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CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

**NEWS
RELEASE**

--FOR RELEASE ON RECEIPT--

Congressman Gerald R. Ford today made public a General Accounting Office report of findings based on an investigation into certain aspects of the Grand Rapids, Mich., Model Cities Program.

Ford, who had initiated the GAO investigation, said he felt the GAO probe was "most thorough and very far-reaching."

As for the GAO findings regarding the Economic Development program, Ford commented:

"I found those portions of the report dealing with loan delinquency and consulting services very disturbing. I am encouraged by the fact that corrective action is provided for in the third-year action contract given the EDC. I believe the GAO investigation which I requested was instrumental in bringing about these remedial measures."

The GAO investigated charges involving EDC's handling of questionable loan transactions and consultant contracts, alleged conflicts of interest, and alleged kickbacks of funds to obtain loans.

Comptroller General Elmer B. Staats informed Ford that the GAO probe showed the EDC "did not always adhere to its loan guidelines" in deciding whether recipients might be in a position to repay loans.

However, Staats also said GAO found no basis for four of five charges concerning questionable grants and consultant contracts--although the services provided by one consultant were "of poor quality."

GAO said there was "no evidence" of any kickbacks.

GAO referred questions involving possible conflict of interest to the City Attorney, who ruled that "the situations were either not conflicts or were conflicts not contrary to the public interest."

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