Patman Prods SBA on Rebozo Loan

Rep. Wright Patman (D-Texas) says he will urge on the floor of the House today that the Small Business Administration "immediately" seek repayment of the remainder of a controversial $80,000 loan made to Miami businessman Charles G. (Bebe) Rebozo, whose political friends include President Nixon.

In a statement released last night, Patman, chairman of the House Banking and Currency Committee, called Rebozo a "preferred customer" whose special treatment by SBA has helped shake small businessmen's confidence in the agency.

The loan should never have been made in the first place, Patman plans to tell the House.

". . . There can be no justification of SBA lending money to an individual under the guise of a small businessman who then turns around and opens a bank," Patman's statement said.

"Small businessmen write me complaining that they can't even get in to see a banker, yet in the Rebozo case, SBA is financing a banker and an investor while shutting out thousands of legitimate small businessmen," the statement asserted.

Rebozo Unavailable

Rebozo could not be reached for comment on Patman's statement. A Miami telephone operator said Rebozo's home number was unlisted.

The $80,000 loan was obtained in 1962 during the Kennedy administration. It was used to buy out a competitor of Rebozo's land title firm.

According to a Banking Committee staff report, Rebozo originally asked SBA for $100,000. Six different SBA officials turned him down. Their reasons included the unprofitability of the business, Rebozo's ability to raise funds by selling various assets and the fact that Rebozo was not proposing to put up any cash of his own.

Before Rebozo was ever notified officially of SBA's negative decision, the staff memo continued, he came to Washington seeking to reverse it. Six days later, SBA approved an $80,000 loan.

The original term of the loan was six years. Rebozo has received two two-year extensions. Of the balance due, $26,500 has been postponed until maturity date in 1972.

The staff memo says that in addition to the extensions, SBA has granted five other modifications of the original agreement, including release of various property put up as collateral.

One SBA official complained that "the tangible collateral has been reduced to nil, and for all intent and purposes the loan is an unsecured note . . ." the staff memo reported.

Last February, it was revealed that SBA was guaranteeing $2.4 million on rent payments for a shopping center Rebozo is building in Miami. Those approving the guarantee included Thomas Butler, Miami regional director of SBA. Butler, it was revealed, is associated with Rebozo in a land-development venture and a bank.

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Smathers Helped Rebozo With SBA

By Donald M. Rothberg

Former Sen. George Smathers urged the Small Business Administration to grant a now-controversial loan to his close friend, Miami entrepreneur Charles G. (Bebe) Rebozo, in 1962, records disclosed yesterday.

Rebozo obtained the $80,000 loan despite negative recommendations from several SBA staff members.

At that time, Smathers was a top-ranking Democrat on the Senate Select Committee on Small Business, which handles legislation affecting the SBA. The Florida Democrat retired from the Senate in 1968.

Rep. Wright Patman (D-Tex.) called yesterday for the SBA to demand immediate repayment of the loan. In a House speech, Patman said Rebozo had received special favors from the SBA.

Records made available to The Associated Press showed that before the agency received Rebozo's loan application, it got a letter from Smathers.

Written on Small Business Committee stationery, the letter concluded, "I would appreciate your doing whatever you can to be of assistance to Mr. Rebozo." It was addressed to James D. Carpenter, then manager of the Miami office of the SBA.

Monroe Abstract and Title Co. of Miami, owned by Rebozo, sought SBA participation in a $100,000 loan from the Merchants Bank of Miami.

In the course of the negotiations with Rebozo, SBA officials three times wrote Smathers to advise him of how things were progressing.

"You may be sure the application will be given every proper consideration and we thank you for your continued interest in the SBA" said one letter to Smathers.

Smathers' Washington law office said the former senator was unavailable for comment.