Mafia Links to S. Business Unit Found

By PAUL DELANEY

The House Subcommittee on Small Business was told last week that the Small Business Administration, the federal agency that makes loans to small businesses, has a long history of giving loans to underworld figures. The hearings, held in New Orleans, were the first of a series of congressional investigations that will examine whether S.B.A. funds have been diverted to underworld figures.

The hearings were held in New Orleans because the agency has a large number of loan officers in the city and because it is believed that many underworld figures have connections with the area. The New Orleans office of the S.B.A. has been under investigation by the FBI for several years, and the department has been accused of making loans to underworld figures.

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The agency is under investigation nationwide by at least a half-dozen bodies, including the Small Business Subcommittee of the House Banking and Currency Committee, the Federal Bureau of Investigation, the Internal Revenue Service, the postal authorities, and the Federal Trade Commission. The House committee's conclusions range from mismanagement of funds to political and financial corruption.

Repayments Ordered

Law enforcement and S.B.A. officials said that several underworld figures the agency had been investigating had been implicated in the loan scandal. The agency said that it had received complaints from underworld figures and that it had been forced to turn down requests for loans.

The House Subcommittee will investigate the financial dealings of the S.B.A. and will try to determine whether the agency is under the influence of underworld figures. The hearings were held in New Orleans because the agency has a large number of loan officers in the city and because it is believed that many underworld figures have connections with the area. The New Orleans office of the S.B.A. has been under investigation by the FBI for several years, and the department has been accused of making loans to underworld figures.

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