

Housing Scandal Grows; Bureaus Probe Records

By ROWLAND EVANS JR.

WASHINGTON (AP) — The Senate Banking Committee today began a public investigation of a multimillion-dollar housing scandal that apparently has flourished under both the Truman and Eisenhower administrations.

Chairman Capehart (R-Ind.) summoned his committee to a closed session to prepare for a quick start of a "full and complete" probe aimed at ferreting out "the facts and the truth" of charges that Federal Housing Administration (FHA) officials allowed unscrupulous home repair salesmen to cheat unsuspecting homeowners.

The Banking Committee, said Capehart, also will investigate allegations that slick apartment house promoters—aided by either dishonest or inefficient FHA officials—pocketed millions out of government-guaranteed loans pegged well above the cost of their projects.

Complaints of abuses under the home improvement program, it has been disclosed, were made under both the Truman and Eisenhower administrations.

Suspect apartment project financing occurred under the post-World War II "middle income" housing program, which expired in 1950.

The alleged irregularities and administrative laxities came to light Monday night when the White House abruptly announced that FHA Commissioner Guy T. O.

Hollyday had resigned the post to which President Eisenhower had named him a year ago.

Yesterday, Eisenhower named Norman P. Mason, a Massachusetts lumber dealer, to serve as acting FHA commissioner while the executive branch—the parent Housing and Home Finance Agency and the FBI—pushes its probe.

Capehart seemed somewhat miffed when he was told that Sen. Byrd (D-Va.) had announced his Joint Congressional Committee on Reduction of Nonessential Federal Expenditures would hold a hearing on the situation next Tuesday.

"I don't know what authority Sen. Byrd has over this," Capehart said. "There can be no question that this is our concern."

The Banking Committee has jurisdiction over housing matters. Both Byrd and Capehart said they had alerted government housing chiefs to apparent skulduggery long ago.

Byrd said he told officials last July that "unconscionable profits" were being made. Capehart, who said he will ask the Senate to \$150,000 to conduct his probe, claimed "we have repeatedly warned" housing officials to police loan insurance activities with care.

In Oklahoma City, Internal Revenue Commissioner T. Coleman Andrews said his agency was responsible for kicking off the FHA investigation.

"We found a lot of people were

making loans for a good deal more than the (apartment) buildings cost to construct," he told a news conference.

"They would then collapse their loans and pocket the profit."

Housing Administrator Cole has said that in 251 cases already uncovered apartment promoters have netted 75 millions in "windfall"

profits and that "many, many more" such cases are likely to be turned up.

Cole acknowledged yesterday that he was told of the alleged abuses nine months ago by both Byrd and the Internal Revenue Service, and he explained the delay in taking action stemmed from "considerable research and study"

needed to tell "how widespread the abuses were."

Sen. Douglas (D-Ill.) said in a statement he feels it is past time to give the FHA "a thorough going-over." He said he has evidence of "at least 90 recent instances of FHA loans obtained under fraud in the single area of Champaign-Urbana, Ill."

Douglas released copies of recent

correspondence with Hollyday in which the senator charged that a single lending agency had made these loans "obtained under fraud" for remodeling, alteration and improvement of homes.

Hollyday replied in a letter that FHA had made an investigation and had turned over a report to the attorney general "for such action as his office may find warranted."

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"Maybe they're burning the Ritz down to get rid of us," Fields gaged.

When they showed up for last night's performance, they found out the fire was indeed at the Ritz, which had in fact burned down.

BASE

TAIPEH, Formosa (AP)—The Chinese Nationalist defense ministry said Tuesday the North China port of Chefoo, former summer station for America's Asiatic fleet, has been taken over by Russia as a naval base.

The ministry said an agreement giving Russia the use of Chefoo was signed Feb. 23.

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