

Watergate panel joins California SBA probe

By Nancy Dooley

The Watergate scandal was reaching towards California again yesterday in an investigation by Sen. Alan Cranston of "possible criminal activity" involving the Small Business Administration.

Cranston said his Senate Banking Subcommittee is investigating meddling in SBA operations by members of the White House staff and the Committee to Re-elect the President.

As a result of the probe, the Senate Watergate Committee has re-opened its investigation of SBA operations in California. The House Small Business Subcommittee has been probing the SBA for two months.

Cranston said his staff in California had been approached by about a half dozen small businessmen and employes of the SBA with "reports of serious wrong-doing in the SBA."

The accusations allege that "members of the White House staff and persons acting for the Committee to Re-elect the President extorted contributions during 1972 from small businessmen in California."

Some of those who were

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approached had received SBA loans, and all of them had been granted financial assistance from the Office of Minority Business Enterprise (OMBE) or 8-A contracts by the SBA.

The 8-A contracts are specially earmarked to help minority-owned or other small businesses who are otherwise unable to obtain government contracts.

Cranston also said he is investigating:

- Charges of conflict of interest, which might involve former members of the White House staff, regarding the award of SBA and OMBE contracts and loans in California.

- Charges of conflict of interest concerning California officials of the SBA.

- Charges that the White House interfered with the legitimate administration of the SBA by ordering SBA officials in California to cancel a contract already awarded to a businessman in order to give it to someone else.

Cranston said the conflict of interest charges alleged SBA officials had a financial interest in businesses receiving SBA assistance or personally received kickbacks from recipients of SBA loans or 8-A contracts.

Although Cranston declined to name names, an aide said those involved were "fairly high" in the White House and the re-election committee.

The investigation centers in the Bay Area and Los Angeles, Cranston said. "Primarily we're talking about \$1000 contributions," he added. "Apparently, a quota had been set up where the Administration wanted a million dollars out of minority business doing business with the government."

An aide to Cranston reported that Pete Hansen, who runs a San Francisco consulting firm, was told he would lose an OMBE contract if he did not contribute to the president's re-election campaign.

He refused to contribute, and his contract is still being held up. Hansen could not be reached for comment.

The New York Times reported yesterday that, at a meeting last year at the San Francisco Hilton a group of minority businessmen were told to contribute or lose their funding.

Cranston said, "I have requested the SBA to turn over to me its internal audits of its California operations since 1968."