

**Testimony of Frank Dryden
Owner, Island Flowers and Nefertiti Boutique
Galveston, Texas**

U.S. Senate Committee on Small Business and Entrepreneurship

**A Year Later:
Lessons Learned, Progress Made and Challenges that Remain from Hurricane Ike**

**Friday, September 25, 2009
Galveston Island Convention Center, Galveston, Texas**

Good afternoon, Senator Landrieu, Senator Hutchinson, Senator Cornyn, Mayor Thomas and honored guests. Thank you Senator Landrieu for the opportunity to testify as part of this panel.

We evacuated to Houston twelve hours before Ike landfall, and were not allowed to return to Galveston for a "look and leave" until a week later. It was almost 2 weeks before we returned to begin clean-up. We were too late to stop demolition of Nefertiti long enough to salvage any items, but we were able to save many of our containers and wedding props at Island Flowers with great effort and difficulty. The daily confrontation with the demolition crew to give us the needed time to salvage goods and the cash expense to hire workers for needed assistance took its toll, mentally, physically and monetarily. After depleting all available cash, my wife Constance and I cleaned items every day for six weeks from dawn until dusk, as there was no electric power.

We stored salvaged items in a 24 foot rent truck and out in the open until we were able to move them inside the building. Our landlord was able to get us back into Island Flowers in December, but we did not reopen Nefertiti until Labor Day, five days shy of one year, because of many complications.

We were supplied with daily food, water and ice by the Red Cross, Salvation Army and other charities. The way the volunteers came in from across the U.S. and in some cases the world was a Godsend.

Then began the task of trying to claim on insurance policies and find agencies for financial help.

Our business interruption coverage was tied to windstorm (TWIA) so we received nothing. The adjustor left much to be desired. When we asked for a reevaluation, we were again rejected. When I told him the building policy authorized roof replacement, window replacement and many other items, he commented he would not have approved them. Another insurance company said we had no claim because we were not in a major disaster area.

Our personal flood contents coverage paid on Nefertiti, and the HOA master policies on the structure, both flood and windstorm, are in the process of covering (a different adjustor), but not our business interruption. We are in the process of taking legal recourse against TWIA.

Since we did not receive business interruption compensation, we turned to FEMA/SBA for assistance. The waiting lines took most of the day. One FEMA/SBA volunteer, after noticing my frustration from not making it to representative after being in line for most of the day, said if I went to the office in Texas City which was connected with College of the Mainland I would receive personal assistance in completing all forms. This would be of great help as all of my business records had been submerged under eight feet of black muck and saltwater.

After several hours of consultation with the representative at the Texas City office and help with form completion, an on-site SBA representative checked the forms and submitted them overnight to the Ft. Worth office for approval. An SBA representative visited me the next week and confirmed the damage and loss. Within three weeks, we received a telephone call saying we were approved for \$86,900.00 with the terms of the note. I asked what was the next step and was told all paperwork would be forwarded to us.

We waited for several weeks, and I called the Ft. Worth office and was informed we had been rejected because our new credit report contained a 60 day delinquency on our mortgage. Then they made the comment we had only one more chance at the loan, so our credit better be clear when we reapply. I called my mortgage company, as they had given us a forbearance on our loan because of Ike. The mortgage company said the credit report was in error and they would correct as well as write me a letter to that effect. I called SBA in Ft. Worth and explained the situation to them, offering to get the mortgage company to fax this letter to SBA directly, but was told we must re-apply from the beginning. We were going to do this, but my wife's credit report to one of the companies never was cleared of this error. And to add insult to injury, the mortgage company did it to us again the next month.

Added to these struggles, bankcard companies raised interest rates and cut credit limits based on the excuse of debt ratio on multiple credit cards, not because of delinquency or over limits. One cut my credit limit and then informed me I was now over limit. Another lowered my credit limit because I had not used the card, and then included a \$4.50 paper statement fee to encourage on-line payment, and a \$35.00 "credit builder" fee per purchase after they cut my credit limit for non-use of the card. And some of these are companies the public bailed out?

And then there were continuing battles with power companies attempting to bill us based on estimated usage with no actual meter readings even during the period the entire city had no power and threatening to disconnect us when we had no meter.

At this point, we were exhausted both physically and mentally. Then a miracle happened. Jeff Sodjstrom from Galveston Economic Development Council walked in the door and offered the opportunity to participate in a loan program which was in conjunction with Houston-Galveston Area Council. We accepted, and the \$30,000.00 made available bought us a replacement flower cooler and other much needed items. It was like a million dollars when you have no resources.

It has been an unbelievable struggle to bring our businesses back after Hurricane Ike. We are operating both businesses with no outside employees, except for part time help at Island Flowers on busy wedding weekends. The weddings are there, but in most cases the brides are cutting back due to the economy. We attempt to keep limited regular hours at Nefertiti, but for now must work around our flower studio schedules.

The support of friends and neighbors who went through Ike has been a wonderful blessing. We owe Mayor Thomas, her staff, city government services and all first responders a debt we can never repay.

Situations improve with time, but we could still use a cash influx to see us through this difficult period. Disillusionment has been hard to combat, since often there is some new situation to overcome. But my wife and I love our island home, and we have made the choice to continue to live and make a living in Galveston.

Thank you for time and kind attention to my testimony.

Sincerely,



Frank Dryden