

SBA Chief Charges Probe Smear

Washington

The head of the Small Business Administration charged yesterday that congressional investigators have used "smear and innuendo" in their probe of illegal loan making activity in the SBA.

Thomas S. Kleppe also denied virtually every charge made against the SBA during public hearings last week before the house small business subcommittee. His denials were contained in a 97-page statement read to the subcommittee.

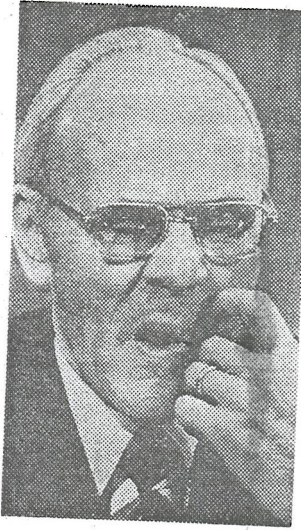
Representative Henry Gonzalez (Dem-Tex.) told the hearing that he considered Kleppe's statement to be a "self-purification bath just taken in 'public view.'"

Kleppe came under fire for accusing Curtis Prins, chief investigator for the House Banking Committee and Russell Hamilton, a former SBA official whose information led to the probe, of using smear tactics in the testimony thus far.

"I haven't seen so much of this kind of innuendo and smear, injuring dedicated public servants for no apparent purpose, since the days of Joe McCarthy," Kleppe said.

Committee chairman Representative Robert Stephens (Dem-Ga.) said he thought Kleppe should remove the remarks from the hearing record, adding that each member of the subcommittee had been accused of smear tactics "by association."

Kleppe said he "categori-



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THOMAS KLEPPE
97-page denial

cally denies" charges of wrongdoing "from top to bottom" in the SBA and resented the allegations of criminal activity in more than 20 SBA office around the country. He also denied that SBA loan and lease programs have been serving the wealthy rather than the small businessmen for whom they were intended.

On charges of White House pressure in SBA loan-making, Kleppe said since 1971 only seven of 63 loans about which the White House voiced an interest had been approved. This, he said, "does not indicate that SBA is vulnerable to White House pressure."

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