

Nixon Brothers' Lawyer Linked to S.B.A.

WASHINGTON, May 3 (AP) —A Los Angeles lawyer whose clients include President Nixon's brothers exerts special influence over the California loan operations of the Small Business Administration, an insurance executive has asserted in written testimony to a Congressional panel.

The S.B.A. said it was investigating the statements made by the executive, Charles Marko.

In an affidavit submitted to Congressional investigators, Mr. Marko said that Stanley McKiernan had what Mr. Marko described as "twist with the S.B.A."

Mr. Marko said he believed that Mr. McKiernan's influence stemmed from political connections. He said Mr. McKiernan and his associates had used F. Donald Nixon's name frequently, "like you and I drink a glass of water."

Mr. McKiernan accompanied both F. Donald Nixon and Edward Nixon at their Federal appearances as witnesses in the trial of former Nixon Cabinet officers John N. Mitchell and Maurice H. Stans, who have since been acquitted.

Partnership Reported

Mr. Marko, the West Coast representative of the Western American Life Insurance Company of Albuquerque, N.M., said Mr. McKiernan was reported to be F. Donald Nixon's business partner in two companies doing business with the S.B.A.

The small business unit said it had the matter under investigation. However, it said it had found no record of F. Donald Nixon having any connection with any business that has applied for S.B.A. loans.

The agency confirmed that Mr. McKiernan was listed as

applicant representative, helping persons prepare applications for 30 S.B.A.-guaranteed loans. Mr. Markos's affidavit said Mr. McKiernan and F. Donald Nixon were partners in a loan-packaging concern, Emerald Financial Corporation, and in Washington-West Corporation.

The small business agency said Emerald Financial Corporation had been involved in the packaging of three S.B.A. loan applications. They agency said it was examining the relationships of both that company and of Washington-West with the S.B.A. as a result of the Marko statement.

Kleppe Was Questioned

Mr. McKiernan could not be reached for comment.

Mr. Marko's statements were contained in a 52-page sworn affidavit given investigators for the House Banking Subcommittee on Small Business on Feb. 28.

At a recent hearing, Thomas Kleppe, the S.B.A. administrator, was asked questions con-

cerning Mr. Marko's allegations about Mr. McKiernan and his relationship with S.B.A. officials. The affidavit will also be made part of the hearing record.

Mr. Marko said that Mr. McKiernan and his top aide John Durand had spread the word that they had influence over some top S.B.A. officials in California, including Gilbert Montano, the regional director in San Francisco; Jerry Morita, general counsel in Los Angeles, and Stu Ballings, financial director, also in Los Angeles.

He said Mr. Durand and Mr. McKiernan had credited their clout to "just good friends and just good relationships."

But Mr. Marko told investigators that "it either has to be political or money and I am sure it's not money."

Mr. Marko said Western American Life had been turned down several times for a loan but then, "Stan McKiernan put his name on the loan package and when he did we got almost immediate approval."