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Series: Saunders, G. Timothy (Tim) – Bill Files

Folder Title: 12/21/2001 [S. 1196]

Withdrawn/Redacted Material

The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;
002	Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;
003	Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;
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SERIES:

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12/21/2001 [S. 1196]

FRC ID:

781

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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01 DEC 19 PM 11:03



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

SBICs are privately owned investment firms that invest venture capital in small businesses and are licensed and regulated by SBA. SBICs obtain loan and investment capital primarily through the sale of debentures (bonds and other debt instruments) and participating securities (stock, limited partnerships, and other ownership instruments). SBICs sell guaranteed debentures and participating securities to the public through SBA. SBA sells "trust certificates" to the public, which are backed by an ownership interest in the SBIC's debentures and

participating securities. The maximum values of participating securities and debentures that SBA may guarantee are specified in authorization and appropriation acts. SBA is also required under the Federal Credit Reform Act of 1990, as amended, to cover, through appropriations or the collection of fees, the projected "subsidy costs" (the estimated long-term costs to the Government) of the debentures and participating securities guaranteed in any fiscal year.

S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

Section 7(a) guaranteed loans. SBA guarantees loans to small businesses for general business purposes under section 7(a) of the Small Business Act. Under this program, SBA guarantees up to 85 percent of loans for amounts of \$150,000 or less and up to 75 percent of loans for amounts greater than \$150,000. "Section 7(a) loans" are provided by private lenders certified to participate in the program.

SBA currently charges the section 7(a) borrower an "up front fee" equal to 2 percent of the guaranteed portion of loans of \$150,000 or less (lenders may retain 0.5 percent of the fees on such loans); 3 percent of the guaranteed portion of loans greater than \$150,000 and less than or equal to \$700,000; and 3.5 percent of the guaranteed portion of loans greater than \$700,000. In addition, all section 7(a) loans are subject to an annual servicing fee equal to 0.5 percent of the outstanding balance of the guaranteed portion of the loan.

S. 1196 would require SBA to reduce the annual servicing fee for section 7(a) loans from 0.50 percent to 0.25 percent during FYs 2003 and 2004. During the same period, SBA would be required to reduce up front fees to 1 percent for loans of \$150,000 or less and 2 percent for loans greater than \$150,000 and less than or equal to \$700,000. Fees for loans over \$700,000 would continue to be 3.5 percent. In its enrolled bill views letter, SBA states that "[t]he fee reductions on 7(a) will significantly increase the cost of the program and will necessitate either additional appropriations or a reduction of the program level."

Section 504 guaranteed loans. SBA guarantees loans to small businesses to help them acquire major fixed assets such as land or buildings under Section 504 of the Small Business Act. "Section 504 loans" combine loans from private lenders covering up to 50 percent of project costs, contributions of at least 10 percent equity from borrowers, and loans from Certified Development Companies (CDCs) covering up to 40 percent of the cost. (CDCs are nonprofit corporations established to provide financing to small businesses.) SBA guarantees 100 percent of the portion of the loans made by CDCs, and charges an up front fee approximating 3 percent of the amount guaranteed.

S. 1196 would reduce annual fees for section 504 loans by 50 percent during FYs 2003 and 2004. (Under current law, SBA is required to charge borrowers an annual fee equal to the lesser of: (1) 0.9375 percent of the outstanding principal balance; or (2) the minimum percentage necessary to cover the subsidy cost of the program.) The enrolled bill would also prohibit SBA from charging any "up front guarantee fee" for section 504 loans made during FYs 2003 and 2004. However, these fee reductions would become effective only to the extent that sufficient funds are appropriated to cover the program's subsidy cost. In its enrolled bill views letter, SBA notes that the section 504 program has been operating for several years without the need for appropriations.

Calculation of subsidy costs during FYs 2003 and 2004. S. 1196 would specify that during FYs 2003 and 2004, the section 7(a) and section 504 programs "shall be treated as separate programs of the [SBA] for purposes of the Federal Credit Reform Act of 1990 only." This would require that subsidy costs be calculated separately for the two programs.

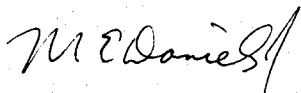
-- Other Amendments to the Small Business Investment Act

The enrolled bill includes three Administration proposals that would:

- Eliminate an anomaly under which a false statement designed to influence an SBIC's action under the Small Business Investment Act is a criminal offense, but a false statement designed to influence SBA's actions under the same Act is not. The bill would make such false statements to either SBA or SBICs subject to the same criminal and civil penalties.
- Modify a provision which limits SBA to removing or suspending "directors or officers" of an SBIC so that SBA could in appropriate circumstances remove or suspend any "management officials" of the SBIC, including officers, directors, managers, general partners, employees, agents, "or other participant[s] in the conduct of the affairs" of an SBIC. It would also amend provisions specifying the procedures which must be followed in such suspensions or removals.
- Eliminate a requirement that SBA advertise the existence of conflict of interest investigations of SBICs in local media. SBA has stated that it has never received a response to such an advertisement.

Conclusion and Recommendations

We join SBA in recommending approval of S. 1196, which passed the House by voice vote and the Senate by unanimous consent.



Mitchell E. Daniels, Jr.
Director

Enclosures

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pmSubject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
FLEISCHER	☐	☒	RIDGE	☐	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

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Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

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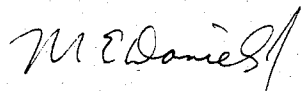
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For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

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FRC ID:

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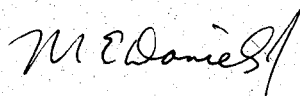
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Director

Enclosures

Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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- A. Closed by Executive Order 13526 governing access to national security information.
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- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

Subject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT <i>n/c</i>	☒	☐	HUBBARD <i>agree</i>	☒	☐
CARD <i>ok</i>	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO <i>ok</i>	☒	☐	LINDSEY <i>ok</i>	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
FLEISCHER	☐	☒	RIDGE	☐	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES <i>n/c</i>	☒	☐	SPELLINGS <i>ok</i>	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐	<i>SB n/c</i>	☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

RESPONSE:

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702

Memo to the Record

Date: 07/11/2016

Collection: Executive Clerk, Office of the Saunders, G. Timothy (Tim)

Series: Bill Flies

Folder Title: 12/21/2001 [S. 1196]

RE: SMALL BUSINESS INVESTMENT COMPANY AMENDMENTS ACT OF 2001

A copy of the report entitled "SMALL BUSINESS INVESTMENT COMPANY AMENDMENTS ACT OF 2001" is included at this location in this folder. It was not scanned. It can be viewed at <https://www.congress.gov/107/crpt/srpt55/CRPT-107srpt55.pdf> If this link is broken, please contact the George W. Bush Presidential Library archives.

One Hundred Seventh Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the third day of January, two thousand and one*

An Act

To amend the Small Business Investment Act of 1958, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Investment Company Amendments Act of 2001".

SEC. 2. SUBSIDY FEES.

(a) IN GENERAL.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) by striking "of not more than 1 percent per year";

(B) by inserting "which amount may not exceed 1.38 percent per year, and" before "which shall be paid"; and

(C) by striking "September 30, 2000" and inserting "September 30, 2001"; and

(2) in subsection (g)(2)—

(A) by striking "of not more than 1 percent per year";

(B) by inserting "which amount may not exceed 1.38 percent per year, and" before "which shall be paid"; and

(C) by striking "September 30, 2000" and inserting "September 30, 2001".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 2001.

SEC. 3. CONFLICTS OF INTEREST.

Section 312 of the Small Business Investment Act of 1958 (15 U.S.C. 687d) is amended by striking "(including disclosure in the locality most directly affected by the transaction)".

SEC. 4. PENALTIES FOR FALSE STATEMENTS.

(a) CRIMINAL PENALTIES.—Section 1014 of title 18, United States Code, is amended by inserting ", as defined in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662), or the Small Business Administration in connection with any provision of that Act" after "small business investment company".

(b) CIVIL PENALTIES.—Section 951 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a) is amended—

(1) by redesignating subsections (d) through (g) as subsections (e) through (h), respectively; and

(2) in subsection (c)—

(A) in paragraph (1), by striking "or" at the end;

(B) in paragraph (2)—

(i) by striking "1341;" and inserting "1341"; and

(ii) by striking "institution." and inserting "institution; or";

(C) by inserting immediately after paragraph (2) the following:

"(3) section 16(a) of the Small Business Act (15 U.S.C. 645(a))."; and

(D) by striking "This section shall" and inserting the following:

"(d) EFFECTIVE DATE.—This section shall".

SEC. 5. REMOVAL OR SUSPENSION OF MANAGEMENT OFFICIALS.

Section 313 of the Small Business Investment Act of 1958 (15 U.S.C. 687e) is amended to read as follows:

"SEC. 313. REMOVAL OR SUSPENSION OF MANAGEMENT OFFICIALS.

"(a) DEFINITION OF 'MANAGEMENT OFFICIAL'.—In this section, the term 'management official' means an officer, director, general partner, manager, employee, agent, or other participant in the management or conduct of the affairs of a licensee.

"(b) REMOVAL OF MANAGEMENT OFFICIALS.—

"(1) NOTICE OF REMOVAL.—The Administrator may serve upon any management official a written notice of its intention to remove that management official whenever, in the opinion of the Administrator—

"(A) such management official—

"(i) has willfully and knowingly committed any substantial violation of—

"(I) this Act;

"(II) any regulation issued under this Act; or

"(III) a cease-and-desist order which has become final; or

"(ii) has willfully and knowingly committed or engaged in any act, omission, or practice which constitutes a substantial breach of a fiduciary duty of that person as a management official; and

"(B) the violation or breach of fiduciary duty is one involving personal dishonesty on the part of such management official.

"(2) CONTENTS OF NOTICE.—A notice of intention to remove a management official, as provided in paragraph (1), shall contain a statement of the facts constituting grounds therefor, and shall fix a time and place at which a hearing will be held thereon.

"(3) HEARINGS.—

"(A) TIMING.—A hearing described in paragraph (2) shall be fixed for a date not earlier than 30 days nor later than 60 days after the date of service of notice of the hearing, unless an earlier or a later date is set by the Administrator at the request of—

"(i) the management official, and for good cause shown; or

"(ii) the Attorney General of the United States.

"(B) CONSENT.—Unless the management official shall appear at a hearing described in this paragraph in person or by a duly authorized representative, that management

official shall be deemed to have consented to the issuance of an order of removal under paragraph (1).

"(4) ISSUANCE OF ORDER OF REMOVAL.—

"(A) IN GENERAL.—In the event of consent under paragraph (3)(B), or if upon the record made at a hearing described in this subsection, the Administrator finds that any of the grounds specified in the notice of removal has been established, the Administrator may issue such orders of removal from office as the Administrator deems appropriate.

"(B) EFFECTIVENESS.—An order under subparagraph (A) shall—

"(i) become effective at the expiration of 30 days after the date of service upon the subject licensee and the management official concerned (except in the case of an order issued upon consent as described in paragraph (3)(B), which shall become effective at the time specified in such order); and

"(ii) remain effective and enforceable, except to such extent as it is stayed, modified, terminated, or set aside by action of the Administrator or a reviewing court in accordance with this section.

"(c) AUTHORITY TO SUSPEND OR PROHIBIT PARTICIPATION.—

"(1) IN GENERAL.—The Administrator may, if the Administrator deems it necessary for the protection of the licensee or the interests of the Administration, suspend from office or prohibit from further participation in any manner in the management or conduct of the affairs of the licensee, or both, any management official referred to in subsection (b)(1), by written notice to such effect served upon the management official.

"(2) EFFECTIVENESS.—A suspension or prohibition under paragraph (1)—

"(A) shall become effective upon service of notice under paragraph (1); and

"(B) unless stayed by a court in proceedings authorized by paragraph (3), shall remain in effect—

"(i) pending the completion of the administrative proceedings pursuant to a notice of intention to remove served under subsection (b); and

"(ii) until such time as the Administrator shall dismiss the charges specified in the notice, or, if an order of removal or prohibition is issued against the management official, until the effective date of any such order.

"(3) JUDICIAL REVIEW.—Not later than 10 days after any management official has been suspended from office or prohibited from participation in the management or conduct of the affairs of a licensee, or both, under paragraph (1), that management official may apply to the United States district court for the judicial district in which the home office of the licensee is located, or the United States District Court for the District of Columbia, for a stay of the suspension or prohibition pending the completion of the administrative proceedings pursuant to a notice of intent to remove served upon the management official under subsection (b), and such court shall have jurisdiction to stay such action.

“(d) AUTHORITY TO SUSPEND ON CRIMINAL CHARGES.—

“(1) IN GENERAL.—Whenever a management official is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a felony involving dishonesty or breach of trust, the Administrator may, by written notice served upon that management official, suspend that management official from office or prohibit that management official from further participation in any manner in the management or conduct of the affairs of the licensee, or both.

“(2) EFFECTIVENESS.—A suspension or prohibition under paragraph (1) shall remain in effect until the subject information, indictment, or complaint is finally disposed of, or until terminated by the Administrator.

“(3) AUTHORITY UPON CONVICTION.—If a judgment of conviction with respect to an offense described in paragraph (1) is entered against a management official, then at such time as the judgment is not subject to further appellate review, the Administrator may issue and serve upon the management official an order removing that management official, which removal shall become effective upon service of a copy of the order upon the licensee.

“(4) AUTHORITY UPON DISMISSAL OR OTHER DISPOSITION.—A finding of not guilty or other disposition of charges described in paragraph (1) shall not preclude the Administrator from thereafter instituting proceedings to suspend or remove the management official from office, or to prohibit the management official from participation in the management or conduct of the affairs of the licensee, or both, pursuant to subsection (b) or (c).

“(e) NOTIFICATION TO LICENSEES.—Copies of each notice required to be served on a management official under this section shall also be served upon the interested licensee.

“(f) PROCEDURAL PROVISIONS; JUDICIAL REVIEW.—

“(1) HEARING VENUE.—Any hearing provided for in this section shall be—

“(A) held in the Federal judicial district or in the territory in which the principal office of the licensee is located, unless the party afforded the hearing consents to another place; and

“(B) conducted in accordance with the provisions of chapter 5 of title 5, United States Code.

“(2) ISSUANCE OF ORDERS.—After a hearing provided for in this section, and not later than 90 days after the Administrator has notified the parties that the case has been submitted for final decision, the Administrator shall render a decision in the matter (which shall include findings of fact upon which its decision is predicated), and shall issue and cause to be served upon each party to the proceeding an order or orders consistent with the provisions of this section.

“(3) AUTHORITY TO MODIFY ORDERS.—The Administrator may modify, terminate, or set aside any order issued under this section—

“(A) at any time, upon such notice, and in such manner as the Administrator deems proper, unless a petition for review is timely filed in a court of appeals of the United

States, as provided in paragraph (4)(B), and thereafter until the record in the proceeding has been filed in accordance with paragraph (4)(C); and

“(B) upon such filing of the record, with permission of the court.

“(4) JUDICIAL REVIEW.—

“(A) IN GENERAL.—Judicial review of an order issued under this section shall be exclusively as provided in this subsection.

“(B) PETITION FOR REVIEW.—Any party to a hearing provided for in this section may obtain a review of any order issued pursuant to paragraph (2) (other than an order issued with the consent of the management official concerned, or an order issued under subsection (d)), by filing in the court of appeals of the United States for the circuit in which the principal office of the licensee is located, or in the United States Court of Appeals for the District of Columbia Circuit, not later than 30 days after the date of service of such order, a written petition praying that the order of the Administrator be modified, terminated, or set aside.

“(C) NOTIFICATION TO ADMINISTRATION.—A copy of a petition filed under subparagraph (B) shall be forthwith transmitted by the clerk of the court to the Administrator, and thereupon the Administrator shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

“(D) COURT JURISDICTION.—Upon the filing of a petition under subparagraph (A)—

“(i) the court shall have jurisdiction, which, upon the filing of the record under subparagraph (C), shall be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administrator, except as provided in the last sentence of paragraph (3)(B);

“(ii) review of such proceedings shall be had as provided in chapter 7 of title 5, United States Code; and

“(iii) the judgment and decree of the court shall be final, except that the judgment and decree shall be subject to review by the Supreme Court of the United States upon certiorari, as provided in section 1254 of title 28, United States Code.

“(E) JUDICIAL REVIEW NOT A STAY.—The commencement of proceedings for judicial review under this paragraph shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administrator under this section.”.

SEC. 6. REDUCTION OF FEES.

(a) TWO-YEAR REDUCTION OF SECTION 7(a) FEES.—

(1) GUARANTEE FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by adding at the end the following:

“(C) TWO-YEAR REDUCTION IN FEES.—With respect to loans approved during the 2-year period beginning on October 1, 2002, the guarantee fee under subparagraph (A) shall be as follows:

“(i) A guarantee fee equal to 1 percent of the deferred participation share of a total loan amount that is not more than \$150,000.

“(ii) A guarantee fee equal to 2.5 percent of the deferred participation share of a total loan amount that is more than \$150,000, but not more than \$700,000.

“(iii) A guarantee fee equal to 3.5 percent of the deferred participation share of a total loan amount that is more than \$700,000.”.

(2) ANNUAL FEES.—Section 7(a)(23)(A) of the Small Business Act (15 U.S.C. 636(a)(23)(A)) is amended by adding at the end the following: “With respect to loans approved during the 2-year period beginning on October 1, 2002, the annual fee assessed and collected under the preceding sentence shall be in an amount equal to 0.25 percent of the outstanding balance of the deferred participation share of the loan.”.

(b) REDUCTION OF SECTION 504 FEES.—Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) in subsection (b)(7)(A)—

(A) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and moving the margins 2 ems to the right;

(B) by striking “not exceed the lesser” and inserting “not exceed—

“(i) the lesser”; and

(C) by adding at the end the following:

“(ii) 50 percent of the amount established under clause (i) in the case of a loan made during the 2-year period beginning on October 1, 2002, for the life of the loan; and”; and

(2) by adding at the end the following:

“(i) TWO-YEAR WAIVER OF FEES.—The Administration may not assess or collect any up front guarantee fee with respect to loans made under this title during the 2-year period beginning on October 1, 2002.”.

(c) BUDGETARY TREATMENT OF LOANS AND FINANCINGS.—Assistance made available under any loan made or approved by the Small Business Administration under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) or financings made under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), during the 2-year period beginning on October 1, 2002, shall be treated as separate programs of the Small Business Administration for purposes of the Federal Credit Reform Act of 1990 only.

S. 1196—7

(d) **USE OF FUNDS.**—The amendments made by this section to section 503 of the Small Business Investment Act of 1958, shall be effective only to the extent that funds are made available under appropriations Acts, which funds shall be utilized by the Administrator to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) of such amendments.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall become effective on October 1, 2002.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

'01 DEC 19 PM 11:03

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

SBICs are privately owned investment firms that invest venture capital in small businesses and are licensed and regulated by SBA. SBICs obtain loan and investment capital primarily through the sale of debentures (bonds and other debt instruments) and participating securities (stock, limited partnerships, and other ownership instruments). SBICs sell guaranteed debentures and participating securities to the public through SBA. SBA sells "trust certificates" to the public, which are backed by an ownership interest in the SBIC's debentures and

participating securities. The maximum values of participating securities and debentures that SBA may guarantee are specified in authorization and appropriation acts. SBA is also required under the Federal Credit Reform Act of 1990, as amended, to cover, through appropriations or the collection of fees, the projected "subsidy costs" (the estimated long-term costs to the Government) of the debentures and participating securities guaranteed in any fiscal year.

S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

Section 7(a) guaranteed loans. SBA guarantees loans to small businesses for general business purposes under section 7(a) of the Small Business Act. Under this program, SBA guarantees up to 85 percent of loans for amounts of \$150,000 or less and up to 75 percent of loans for amounts greater than \$150,000. "Section 7(a) loans" are provided by private lenders certified to participate in the program.

SBA currently charges the section 7(a) borrower an "up front fee" equal to 2 percent of the guaranteed portion of loans of \$150,000 or less (lenders may retain 0.5 percent of the fees on such loans); 3 percent of the guaranteed portion of loans greater than \$150,000 and less than or equal to \$700,000; and 3.5 percent of the guaranteed portion of loans greater than \$700,000. In addition, all section 7(a) loans are subject to an annual servicing fee equal to 0.5 percent of the outstanding balance of the guaranteed portion of the loan.

S. 1196 would require SBA to reduce the annual servicing fee for section 7(a) loans from 0.50 percent to 0.25 percent during FYs 2003 and 2004. During the same period, SBA would be required to reduce up front fees to 1 percent for loans of \$150,000 or less and 2 percent for loans greater than \$150,000 and less than or equal to \$700,000. Fees for loans over \$700,000 would continue to be 3.5 percent. In its enrolled bill views letter, SBA states that "[t]he fee reductions on 7(a) will significantly increase the cost of the program and will necessitate either additional appropriations or a reduction of the program level."

Section 504 guaranteed loans. SBA guarantees loans to small businesses to help them acquire major fixed assets such as land or buildings under Section 504 of the Small Business Act. "Section 504 loans" combine loans from private lenders covering up to 50 percent of project costs, contributions of at least 10 percent equity from borrowers, and loans from Certified Development Companies (CDCs) covering up to 40 percent of the cost. (CDCs are nonprofit corporations established to provide financing to small businesses.) SBA guarantees 100 percent of the portion of the loans made by CDCs, and charges an up front fee approximating 3 percent of the amount guaranteed.

S. 1196 would reduce annual fees for section 504 loans by 50 percent during FYs 2003 and 2004. (Under current law, SBA is required to charge borrowers an annual fee equal to the lesser of: (1) 0.9375 percent of the outstanding principal balance; or (2) the minimum percentage necessary to cover the subsidy cost of the program.) The enrolled bill would also prohibit SBA from charging any "up front guarantee fee" for section 504 loans made during FYs 2003 and 2004. However, these fee reductions would become effective only to the extent that sufficient funds are appropriated to cover the program's subsidy cost. In its enrolled bill views letter, SBA notes that the section 504 program has been operating for several years without the need for appropriations.

Calculation of subsidy costs during FYs 2003 and 2004. S. 1196 would specify that during FYs 2003 and 2004, the section 7(a) and section 504 programs "shall be treated as separate programs of the [SBA] for purposes of the Federal Credit Reform Act of 1990 only." This would require that subsidy costs be calculated separately for the two programs.

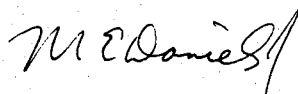
-- Other Amendments to the Small Business Investment Act

The enrolled bill includes three Administration proposals that would:

- Eliminate an anomaly under which a false statement designed to influence an SBIC's action under the Small Business Investment Act is a criminal offense, but a false statement designed to influence SBA's actions under the same Act is not. The bill would make such false statements to either SBA or SBICs subject to the same criminal and civil penalties.
- Modify a provision which limits SBA to removing or suspending "directors or officers" of an SBIC so that SBA could in appropriate circumstances remove or suspend any "management officials" of the SBIC, including officers, directors, managers, general partners, employees, agents, "or other participant[s] in the conduct of the affairs" of an SBIC. It would also amend provisions specifying the procedures which must be followed in such suspensions or removals.
- Eliminate a requirement that SBA advertise the existence of conflict of interest investigations of SBICs in local media. SBA has stated that it has never received a response to such an advertisement.

Conclusion and Recommendations

We join SBA in recommending approval of S. 1196, which passed the House by voice vote and the Senate by unanimous consent.



Mitchell E. Daniels, Jr.
Director

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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Calculation of subsidy costs during FYs 2003 and 2004. S. 1196 would specify that during FYs 2003 and 2004, the section 7(a) and section 504 programs "shall be treated as separate programs of the [SBA] for purposes of the Federal Credit Reform Act of 1990 only." This would require that subsidy costs be calculated separately for the two programs.

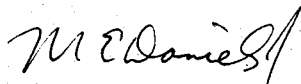
-- Other Amendments to the Small Business Investment Act

The enrolled bill includes three Administration proposals that would:

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- Modify a provision which limits SBA to removing or suspending "directors or officers" of an SBIC so that SBA could in appropriate circumstances remove or suspend any "management officials" of the SBIC, including officers, directors, managers, general partners, employees, agents, "or other participant[s] in the conduct of the affairs" of an SBIC. It would also amend provisions specifying the procedures which must be followed in such suspensions or removals.
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Conclusion and Recommendations

We join SBA in recommending approval of S. 1196, which passed the House by voice vote and the Senate by unanimous consent.



Mitchell E. Daniels, Jr.
Director

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

01 DEC 19 PM 10:55

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

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participating securities. The maximum values of participating securities and debentures that SBA may guarantee are specified in authorization and appropriation acts. SBA is also required under the Federal Credit Reform Act of 1990, as amended, to cover, through appropriations or the collection of fees, the projected "subsidy costs" (the estimated long-term costs to the Government) of the debentures and participating securities guaranteed in any fiscal year.

S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

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SBA currently charges the section 7(a) borrower an "up front fee" equal to 2 percent of the guaranteed portion of loans of \$150,000 or less (lenders may retain 0.5 percent of the fees on such loans); 3 percent of the guaranteed portion of loans greater than \$150,000 and less than or equal to \$700,000; and 3.5 percent of the guaranteed portion of loans greater than \$700,000. In addition, all section 7(a) loans are subject to an annual servicing fee equal to 0.5 percent of the outstanding balance of the guaranteed portion of the loan.

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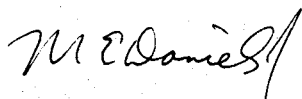
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Mitchell E. Daniels, Jr.
Director

Enclosures

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
Subject: AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
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GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

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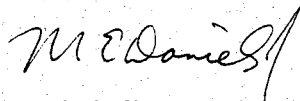
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Conclusion and Recommendations

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Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

Subject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
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CARD	☒	☐	HUGHES	☒	☐
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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐	_____	☐	☐

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RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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THE DIRECTOR

December 19, 2001

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SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
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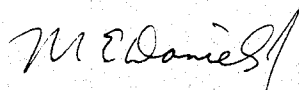
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 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 1295
 CONNECTION TEL 66212
 CONNECTION ID
 ST. TIME 12/20 01:12
 USAGE T 02'40
 PGS. SENT 6
 RESULT OK

SS/ RM NO. 499949

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
 Subject: AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT →	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
FLEISCHER	☐	☒	RIDGE	☐	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER
 THAN 6:00 PM THURSDAY. 12-20-01. THANK YOU.

WHITE HOUSE STAFFING MEMORANDUM

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GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐	_____	☐	☐

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RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget	Approval
Small Business Administration (SBA)	Approval
Department of Justice	No objection (Informally)
Department of Commerce	No comment (Informally)
Department of the Treasury	No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

SBICs are privately owned investment firms that invest venture capital in small businesses and are licensed and regulated by SBA. SBICs obtain loan and investment capital primarily through the sale of debentures (bonds and other debt instruments) and participating securities (stock, limited partnerships, and other ownership instruments). SBICs sell guaranteed debentures and participating securities to the public through SBA. SBA sells "trust certificates" to the public, which are backed by an ownership interest in the SBIC's debentures and

participating securities. The maximum values of participating securities and debentures that SBA may guarantee are specified in authorization and appropriation acts. SBA is also required under the Federal Credit Reform Act of 1990, as amended, to cover, through appropriations or the collection of fees, the projected "subsidy costs" (the estimated long-term costs to the Government) of the debentures and participating securities guaranteed in any fiscal year.

S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

Section 7(a) guaranteed loans. SBA guarantees loans to small businesses for general business purposes under section 7(a) of the Small Business Act. Under this program, SBA guarantees up to 85 percent of loans for amounts of \$150,000 or less and up to 75 percent of loans for amounts greater than \$150,000. "Section 7(a) loans" are provided by private lenders certified to participate in the program.

SBA currently charges the section 7(a) borrower an "up front fee" equal to 2 percent of the guaranteed portion of loans of \$150,000 or less (lenders may retain 0.5 percent of the fees on such loans); 3 percent of the guaranteed portion of loans greater than \$150,000 and less than or equal to \$700,000; and 3.5 percent of the guaranteed portion of loans greater than \$700,000. In addition, all section 7(a) loans are subject to an annual servicing fee equal to 0.5 percent of the outstanding balance of the guaranteed portion of the loan.

S. 1196 would require SBA to reduce the annual servicing fee for section 7(a) loans from 0.50 percent to 0.25 percent during FYs 2003 and 2004. During the same period, SBA would be required to reduce up front fees to 1 percent for loans of \$150,000 or less and 2 percent for loans greater than \$150,000 and less than or equal to \$700,000. Fees for loans over \$700,000 would continue to be 3.5 percent. In its enrolled bill views letter, SBA states that "[t]he fee reductions on 7(a) will significantly increase the cost of the program and will necessitate either additional appropriations or a reduction of the program level."

Section 504 guaranteed loans. SBA guarantees loans to small businesses to help them acquire major fixed assets such as land or buildings under Section 504 of the Small Business Act. "Section 504 loans" combine loans from private lenders covering up to 50 percent of project costs, contributions of at least 10 percent equity from borrowers, and loans from Certified Development Companies (CDCs) covering up to 40 percent of the cost. (CDCs are nonprofit corporations established to provide financing to small businesses.) SBA guarantees 100 percent of the portion of the loans made by CDCs, and charges an up front fee approximating 3 percent of the amount guaranteed.

S. 1196 would reduce annual fees for section 504 loans by 50 percent during FYs 2003 and 2004. (Under current law, SBA is required to charge borrowers an annual fee equal to the lesser of: (1) 0.9375 percent of the outstanding principal balance; or (2) the minimum percentage necessary to cover the subsidy cost of the program.) The enrolled bill would also prohibit SBA from charging any "up front guarantee fee" for section 504 loans made during FYs 2003 and 2004. However, these fee reductions would become effective only to the extent that sufficient funds are appropriated to cover the program's subsidy cost. In its enrolled bill views letter, SBA notes that the section 504 program has been operating for several years without the need for appropriations.

Calculation of subsidy costs during FYs 2003 and 2004. S. 1196 would specify that during FYs 2003 and 2004, the section 7(a) and section 504 programs "shall be treated as separate programs of the [SBA] for purposes of the Federal Credit Reform Act of 1990 only." This would require that subsidy costs be calculated separately for the two programs.

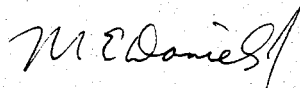
-- Other Amendments to the Small Business Investment Act

The enrolled bill includes three Administration proposals that would:

- Eliminate an anomaly under which a false statement designed to influence an SBIC's action under the Small Business Investment Act is a criminal offense, but a false statement designed to influence SBA's actions under the same Act is not. The bill would make such false statements to either SBA or SBICs subject to the same criminal and civil penalties.
- Modify a provision which limits SBA to removing or suspending "directors or officers" of an SBIC so that SBA could in appropriate circumstances remove or suspend any "management officials" of the SBIC, including officers, directors, managers, general partners, employees, agents, "or other participant[s] in the conduct of the affairs" of an SBIC. It would also amend provisions specifying the procedures which must be followed in such suspensions or removals.
- Eliminate a requirement that SBA advertise the existence of conflict of interest investigations of SBICs in local media. SBA has stated that it has never received a response to such an advertisement.

Conclusion and Recommendations

We join SBA in recommending approval of S. 1196, which passed the House by voice vote and the Senate by unanimous consent.



Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

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 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO	1293	
CONNECTION TEL		56958
CONNECTION ID		
ST. TIME	12/20 01:06	
USAGE T	02'43	
PGS. SENT	6	
RESULT	OK	

SS/ RM NO. 499949

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
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	ACTION	FYI		ACTION	FYI
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GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

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HAGIN	☐	☐	CLERK	☐	☒
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RESPONSE:

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

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Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

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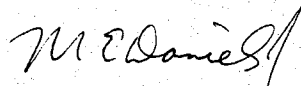
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Conclusion and Recommendations

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Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
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Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

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SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

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 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 1294
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 CONNECTION ID
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 USAGE T 02'41
 PGS. SENT 6
 RESULT OK

SS/ RM NO. 499949

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

Subject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
 AND FOR OTHER PURPOSES

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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

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RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

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Office of Management and Budget	Approval
Small Business Administration (SBA)	Approval
Department of Justice	No objection (Informally)
Department of Commerce	No comment (Informally)
Department of the Treasury	No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

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S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

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S. 1196 would require SBA to reduce the annual servicing fee for section 7(a) loans from 0.50 percent to 0.25 percent during FYs 2003 and 2004. During the same period, SBA would be required to reduce up front fees to 1 percent for loans of \$150,000 or less and 2 percent for loans greater than \$150,000 and less than or equal to \$700,000. Fees for loans over \$700,000 would continue to be 3.5 percent. In its enrolled bill views letter, SBA states that "[t]he fee reductions on 7(a) will significantly increase the cost of the program and will necessitate either additional appropriations or a reduction of the program level."

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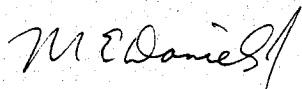
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Conclusion and Recommendations

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Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

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COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

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WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
Subject: AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
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GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

RESPONSE:

See AHE 4/20 6:00pm

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

No comment (Informally)

Department of the Treasury

No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

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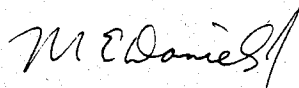
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Enclosures

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WHITE HOUSE STAFFING MEMORANDUM

Nbl

Date: 12-19-01

ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
 Subject: AND FOR OTHER PURPOSES

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CARD	☒	☐	HUGHES	☒	☐
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GERSON	☐	☐	ROVE	☒	☐
GONZALES →	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

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No comments. njf

RESPONSE:

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

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Small Business Administration (SBA)	Approval
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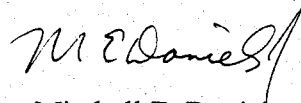
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DANIELS	☐	☒	RICE	☐	☐
FLEISCHER	☐	☒	RIDGE	☐	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

RESPONSE:

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

THE DIRECTOR

December 19, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 1196 - Small Business Investment Company Amendments Act of 2001
Sponsors - Sen. Bond (R) Missouri and Sen. Kerry (D) Massachusetts

Last Day for Action

December 26, 2001 - Wednesday

Purpose

(1) Authorizes an increase in certain Small Business Administration (SBA) fees for guaranteeing debentures and participating securities sold by Small Business Investment Companies (SBICs); (2) mandates a two-year reduction in fees for certain SBA-guaranteed loans to small businesses; and (3) makes miscellaneous amendments to the Small Business Investment Act.

Agency Recommendations

Office of Management and Budget	Approval
Small Business Administration (SBA)	Approval
Department of Justice	No objection (Informally)
Department of Commerce	No comment (Informally)
Department of the Treasury	No comment (Informally)

Discussion

-- Increased Guarantee Fee Limits for Debentures and Participating Securities

SBICs are privately owned investment firms that invest venture capital in small businesses and are licensed and regulated by SBA. SBICs obtain loan and investment capital primarily through the sale of debentures (bonds and other debt instruments) and participating securities (stock, limited partnerships, and other ownership instruments). SBICs sell guaranteed debentures and participating securities to the public through SBA. SBA sells "trust certificates" to the public, which are backed by an ownership interest in the SBIC's debentures and

participating securities. The maximum values of participating securities and debentures that SBA may guarantee are specified in authorization and appropriation acts. SBA is also required under the Federal Credit Reform Act of 1990, as amended, to cover, through appropriations or the collection of fees, the projected "subsidy costs" (the estimated long-term costs to the Government) of the debentures and participating securities guaranteed in any fiscal year.

S. 1196 would increase borrower's guarantee fees in the SBIC Participating Securities program from 1 percent to 1.38 percent. This fee increase was proposed in the FY 2002 Budget, and eliminates the need for appropriations to cover the firm's subsidy cost. Because the current fee is inadequate to support the anticipated demand for guarantees, SBA has not entered into any new guarantees since the beginning of the current fiscal year. SBA advises that the fee increase is needed "in order to continue program operations."

-- Mandatory Two-Year Reductions in Fees

Section 7(a) guaranteed loans. SBA guarantees loans to small businesses for general business purposes under section 7(a) of the Small Business Act. Under this program, SBA guarantees up to 85 percent of loans for amounts of \$150,000 or less and up to 75 percent of loans for amounts greater than \$150,000. "Section 7(a) loans" are provided by private lenders certified to participate in the program.

SBA currently charges the section 7(a) borrower an "up front fee" equal to 2 percent of the guaranteed portion of loans of \$150,000 or less (lenders may retain 0.5 percent of the fees on such loans); 3 percent of the guaranteed portion of loans greater than \$150,000 and less than or equal to \$700,000; and 3.5 percent of the guaranteed portion of loans greater than \$700,000. In addition, all section 7(a) loans are subject to an annual servicing fee equal to 0.5 percent of the outstanding balance of the guaranteed portion of the loan.

S. 1196 would require SBA to reduce the annual servicing fee for section 7(a) loans from 0.50 percent to 0.25 percent during FYs 2003 and 2004. During the same period, SBA would be required to reduce up front fees to 1 percent for loans of \$150,000 or less and 2 percent for loans greater than \$150,000 and less than or equal to \$700,000. Fees for loans over \$700,000 would continue to be 3.5 percent. In its enrolled bill views letter, SBA states that "[t]he fee reductions on 7(a) will significantly increase the cost of the program and will necessitate either additional appropriations or a reduction of the program level."

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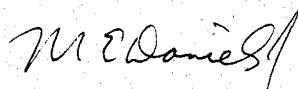
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Conclusion and Recommendations

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Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

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- B. Closed by statute or by the agency which originated the document.
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WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

Subject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958,
AND FOR OTHER PURPOSES

01 DEC 20 PM 2:44

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
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GONZALES	☒	☐	SPELLINGS	☒	☐
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HAWKINS	☒	☐		☐	☐

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RESPONSE:

*Legislation Officer (Howe) - ok*Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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Agency Recommendations

Office of Management and Budget

Approval

Small Business Administration (SBA)

Approval

Department of Justice

No objection (Informally)

Department of Commerce

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Department of the Treasury

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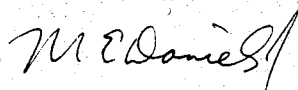
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Director

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Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

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SS/ RM NO.

499949

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01

ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958

Subject: AND FOR OTHER PURPOSES

01 DEC 20 PM 3:00

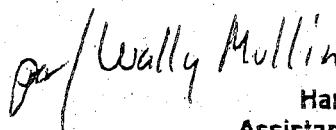
	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
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GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

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RESPONSE:

CEA recommends approval.



Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

SB

SS/ RM. NO.

499949

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Date: 12-19-01

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VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
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plc 12.20 *SUS*

RESPONSE:

Harriet E. Miers
Assistant to the President
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Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

01 DEC 19 PM 10:55

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Approval

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No objection (Informally)

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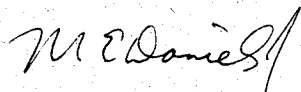
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The enrolled bill includes three Administration proposals that would:

- Eliminate an anomaly under which a false statement designed to influence an SBIC's action under the Small Business Investment Act is a criminal offense, but a false statement designed to influence SBA's actions under the same Act is not. The bill would make such false statements to either SBA or SBICs subject to the same criminal and civil penalties.
- Modify a provision which limits SBA to removing or suspending "directors or officers" of an SBIC so that SBA could in appropriate circumstances remove or suspend any "management officials" of the SBIC, including officers, directors, managers, general partners, employees, agents, "or other participant[s] in the conduct of the affairs" of an SBIC. It would also amend provisions specifying the procedures which must be followed in such suspensions or removals.
- Eliminate a requirement that SBA advertise the existence of conflict of interest investigations of SBICs in local media. SBA has stated that it has never received a response to such an advertisement.

Conclusion and Recommendations

We join SBA in recommending approval of S. 1196, which passed the House by voice vote and the Senate by unanimous consent.



Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Letter	[Views of the US Small Business Administration] - To: Mitchell E. Daniels, Jr. - From: Hector V. Barreto	2	12/14/2001	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

12/21/2001 [S. 1196]

FRC ID:

781

OA Num.:

732

NARA Num.:

1458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



OFFICE OF THE VICE PRESIDENT
WASHINGTON

December 20, 2001

01 DEC 20 PM 5:43

MEMORANDUM FOR HARRIET MIERS
STAFF SECRETARY

FROM: **JONATHAN BURKS** 
DEPUTY STAFF SECRETARY TO THE VICE PRESIDENT

SUBJECT: **S. 1196, an Act to Amend the Small Business
Investment Act of 1958, and for Other Purposes**

The Office of the Vice President has reviewed the above-referenced draft and has no comments.

SS/ RM NO. 499949

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-19-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-20-01, 6:00 pm

Subject: S. 1196, AN ACT TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958
AND FOR OTHER PURPOSES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	HUGHES	☒	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☒	☐	JOHNSON	☐	☐
CALIO	☒	☐	LINDSEY	☒	☐
CONNAUGHTON	☐	☐	MIERS	☐	☒
DANIELS	☐	☒	RICE	☐	☐
FLEISCHER	☐	☒	RIDGE	☐	☐
GERSON	☐	☐	ROVE	☒	☐
GONZALES	☒	☐	SPELLINGS	☒	☐
HAGIN	☐	☐	CLERK	☐	☒
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE SEND COMMENTS TO STAFF SECRETARY, TEL. 62702 OR FAX 62215, NO LATER THAN 6:00 PM THURSDAY, 12-20-01. THANK YOU.

OK-NEC

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

One Hundred Seventh Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the third day of January, two thousand and one*

An Act

To amend the Small Business Investment Act of 1958, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Investment Company Amendments Act of 2001".

SEC. 2. SUBSIDY FEES.

(a) IN GENERAL.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) by striking "of not more than 1 percent per year";

(B) by inserting "which amount may not exceed 1.38 percent per year, and" before "which shall be paid"; and

(C) by striking "September 30, 2000" and inserting "September 30, 2001"; and

(2) in subsection (g)(2)—

(A) by striking "of not more than 1 percent per year";

(B) by inserting "which amount may not exceed 1.38 percent per year, and" before "which shall be paid"; and

(C) by striking "September 30, 2000" and inserting "September 30, 2001".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 2001.

SEC. 3. CONFLICTS OF INTEREST.

Section 312 of the Small Business Investment Act of 1958 (15 U.S.C. 687d) is amended by striking "(including disclosure in the locality most directly affected by the transaction)".

SEC. 4. PENALTIES FOR FALSE STATEMENTS.

(a) CRIMINAL PENALTIES.—Section 1014 of title 18, United States Code, is amended by inserting ", as defined in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662), or the Small Business Administration in connection with any provision of that Act" after "small business investment company".

(b) CIVIL PENALTIES.—Section 951 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a) is amended—

(1) by redesignating subsections (d) through (g) as subsections (e) through (h), respectively; and

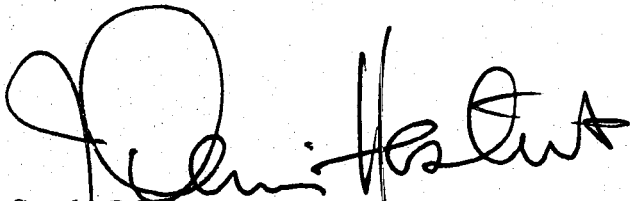
(2) in subsection (c)—

(A) in paragraph (1), by striking "or" at the end;

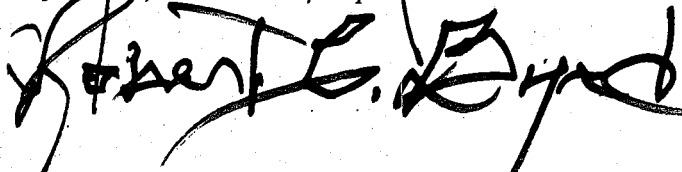
THE WHITE HOUSE
REC-14 2001

(d) USE OF FUNDS.—The amendments made by this section to section 503 of the Small Business Investment Act of 1958, shall be effective only to the extent that funds are made available under appropriations Acts, which funds shall be utilized by the Administrator to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) of such amendments.

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 2002.



Speaker of the House of Representatives.



Vice President of the United States and

President of the Senate Pro Tempore.

APPROVED

DEC 21 2001

