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Good morning, Chairman Bayh, Ranking Member Corker and Members of the Subcommittee.

My name is Steve Horne and I am the Vice President of Master Data Management for Dow Jones. I have spent over 30 years building complex databases, transforming highly complicated data into usable information.

Thank you for inviting me to speak with you today.

I have testified many times over the past year on the impact of the financial meltdown and the need for a comprehensive analytic database that is designed to capture the appropriate real-time information necessary to prevent waste, fraud and abuse of the TARP program and to ensure that the American taxpayer's money is being used as intended.

Legislation that would create such a database has been introduced by Senator Warner, S. 910, with a companion bill that has already passed in the House, H.R. 1242, by a vote of 421-0. Both these bills have been strongly endorsed by organizations such as the U.S. Chamber of Commerce, OMB Watch, and the Center for Democracy in Technology.

Using the same basic infrastructure of the database that would be created under the legislation described above, we at Dow Jones have identified over 400 leading indicators that when *used together* can identify potential systemic risk within the financial system and many other parts of the economy. The challenge is to combine this disparate data into a structured database to be able to make informed judgments about the risks.

Systemic breakdowns that impact individual geographic markets in this country are caused by a combination of factors, including unemployment, bankruptcy, foreclosures and commercial real estate failure.

For example, in Las Vegas, a huge influx of different socio-economic groups moved into this market over the past 10 years. One of these groups is retirees. When the financial meltdown occurred, these Americans were mostly living on fixed incomes: savings, retirement investments and their social security. They bought retirement homes either with cash or with mortgages that were smaller than many, but they still incurred new debt. Over the last three years, the income from their retirement investments went negative and they have had to dip into the principal as the only way for them to gain cash.

As the foreclosures generally grew around them, retirees saw the value of their homes decrease in half as well. Those who had mortgages were now upside down, those who did not, saw the major investment they had spent a lifetime building dwindle in value.

Now these senior citizens face a much more difficult situation. With a major portion of their principal gone, many cannot afford to live on their fixed income and have to go back to work. In Las Vegas, 16% unemployment does not bode well for anyone looking for work. If they own their home, new mortgages are very difficult to get. Reverse mortgages are not an option because of the reduced availability of these programs. The combination of these factors shows the market for retirees in Las Vegas is in systemic failure right now.

This example is known in statistical terminology as the "Compounding Effects of Multiple Indices." If we can integrate this data into an actionable database, regulators can quickly implement surgical solutions that will apply the appropriate programs/funds to the most serious problems.

We are currently observing markets in North Carolina and Tennessee that are at risk of systemic failure. If the proposed database were in place the government would be in a better position to confirm, quantify and tackle these problems proactively.

Unfortunately, the data is in disparate systems that cannot talk to each other. The value of the database that is proposed in S. 910 is in its ability to combine and analyze this data to predict and prevent systemic risk. The transformation of this data into actionable information is neither easy nor inexpensive. However, the implementation of the proposed database will save significant taxpayer dollars in three ways: first, through more efficient targeting of resources and serving the areas of greatest need; second, by enabling the government to insure that the appropriate actions

are taken before systemic failure occurs; and, third, by helping prevent waste, fraud, and abuse of taxpayer's money.

The database proposed should not create additional security concerns. The security methodologies under the IPSA Act (Information Protection and Security Act of 2009) and the contractual controls for the use of commercial data are sufficient to protect this information. In addition, language included in H.R. 1242 that passed the House provides for even greater protections for non-public data.

The system being proposed is designed to expand to cover global data. Although some of the data from overseas may not be accessible due to laws of specific countries, other international data is in better shape and can be built into accurate analytic systems because of the early adoption of XBRL technology by many countries.

In summary, the data and technology exist today to equip financial regulators with the tools necessary to monitor systemic risk. The only thing lacking is government action to make it happen.

Thank you again, Chairman Bayh, Ranking Member Corker and the Members of the Committee for your time and attention. I am happy to answer any questions you may have.