

POSITIVE FACTORS

(a) Return on invested capital reached 6% in Fiscal 1968, up from 2.4% in Fiscal 1967, and 2.5% in Fiscal 1966; a break-through appears to have been achieved.

(b) Unrealized appreciation on SBIC investments jumped to \$141 Million from the year earlier \$109 Million.

(c) Profitability came solely from realized gains on investments, rather than from interest and other income.

(1) 441 reporting SBIC's had income from operations of \$12.7 Million.

(2) They offset this by reserving \$13.7 Million for losses and \$1.3 Million for income taxes.

(3) This results in a net deficit of \$2.3 Million from operations.

(d) Smaller SBIC's (capital under \$300,000.00) made a profit for the first time ever - a profit of 1.1% on their capital.

(e) SBIC industry chalked up a positive retained earnings figure for first time since 1961.

#### ADVERSE FACTORS

(a) Private capital in SBIC's dropped for fourth straight year and is now at its lowest level since September, 1961.

(1) Private capital on 3-31-68 was \$343 Million.

(2) Private capital on 3-31-67 was \$392 Million.

(3) Highpoint occurred on 9-30-64 when private capital in all SBIC's added up to \$465 Million.

(b) Fiscal 1968 least active year for SBIC's since SBA began compiling data for Fiscal Year ending 3-31-63.

(1) For FY ending 3-31-68, SBIC's disbursed \$143 Million.

(2) For FY ending 3-31-67, SBIC's disbursed \$164 Million

(3) For FY ending 3-31-66, SBIC's disbursed \$221 Million

(4) For FY ending 3-31-65, SBIC's disbursed \$187 Million

(5) For FY ending 3-31-64, SBIC's disbursed \$220 Million

(c) Number of reporting SBIC's lowest since 9-30-61, illustrating dramatically the attrition in the industry during the past 4 years.

- (1) Latest SBA tabulations indicate that there were 441 reporting SBIC's on 3-31-68; high point for the industry was 9-30-64 when 664 SBIC's filed reports.
- (2) A steady decline since then brought the number of reporting SBIC's down to 548 on 3-31-67.
- (3) Present indications are that further departures will decrease the number of active and reporting SBIC's through the end of FY 1969.
- (4) License surrenders and mergers are likely to be higher than numbers of new licensees for the remainder of present Fiscal Year.

(d) SBA's money cupboard is bare - no dollars are available for lending to SBIC's; outlook for immediate improvement is dim. No dollars have been disbursed on SBIC loan applications since July 1, 1968. Loan applications to SBA from SBIC's are approximately \$20 Million. SBA has not been able to raise dollars from institutional lenders under its 100% guarantee program. Tightening money market has thwarted SBA's efforts as no long term money shows up at 6.5% --- even with the Federal guarantee.

WHAT DOES THE INDUSTRY PROPOSE?

A legislative program as follows:

1. The establishment of a Small Business Capital Bank.
2. Amendments to the Internal Revenue Code of 1954 to:
  - A. Provide a statutory reserve of at least 10% against losses on all SBIC financing instruments, equity as well as debts;
  - B. Clarify the personal holding company surtax exemption;
  - C. Extend the "pass-through" privilege to all SBIC's, public and private alike;

D. Liberalize the diversification requirements for SBIC's electing to be taxed as regulated investment companies;

E. Permit the accumulation of SBIC earnings and profits tax free provided they are utilized for additional loans and investments;

F. Permit SBIC's to be shareholders in Subchapter S Corporations; and

G. Extend Section 1243 to permit an election to treat a loss on any SBIC financing instrument as an ordinary loss rather than a capital loss.

1958 to: 3. Amendments to the Small Business Investment Act of

A. Begin "third-dollar" financing with the first dollar of private investment;

B. Authorize SBA to give a 90% guarantee on loans and investments made by SBIC's in certain public policy areas such as those to ghetto businessmen, to combat air pollution and to stimulate urban rapid transit;

C. Authorize SBIC's to establish special discretionary portfolios up to one-third of their assets for loans to or investments in eligible small business concerns without regard to SBA regulations relating to: (1) overline loans and investments, (2) minimum period of financing and maximum amortization, and (3) Purchases of outstanding securities privately or on the open market;

D. Permit SBIC's to require proprietary interests in unincorporated small business concerns;

E. Provide that the Associate Administrator for Investment of SBA be appointed by the President, subject to Senate confirmation, to serve a five-year term, and that the acts of such Associate Administrator be subject only to review by a three-man Board to consist of the Administrator of SBA and two other full-time Board members to be appointed by the President, subject to Senate confirmation, and to serve staggered six-year terms as members of the Investment Division Board;



F. Provide appeal to the Investment Division Board on action of the Investment Division rejecting an SBIC funds application or calling outstanding loans; and

G. Authorize SBIC's to issue debt instruments that will qualify as capital for purposes of borrowing from SBA and for determining loan limits.

4. Amendments to the Federal securities laws to:

A. Grant appropriate exemptions for SBIC's from the Investment Act of 1940; and

B. Permit SBIC's to sell portfolio securities in publicly-owned companies without registration under the Securities Act of 1933 where such securities or predecessor securities are held for three years or more.

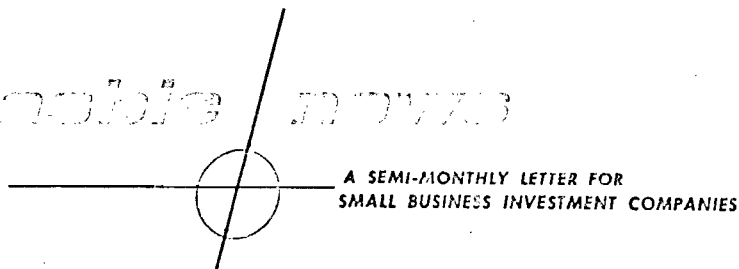
RECOMMENDATION:

Although the SBIC Industry proposes to carry its own legislative program to the Congress, I strongly recommend that the Nixon Administration designate Staff members to meet with Industry leaders just as soon as possible to hammer out a legislative package acceptable to the Nixon Administration and to the Industry.

Regardless of the Positive Factors cited herein, the Adverse Factors are such that private capital continues to leave the SBIC program in ever increasing amounts. The program has demonstrated its capability and ought not to be abandoned and left to fend for itself before the Congress.

The partnership envisioned by the Eisenhower Administration and the Congress in 1958 has never been fully realized. Now is the time to build that partnership on the Industry's proven record of service to the small businessmen of the United States.

*nasbic news*



A SEMI-MONTHLY LETTER FOR  
SMALL BUSINESS INVESTMENT COMPANIES

September 26, 1968

Dear NASBIC Member:

Richard Nixon gives wholehearted support for SBIC capital bank in a telegram to NASBIC president Elliott Davis. The GOP nominee for President praised the industry's "record of assistance to small business" and noted that the industry requires "the infusion of more private capital...."

The full text of Mr. Nixon's wire follows:

"Warm congratulations to you and to your colleagues on the occasion of the 10th anniversary of your industry. Your record of assistance to small business concerns is noteworthy, and you have made a solid contribution to the development of individual enterprise and the creation of employment opportunities. The infusion of more private capital is required to assist you in building upon your successful record to date. To attract private capital so that you may assist the many small business concerns now in need, you may be assured that a Nixon Administration will explore with your industry and consider carefully the concept of meaningful Government guarantees rather than placing reliance on Government funds as a source of additional dollars. I continue to share your interest in and enthusiasm for the establishment of a Small Business Capital Bank. Sincerely. Richard Nixon"

Prospects for SBIC tax bill get dimmer and dimmer as the days pass without any action on Capitol Hill. Senate Finance Committee hasn't scheduled any hearing on the bill yet, despite promises made to Senator Sparkman two weeks ago (see News, 9/11/68). House Ways and Means Committee has indicated it will not meet again this year.

Only hope lies in quick Senate hearing and vote to add our bill to a measure already passed by the House and in getting House agreement to accept the Senate amendment. We can't be optimistic about that prospect at this time, although --

NASBIC officials met with top Treasury officials on Sept. 24 with hope that Treasury would support SBIC measure. Under Secretary Barr and Assistant Secretary Surrey held to Department's position that primary responsibility for SBIC tax bill lies with SBA. They say Treasury will remain neutral and take no position for or against the proposal.

New SBIC with 18 branch offices in 13 States has been licensed by SBA. Equilease Capital Corporation will have its main office in New York and will begin operations with \$500,000 in private capital. It is a wholly-owned subsidiary of Equilease Corp., probably the largest small equipment leasing company in the U. S.

Equilease twins are part of complex making up Eltra Corp., a diversified firm, listed on the New York Stock Exchange. Eltra ranked #210 on Fortune's 1968 list of 500 largest industrials. Chief officers of Equilease Capital will be: President George A. Halmos, Executive Vice President Norbert S. Weissberg.

STATEMENTS ON SMALL BUSINESS

BY

PRESIDENTIAL CANDIDATES

\* \* \*

Hubert H. Humphrey

Richard M. Nixon

Nelson A. Rockefeller

\* \* \*

National Association of Small Business Investment Companies

537 Washington Building  
Washington, D.C. 20005

July 22, 1968

N

NIXON FOR PRESIDENT COMMITTEE,  
P. O. BOX 1968, TIMES SQUARE STATION,  
NEW YORK, NEW YORK 10036  
PHONE (212) 661-6400

July 11, 1968

Mr. Elliott Davis  
President  
NASBIC  
537 Washington Building  
Washington, D. C. 20005

Dear Mr. Davis:

I want you to know how much I appreciate your thoughtful letter of May 28, 1968 affording me an opportunity to set forth some of my views on national policies needed to secure for small business an expanding share of the national economic output.

This is a vital issue of great interest to millions of American small businessmen who are engaged in the struggle to survive and grow despite the increasing concentration of economic power occurring now in our society.

The issue is also of great interest to many more Americans who desire to become small businessmen, to savor ownership, to participate in our free enterprise system, and to participate in the profits which are the great motive power of our fantastically productive economy.

In order to secure for the small businessman an expanding share of the national economic output, we do require now the creative interaction of the public and private sectors, of government and people, dedicated to the exploration of new and imaginative means of activating the real resources of America.

Government at all levels will have to join a true partnership with private enterprise in meeting the challenge, if the small businessmen of America are to experience a reversal of the downtrend in growth which they face today.

July 11, 1968

Government money - the tax dollars of its citizens - cannot alone provide the response to the challenge. Government can help to provide the incentives, the policies, and the broad general framework within which private enterprise will meet the challenge. This is the proper role of government. Actually doing the job is not - because private industry can do it better.

Too often America appears to be the champion of the status quo rather than what we are - the boldest architects of change and progress civilization has ever known.

During the years of the Eisenhower Administration a first step was made to harness the Federal Government and private enterprise in a partnership to assist the small businessman to obtain equity capital, long term debt, and management assistance. This first step resulted in the enactment of the Small Business Investment Act of 1958 by the Congress of the United States. A serious gap in the Nation's financial arsenal was filled, and another segment of the myth of the status quo was channeled into oblivion.

Thus began a pioneering program. Prior to 1958 there had not existed an institutionalized source of venture capital for the small businessmen of America. There is none today, except for the Small Business Investment Companies formed by private individuals, funded with private capital, and licensed by the Federal Government to do business in accordance with the terms and provisions of the Act.

The history of the operations under the Act, and the financial reports of the Small Business Investment Companies, reveal that every dollar of Federal funds committed to the program attracted almost two dollars of private capital.

After a growing period of almost ten years, the Small Business Investment Company Industry is coming of age and is proving to be a much needed form of financial institution. Reports from 1,381 small business firms assisted by Small Business Investment Companies indicate that they have increased their employment by 11,800 jobs since they received their original financings from these Companies.

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I am well aware that the SBIC Industry has made available to more than 25,000 small business firms more than \$1.2 billion in financings to assist the growth and development of these firms. I am also well aware that the leaders of the SBIC Industry and private commentators and Industry analysts believe that the program must be improved substantially if the SBIC Industry is to survive.

Despite the proven success of the SBIC Industry in carrying out the purpose of the Congress of the United States in enacting the legislation which gave birth to the Industry, many of the largest companies in the Industry are dropping out of the program. Nearly \$200 million dollars in private capital have left the Industry since the Act became effective in 1958.

The Small Business Investment Act Amendments of 1967 were enacted to meet some of the problems faced by the SBIC Industry and the Small Business Administration of the United States in developing a viable partnership to assist the small businessmen of the United States. These amendments resulted from legislative proposals sent to the Congress by the Executive Branch - the first positive proposals sent to the Congress since the legislation creating the Industry was enacted.

Nevertheless, in spite of a proven record of success and remedial legislation enacted last year, Companies are leaving the SBIC Industry and taking with them hundreds of millions of dollars of venture capital. For reasons valid to them, the managers of these Companies, seasoned in the high risk arena of venture capital financing, are moving the bulk of their assets from under the umbrella of the Act. While some plan to continue to operate SBIC's as subsidiaries, others do not plan to reorganize themselves in this manner.

I am convinced that the Industry is at the most crucial period it has ever encountered in its short life-span.

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Obviously, many Agencies of the Federal Government and many Federal policies have a considerable impact upon the operations of the SBIC Industry. The complexities inherent in a strong, centralized Federal Government increase the magnitude of the challenge to implement that which I believe Congress intended - a true partnership between the Federal Government and the SBIC Industry.

It appears to me that the SBIC Industry has not been able to meet the most fundamental test of any Industry; it has not been profitable enough, or achieved enough stability, to:

- (a) Maintain within the Industry the private capital originally committed;
- (b) Attract much needed additional private capital;
- (c) Encourage the formation and licensing of significant numbers of new SBIC's, even though many areas of the Nation are not adequately served by SBIC's.

In keeping with my views expressed in the earlier paragraphs of this letter, the Federal Government has the responsibility to provide a climate within which the partnership contemplated by the Congress may survive and thrive. I do not envision, nor do I recommend to your consideration, a policy which would provide unlimited Federal Funds. Further, I do not believe that the managers of SBIC's expect, or desire, an unlimited availability of Federal Funds to sustain a partnership consisting of the Federal Government and proven managers in the private sector dedicated to closing the small business equity gap.

You do have the right to expect - and the Federal Government has the duty to provide - the long range policies designed to enhance the orderly and seasoned growth of an Industry created to operate in a risk arena not attractive to the financial institutions existing prior to the debut of your Industry; nor is this high risk arena attractive to them today.

I believe it to be the responsibility - and the duty - of the Small Business Administration, the Treasury Department, the Bureau of the Budget, and the

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Securities and Exchange Commission to give continuous and serious thought to ways and means designed to simplify the SBIC program and legislative package, to make the SBIC program more profitable, and more productive.

The small business existing, and those developing, must have ready access to a stable, long range equity money market. In this connection, I believe that careful consideration must be given to the establishment of a "Small Business Capital Bank"; such an institution, of course, to be studied and planned by the responsible leaders of your Industry, the responsible leaders of our other existing financial institutions, and the responsible Governmental Agencies and Departments acting in concert, and cooperating to further strengthen our economy by assisting those who are most in need of assistance.

Your Industry and the small businessmen of the United States may be assured that the Executive Branch of a Nixon Administration will approach these problems jointly, and with each of you, to attain the long range objectives required. Such an approach will rest upon the principles I set forth in the opening paragraphs of this letter.

Sincerely,



Richard M. Nixon