

Hello My name is Ken Silagy,

I'm the president of Dollar Sense™. and I thank you for the privilege to speak with you about one of our biggest concerns today "Money", first a brief introduction to Dollar Sense™. I'm proud to tell you that Dollar Sense™ is a privately held company that works with the management of financial distress issues. We assist families and businesses in the reduction and elimination of uncollateralized debt. This allows our clients to regain control of their money. We work to implement basic money management skills thus reducing the chance of financial distress in the future. I'll expound upon this in a few moments.

The other day I was reading an article about a reporter that was interested in a bank president's great ascension to success. The interview went something like this.

Mr. president, what are your most prominent thoughts to your great success?

President: "two words..."

Reporter: " And what might those words be? "

"Right Decisions"

"And how are right decisions made?"

Just "One word"

"What sir is that word?"

"Experience!"

"May I ask, how did you get experience? "

"Two Words"

"What are those words?"

"Wrong Decisions!"

My conversation with you today has to do with our level of understanding wrong decisions. These wrong decisions are being made at our highest levels of education. We are so concerned about being politically correct, that we are missing the boat and millions of young people are leaving our educational system without even the most basic knowledge of balancing a checkbook.

Welcome to Crisis 101, "Financial Slavery" we are being taught to be poor. Wrong decisions have forced many of our family members, friends and acquaintances, to succumb to this new kind of servitude. This is new servitude has already shown up in numerous publications and stands to become commonplace in the years ahead. We are headed toward a new "era" that will largely separate the financial boundaries for those who "have" and those who "have not." If you are unsure of this, ask your friends, clients, or neighbors this question "Do think you are winning or losing in the game of finance?" Almost everyone will say they are losing the battle, or tell you that when they retire, they will be reducing their income taxes, which means reducing their income.

Folks this is losing not winning.

As a nation we are addicted to credit, in the tune of over \$6.5 Trillion. This surpasses the federal debt by almost \$1 trillion and surpasses corporate debt by \$2.2 Trillion.

Credit cards abound everywhere. Our children are being indoctrinated to credit card purchasing at the early age of 12. These young people can't qualify for a drivers license ... yet somehow, can qualify to become encumbered by debt. By the time these children go to college, 80% of them will have to borrow thousands of dollars just to go to school and 50 % of them will fall from college due to debt, or graduate into debt, or in some cases graduate to bankruptcy.

Credit cards have become the currency of today and they are helping us acquire things that we cannot afford. They're masking our financial condition causing stress, worry, depression and in some cases suicide, all because of personal debt. The credit industry has created this condition on an individual level and has covered it so well that, most people don't see the big picture. This whole underpinning has created a dramatic increase of consumer debt.

What is even more interesting is, credit card companies have gotten so successful at this game, and they've started to buy-out one another and then sell this debt to insurance companies. Once credit companies realized they didn't have to hold all of the risk anymore, they said, "Hey, we can loan to anybody, we may lose some, but we won't have a major disaster." The snowball started rolling. So the banks do the processing, get the 2% to 5% merchant fees then transferring all of the risk to the insurance company. An example of this maneuver was Conseco's filing of chapter 11-bankruptcy protection.

To make it interesting these companies have targeted people with money problems...Job Loses, poor spending habits etc. They've targeted people that they know, will never be able to repay the loans.

Where the real money is where the loans can never be repaid. To them there is no risk because the credit card company no longer holds the risk, the insurance company does. The average level of debt that we see per family ranges from \$15,000.00 to \$30,000.00 this debt is out of control and is undermining the stability of our economy.

The credit card industry is lobbying again to change the bankruptcy laws making it harder to file for bankruptcy, thus insuring that the debt owed stays on the books and they can continue to collect incredible amounts of interest. We have seen interest rates as high as 36 %, in addition to over limit fees, late fees, per-diem interest compounding and last but not least penalty- and risk-based pricing. Credit card companies want these targeted people to continue to pay by forcing them to qualify for bankruptcy protection and attend special workshops to qualify just to file for protection. This will make bankruptcy impossible for many people and create severe hardship in some cases.

As an industry, they're cutting out the very entities that they lobbied hard to establish in the 1950's for conserving business, "the non-profit Consumer Credit Counseling Services." They are doing this by starving them out of business. These non-profit services are paid by the creditors, as much as 15 % of the monthly collected payment. That is being reduced to in

some cases to 3 % of the monthly collected payment. These dedicated services will disappear within 2 to 3 years.

We are seeing people come to us for help that have been turned away by these services. To clear up any misconception, non-profit companies do make money and lots of it. The top officers get most of it in wages and benefits and the company files under legal non-profit laws, not to pay taxes.

Another consumer problem arises; consumers now have only to pay the low monthly payment of 2 % of their total debt. This payment serves to pay the interest and the principal owed never gets paid.

So what happens, if we, good consumers pay our credit cards off every month and never pay interest? The lending of money cost the credit card companies 4 % to 7 % to lend and someone is going to pay for it, but who will pay?

The people with credit problems pay for it dearly. The people that earn the lowest income and people with payment problems will subsidize it. The family member, that just lost their job, that can't afford to make insurance payments to protect the family, who barely has enough money to pay the rent, that always pays credit cards late or misses payments, pays 21 % to 29% interest rates on cards that will never be paid off.

Would you be shocked if I told you that there are still other levels of astonishing lending rates? These rates that are known as the "second tier". The first level ranges from 180 % to 390 % this goes to pawn shops, rent to own companies, and other companies of such types, they lease, (governed by usury laws), money at 30% per month. The worst of them all is the check cashing, cash advance, and payday service types that collect 420% to 980% for monies leased.

This is no longer a just problem of the poor class. It has infiltrated to the middle-class as well. This is predatory lending at its finest. Payday services recently paid \$1.4 million awarded in a class action suite in Wisconsin but have admitted to no wrongdoing.

So how does Dollar Sense™ fit in. We work as a consumer advocate, and assistant, directly working with creditors on behalf of our clients. Many people consider "money" concerns a very private matter and they are embarrassed to talk about them, let alone to tell a stranger. People want to know that someone cares. We care. We don't judge anyone or try to make him or her feel bad; we know they already feel bad. It takes an incredible amount of courage just to pick up the phone and make the call for help. We don't want to hurt anyone and we strive to find solutions to problems. The creditors do not pay us, our clients pay us when we save them money, and so our interest is to save our clients as much money as possible.

A qualified associate can be sent to a home or a business, to analyze a financial situation, free with no obligation. We answer our telephone calls in person. We find it creates a strong level of comfort to our clients. We respond to our client issues the same day that they are received. There is a light at the end of this tunnel and the new American Dream to be debt free is a decision not a dream. Be debt free.

Thank you for the opportunity to speak with you today. If you wish to speak with us, we can be reached at 610-371-8221 or by e-mail at dollarsenseken@comcast.net .

Sincerely
Kenneth R. Silagy
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President