

**Testimony of Stephen C. Horne  
VP- Master Data Management and Integration Services  
Dow Jones Enterprise Media Group  
Business and Relationship Intelligence  
before the  
House Committee on Financial Services  
Subcommittee on Oversight and Investigations  
September 17, 2009**

Good morning, Chairman Moore, Ranking Member Biggert and Members of the Committee

My name is Steve Horne.

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

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

Thank you for inviting me to speak with you today.

Since the passage of TARP, Dow Jones has been a strong advocate of the use of technology to provide transparency to the program that to date has been somewhat opaque to both this House and to the American people.

The SIGTARP and the Independent Congressional Oversight Committee have both made very strong

statements that further action must be taken to make TARP more transparent. Transparency is not just about casting a light on the reporting by the institutions receiving TARP funds, and in his report to Congress, July 21, 2009; the SIGTARP noted the need for “a systematic program that is designed to capture the appropriate information necessary to prevent waste, fraud and abuse of TARP funds.”

We support the goals of H.R. 1242 which would provide true transparency to the TARP program. Real time, data driven reporting and analysis provides the American taxpayer comfort that their money is being used as it was intended under TARP and potentially other future programs that could be covered under the new Financial Reform Act.

Proper [reporting] procedures are not only missing from the TARP program, but they are missing from almost all of the current programs distributing federal funds to private institutions. There is no clearly established mandate that such procedures be in place to govern the distribution of funds for almost any sector of the Federal Funding infrastructure.

Dow Jones applications currently in use worldwide demonstrate how transparency has been delivered to the commercial sector.

Dow Jones is well known for its Newswires, Factiva.com and Companies and Executives applications that take advantage of its massive data collection and maintenance efforts (Slide 2). We have also developed for these

applications many capabilities to report on and provide comprehensive visualization of information to give our customers insight into their specific areas of concern. (Slide 3) In addition, every TARP participant is flagged, updated, and included in our database.

For example, Dow Jones data bases and tools provide customers with the ability to assess risks with respect to prospective customers and partners. It maintains a database of over 600,000 individuals and entities that based on prior history could represent a legal or reputational risk to a company doing business with such people or entities. Dow Jones provides anti corruption applications for tracking state owned companies and other entities that would pose risks under the Foreign Corrupt Practices Act. And we also have a financial tracking system to trace funding through our sanctions alert program for Counter Terrorism Funds Tracking.

These are just a few of the types of capabilities a system developed under HR 1242 could have in order to better manage and track funds and to understand their use.

To provide the level of transparency called for in HR 1242 is not simple. Currently the Treasury subscribes to many different sources of data, including our own. This data is in distinct formats that are not compared or aggregated in such a way to identify anomalies as to transform the data into usable information.

According to the SIGTARP, “Treasury has declined to adopt this recommendation, calling any such reporting *meaningless* in light of the inherent fungibility of money.”

When I testified before the House Government Oversight - Domestic Policy Subcommittee in March, I showed that even though money may be fungible, it is also “volumetric” and therefore it **can** be tracked. This fact has been validated by many top economists.

The Master Database example in Slide 4 shows different disparate sources of data that could be integrated and standardized into a single version of the “truth.” The database can then be refined based upon specific rules or Meta data that allow for the regulatory objectives to be measured against the facts presented from the various sources of information. By doing this, extensive analysis can be performed to identify anomalies in the data.

The analysts can identify anomalies where the data is incomplete, the data is different between two or more sources where it is supposed to be the same, the data is wrong or the data analysis shows that there is a situation that may “red flag” an issue for a regulator to examine to determine if there is a problem.

As the SIGTARP’s July 21<sup>st</sup> report stated, even if a small percentage of entities show anomalies under TARP, that amount can have an impact potentially in the billions of taxpayer dollars in waste fraud or abuse.

In the additional charts that I have provided (Slides 5-8), you can see that there are many different data, visualizations and methodologies, to capture, collect, manage, maintain and display data. The key to obtaining transparency is in the integration of the disparate sources and the analysis of the aggregate data to provide answers to key questions. This process allows for the **transformation of data into information.**

The solution to TARP transparency is the development and use of the system as defined in HR 1242, designed to take many forms of regulatory, public and privately available data and transform it into information that can be analyzed to identify anomalies in reporting, as well as potentially undesirable transactions. The system also needs to track the interactions between individuals and institutions that may either represent potential conflicts of interest or the potential for misuse of funds.

**As this hearing will demonstrate, all that has been presented in my testimony can be done today.**

Thank you Mr. Chairman, Ranking Member Biggert and members of the Committee for your time and attention to our presentation.

# TARP Transparency

**Steve Horne**

**VP Master Data Management and Integration Services**

**Dow Jones Enterprise Media Group**

# High-Volume Data Expertise

- 75 million Websites continuously crawled, harvested and content ingested
- 45+ million records of companies and executives maintained and updated
- 130,000+ financial and market indexes constantly recalculated and published

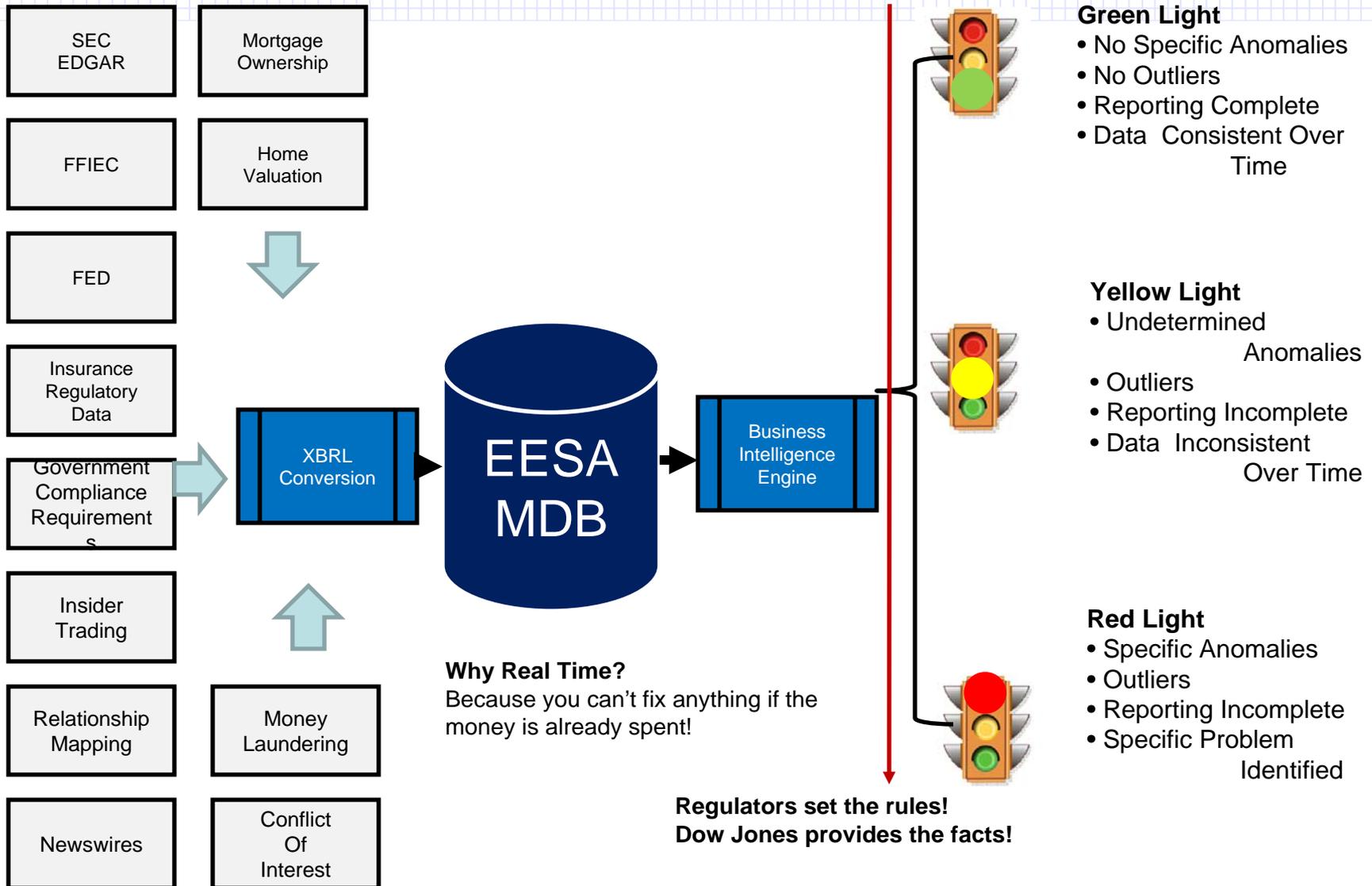
The screenshot displays the Factiva.com search interface. At the top, there are navigation tabs for 'Search', 'Alerts', 'News Pages', and 'Companies/Markets'. Below this, a search bar contains the query 'tarp transparency' with a dropdown set to 'All Sources' and a date filter for 'In the last 3 months'. A 'Run' button is visible on the right. The search results are categorized under 'Publications' with 'Web News [1,031]' and 'Pictures [10]'. The results are sorted by 'Publication date, most recent first' and 'Identify Duplicates: Off'. A 'Discovery Pane' on the left lists various keywords such as 'health care', 'treasury department', 'special ig', 'white house', 'financial system', 'senator grassley', 'financial institutions', 'news conference', 'executive compensation', and 'executive director'. The main content area shows a list of headlines, with the first one being 'SEC OK's proposal to give investors more say on TARP pay; SEC votes to approve...' from MarketWatch, dated 17:26, 1 July 2009. Below the headlines, there is a section for 'Bank of America Corporation' with a 'Snapshot' and 'General Information' tab. The 'Snapshot' tab shows the company's address, phone number, and website. The 'General Information' tab shows the company's ownership type, ticker symbol, and other details. On the right side, there is a 'Stock Price Activity' section with a '3 Months Weekly' line chart and a 'Company News' section with a list of recent news items. At the bottom, there is a 'Dow Jones Industrial Average' section with a line chart showing the index's performance over time. The chart shows the index starting at 8415 and ending at 8447.53. The current component record shows the index is up 57.06 points, or 0.68%, with a high of 8580.47 and a low of 8447.53. The YTD change is -272.33, or -3.10%, and the volume is 184598454.

# Proven, Advanced Technologies

- Analyze and visualize large amounts of data
- Harmonize 1,000+ diverse content formats
- Find links and relationships with comprehensive metadata processes
  - Part of speech tagging
  - Entity extraction
  - Rules-based coding
- Deliver 18,000+ daily real time news items to 438,000+ financial professionals
- Elementize news to power computer trading in .001 milliseconds



# Master Data Base



All Banks Foreclosures Lending Activity

Live News - TARP

- 7/02/09 11:41 US YRC Teamsters Talks; YRC, Teamsters and abbreviated week of talks with ...
- 6/24/09 21:33 Writing On The Wall: Meltdown's Legacy Still Lurks
- 6/24/09 21:33 Big Pay Packages Return to Wall Street
- 6/24/09 21:33 US SEC Compensation Disclosure: SEC approves broad executive compensation ...
- 6/24/09 21:33 WSJ BLOG/Real Time Economics: Bank Balance Sheets, Home Prices
- 7/3/09 21:33 SEC considers rules on pay disclosure, TARP firms
- 6/24/09 21:33 Treasury to Name 9 Toxic Managers
- 6/24/09 21:33 SEC considers rules on pay disclosure, TARP firms
- 6/24/09 21:33 DEAL WATCH: Morgan's De-risking Pays Off For Mitsubishi LFG

Top TARP News

The Lure of Independence

For 14 years, Jason DiLauro was the epitome of the Merrill Lynch financial advisor who was devoted to the firm. Based in Merrill's Akron, Ohio office, DiLauro was a big producer and over ran coaching sessions for new recruits at the firm's center in Princeton, NJ. 'I loved it there,' the 39-year-old DiLauro says of Merrill. 'I never ever imagined leaving there. I kind of considered myself the ...

Merrill Lynch Global Wealth Management Business Developments 2009

(ACN Newswire) - Merrill Lynch Global Wealth Management (GWM) provides advice-based wealth management services and products, meeting the needs of high-net-worth individuals as well as small to mid-sized business-owners. Even though the Global financial ...

REP. WELCH GRILLS BANK OF AMERICA CEO KEN LEWIS AT OVERSIGHT HEARING

Rep. Peter Welch grilled Bank of America CEO Ken Lewis Thursday morning about whether the bank kept critical information from its shareholders about the worsening financial situation at Merrill Lynch, which Bank of America had agreed to buy ...

Management Change Triggers

Management Change

Date/Time	Name	Event
1 August 2009	Jeffrey Reeder, Duran Ventures Inc	Bought Viochova Securities, creating a 10,000 ...
28 June 2009	Maurice Tegen, Kobex Resources Ltd	the merger of Merrill Lynch and Bank of Americ
28 June 2009	Swapan Kulkarni, Imaging Dynamics	Merrill Fomase Advisors Sue B&A Over Bonus...
1 December 2008	Swapan Kulkarni, Imaging Dynamics	But within two weeks of the bankruptcy filing ...
28 June 2009	Henry Winesel, Alco Ltd	Goldman Sachs received \$10 billion from TARP
27 June 2009	David Clarke, Goodman Group	To date, Wells Fargo has received \$25 billion in ...
28 June 2009	Bruce L. Downey, Cardinal Health, Inc.	Bank of America's shotgun merger with Merril ...
28 June 2009	Bruce Downey, Cardinal Health, Inc.	Cardinal Health Appoints Bruce Downey To Bd...

+RSS | +ALERT ME | +TALKBACK



News Radar

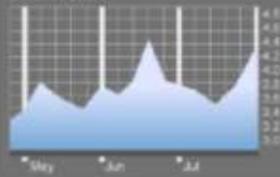
TARP Recipients	Merg/Acquisiti	Lev/Venture	Management Changes	New Investment	Liquidity Fund	Financial Reorganization	Executive Compensation	Lending Activity	Foreclosures	All News
American Express	1	1	1	1	1	1	1	1	1	1
Bank of America	1	1	1	1	1	1	1	1	1	1
Bank of New York Mellon	1	1	1	1	1	1	1	1	1	1
BB&T	1	1	1	1	1	1	1	1	1	1
Capital One	1	1	1	1	1	1	1	1	1	1
Citi	1	1	1	1	1	1	1	1	1	1
Citigroup	1	1	1	1	1	1	1	1	1	1
Comcast	1	1	1	1	1	1	1	1	1	1
Fifth Third Bank	1	1	1	1	1	1	1	1	1	1
Goldman Sachs	1	1	1	1	1	1	1	1	1	1
JPMorgan Chase	1	1	1	1	1	1	1	1	1	1
Pacific Capital	1	1	1	1	1	1	1	1	1	1
Pacific Capital Home	1	1	1	1	1	1	1	1	1	1
Morgan Stanley	1	1	1	1	1	1	1	1	1	1
Northwest Trust	1	1	1	1	1	1	1	1	1	1
PNB Bank	1	1	1	1	1	1	1	1	1	1
Regions Financial	1	1	1	1	1	1	1	1	1	1
State Street	1	1	1	1	1	1	1	1	1	1
SunTrust	1	1	1	1	1	1	1	1	1	1
U.S. Bancorp	1	1	1	1	1	1	1	1	1	1
Wells Fargo	1	1	1	1	1	1	1	1	1	1



Citigroup Inc

4.63.88 USD ↑ 0.12% Mar 12 44:05pm GMT

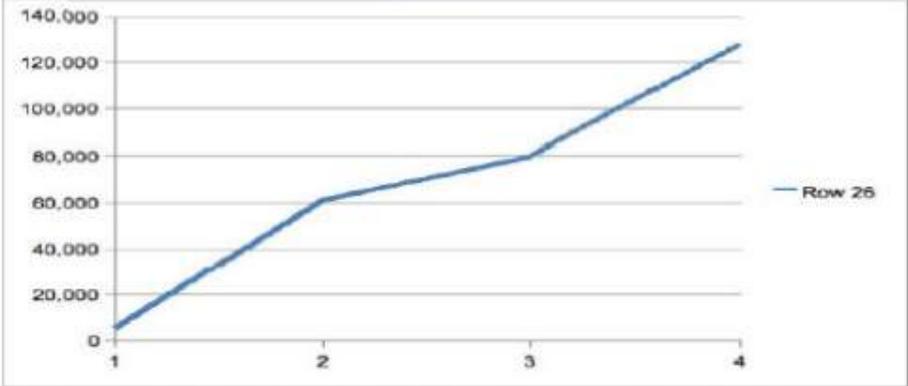
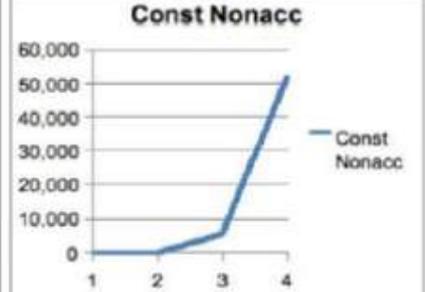
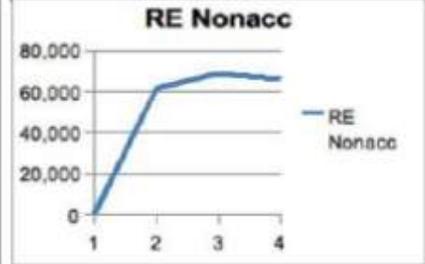
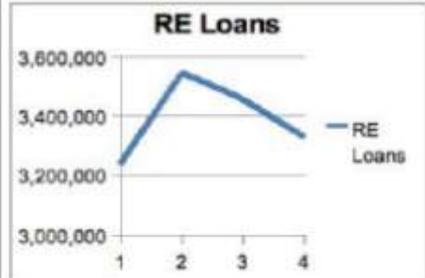
2 Month Chart



Open: 4.55 High: 4.59 Low: 4.40 Vol: 4.15M  
 Mkt Cap: 10.19B P/E: - Dividend: 0.05  
 52 Wk High: 10.18B F P/E: 18.31 Yield: 0.05  
 52 Wk Low: 10.10B Beta: 1.92 Shares: 0.05  
 Avg Vol: 21.41B EPS: -0.21 Inst. Own: 0.05

PROFILE  
NEWS  
ALERT ME

BATS Exchange Real-Time Market Data by Xignite. Delayed per Exchange rules. Market Data by Xignite.



- youDeviser HIP Client Northern Trust Named Fund of Hedge Funds Administrator of the Year**  
 Professional Services Close-Up, 15 July 2009, 372 words, (English)  
 Financial technology vendor youDeviser Limited said it congratulates its client Northern Trust upon recently being awarded the Fund of Hedge Funds Administrator of the Year award at the inaugural HFMWeek Service Provider Awards, held ...
- ISE Elects 3 New Board Members**  
 Professional Services Close-Up, 15 July 2009, 100 words, (English)



# US Treasury TARP Monitor

Transparency powered by Dow Jones

Company, Executive, Keyword



Dashboard

Company Radar

Financials

Biography

Compensation

Executive Details

Lists Of Colleagues

News

## Ken Lewis

President, Chief Executive Officer, Director

### Bank of America Corporation

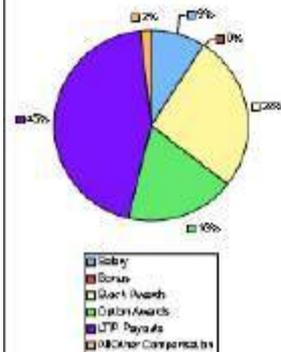
100 North Tryon St., 18th Fl.  
Charlotte, NC 28255  
United States

Phone: 1 704 3865681  
Fax: 1 704 3865681

<http://bankofamerica.com>

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Ken Lewis	Chairman, Chief Executive Officer and President	2008	1,500.00	-	4,255.01	2,973	7,228.34	275.13	9,003.47
Joe L. Price	Chief Financial Officer	2008	800.00	-	1,646.94	1,487	3,133.61	41.04	3,974.65
Barbara J. Desoer	President, Bank of America Mortgage, Home Equity and Insurance Services	2008	800.00	-	2,302.73	1,487	3,789.40	2,064.82	7,254.22
Bruce L. Hammonds	Former President, Bank of America Global Card Services	2008	700.00	-	2,125.22	668	2,793.33	7,393.94	10,887.27
Liam E. McGee	President, Bank of America Consumer and Small Business Banking	2008	800.00	-	2,853.12	1,858	4,511.45	35.76	5,347.21

### - News

#### Ken Lewis at Bank of America Corporation

News

Latest News


[View More](#)

- DJ Hot Stocks to Watch: BAC**  
 Dow Jones Chinese Financial Wire, 06:47, 6 July 2009, 105 words, (English)
- Henry Paulson testifies to U.S. House Committee hearing on Bank of America & Merrill Lynch ; Advance Media Information; Future News Item; House Committee on Oversight and...**  
 Precise Media Planner, 4 July 2009, 207 words, (English)
- REP. WELCH GRILLS BANK OF AMERICA CEO KEN LEWIS AT OVERSIGHT HEARING**  
 US Fed News, 3 July 2009, 193 words, (English)
- Bank Of Amer To Pay \$713 M In TARP Preferred Dividends**  
 Dow Jones News Service, 16:15, 2 July 2009, 250 words, (English)
- MERRILL EXEC SOUNDS BULLISH ON FUTURE OF BOFA MERGER**  
 Charlotte Observer (NC), 2 July 2009, 1431 words, (English)