

**Steve Horne  
Vice President  
Master Data Management  
Dow Jones Enterprise Media Group**

**Domestic Policy Subcommittee  
Oversight and Government Reform Committee**

**“Peeling Back the TARP: Exposing Treasury’s Failure to Monitor the Ways Financial Institutions are Using Taxpayer Funds Provided under the Troubled Assets Relief Program”**

**2154 Rayburn HOB  
Wednesday, March 11, 2009  
10:00 a.m.**

Testimony begins:

Good morning, Mr. Chairman and Members of the Committee

My name is Steve Horne.

I am the Vice President of Master Data Management for the Dow Jones’s Enterprise Media Group. I have spent over 30 years building complex data bases, transforming very complex data into usable information.

Dow Jones has provided transparency to the marketplace in the form of indexes, publicly and privately held corporate information, news and analysis for over 100 years.

Thank you for inviting us here to speak with you today.

I am going to show you an example of what Professor Sanders has illustrated in his presentation.

Slide 1: Getting to TARP Transparency

I think we can all agree that the goal of this committee is to give transparency to the TARP funds. The American people want this and you, as members of Congress, are demanding this. The question you have raised is where did the money from TARP go?

Here are 8 institutions which represent almost \$200Billion in TARP funds. The question seems to be, why is it so hard to track these capital infusions?

The reason for that is mostly because these institutions are incredibly complex.

They collectively represent over \$10Trillion Assets

They have >14,000 subsidiaries any of which could receive funds that have been infused into the institutions.

They have >6,000 executives making decisions as to how to use corporate assets.

In the first 100 days since the TARP funds were approved, there have been >40,000 public events which include many different types of data ( 8Ks, 10Qs, S-1s, OCC FRY9cs, call reports, newswires, public records, press releases, transcriptions, and other publicly available data. )

Slide 2:

Now let's look at one institution to illustrate the complexity. I don't expect you to read this eye chart; rather I am making the point of the structural complexity of Bank of America. BofA is made up of 2,435 subsidiaries and divisions, (This is only a portion of that organization) reporting banks, shown in red and investment firms, shown in blue. Any of these subsidiaries and divisions may be a beneficiary of the funds that were part of the \$45B in total capital infusions through TARP to BofA.

Many of you may be receiving portions of this regulatory data already. However, it is mostly in disparate and incompatible formats from one report to another. In other cases you are receiving an aggregated view at the holding company level. 104 of these subsidiaries and divisions file with >20 government agencies with no single view for you to understand what is going on holistically.

Slide 3:

A lens can be put on individual transactions that roll up the data into a single view of the institution. Now instead of looking at the >10,000 events that BofA was involved with, one could highlight the seminal events which one could choose based upon rules which show the key transactions which make up the ebbs and flows of funds moving through the institution... In addition, one could aggregate all the non-public regulatory data proposed under Congresswoman Maloney's Bill "TARP Accountability and Disclosure Act" (H.R. 1242). At the request of the Committee, we have a sample of transactions in excess of \$1Bil as well as charitable contributions and marketing events during this first 100 day period.

The first capital infusion took place on October 28<sup>th</sup> of last year and \$15Bil was taken onto the BofA books as a partial receivable (The remaining \$10Bil was paid out when the Merrill Lynch transaction was completed). Regardless, other events continue to take place which impact the balance sheet as highlighted on this timeline. For example,

everything from the issuance of new debt to, layoffs to charitable contributions. So, let's drill into one of these events.

Slide 4:

Just last week BofA filed their 10K SEC annual report for 2008. There is a statement about their NEW Q4 lending activity. This is similar to most of these institutions.

At the same time to broaden the picture, one could look at the offsetting net activities including write downs, foreclosures, toxic asset offloading etc., from both on and off balance sheet transactions to get the NET of the activity that is taking place in summary as shown in the second chart listed below the red line.

Slide 5:

Now compare the single institution to looking at an example of an aggregated view of three banks. These banks were the recipients of more than \$75B of capital infusion and reported increased lending activity as well. At the same time there are activities taking place that offset this overall lending activity. What we see here is a \$75B in capital infusions and less than \$0.1B in increased NET credit facilities to the American people. This information was received from the FDIC FRY 9C report issued last month. The information is strictly based on public data.

Public data, plus the addition of the data included in Congresswoman Maloney's Bill, will enable the ultimate provider of this information to go from the complex collection of separate transactions across thousands of organizations to a greater transparency of funds distributed by the government to private institutions.

Thank you Mr. Chairman and Members of the Committee for your time and attention.