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Investment letter

U.S. is being 'rescued to death,' says Donald Luskin

“We are being rescued to death,” economist Donald L. Luskin said in Sarasota on Thursday, March 19, citing “the loss of the rule of law” as a frightening precedent seen in recent government actions. The chief investment officer of Trend Macrolytics, LLC, and an adviser to Caldwell Trust Company, Luskin spoke at a Caldwell-sponsored breakfast for media representatives and others at Sarasota’s University Club.



R. G. “Kelly” Caldwell, Jr. (right), CEO and president of Caldwell Trust Company, introduces Donald Luskin to attendees at a Caldwell-sponsored media breakfast on March 19. Luskin, chief investment officer of Trend Macrolytics, LLC, is an adviser to Caldwell Trust Company.

Luskin’s opinions were in keeping with his philosophy as a registered member of the Libertarian party. “We are trying to figure out the role of government. It is the largest single factor in market affairs in the world today,” he said, “and the economy now is in very, very bad shape. When the economy started to derail last summer, the government made things much worse.”

Today vs. the Great Depression

Many have likened the current economy to that of the Great Depression. Luskin compared the two situations on the day he spoke—526 days past the stock market’s all-time high on October 9, 2007—with that of day 526 into the bear market of the Great Depression (1929-1932). He noted that the political situation was different. “We had no presidential election then. FDR had not even been nominated. In 1929, coming off the roaring ’20s, stocks were overvalued. By day 526 they were down 45 percent. Today stocks are down 49.2 percent.”

Luskin traced the history of the current economic crisis, beginning with the housing industry in 2005 and eventually cascading to the current situation. “The housing boom turned into a downright housing depression three years ago,” he said, although the GDP in the second quarter of 2008 showed a three percent increase “if you removed housing, which has had eight quarters of negative growth.”

Luskin said banking problems began in March 2008, “when the Fed allowed JPMorgan Chase to take over Bear Stearns for two dollars a share. They gave a great company to the competition

on a Saturday night with no shareholder or other input,” he said. “The Federal Reserve Act allows the government to lend money to anyone, but the Fed *bought* those assets and now owns them.” He flagged this as a violation of the Fifth Amendment.

“By summer 2008, banking was in a crisis,” Luskin added. “Yet earnings as recently as September 2008 were at an all-time high except for housing and banking.”

“Don’t just do something. Stand there.”

Luskin said Treasury Secretary Henry Paulson came up with the “brilliant idea” of TARP (Troubled Assets Relief Program) and spent two weeks “stampeding it through Congress” lest its failure to pass signal “the end of the world.” Yet when Congress passed TARP, the government took no immediate action. “They just stood there, studying it,” he said.

Loss of the rule of law

Luskin cited a list of government “emergency” interventions involving major brokerage houses, lenders and banks (e.g., Bear Stearns, JPMorgan Chase, Lehman Brothers, AIG, Citigroup). “One by one, in an atmosphere of panic,” he said the government under Federal Reserve chairman Ben Bernanke made deals “to destroy companies and hand them over to their competitors.”

He also voiced concern about the government’s move to impose laws retroactively, citing the recent attempt to change the tax rate for AIG employees who received bonuses. “The rule of law establishes property rights, which are essential to do any planning. We started to lose it a year ago with Bear Stearns. The economy depends on the rule of law, which is now completely randomized, with crippling uncertainties,” Luskin said. “It took just one month to destroy the economy.”

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Kathleen Toale joins Caldwell board

“Caldwell Trust Company is pleased to announce that Kathleen Toale has joined its board of directors,” says R. G. “Kelly” Caldwell, Jr., CEO and president. The Sarasota native and her husband, David C. Toale, recently retired as the second generation of management of Toale Funeral Homes.

Caldwell Trust Company will present a profile of Ms. Toale in the next issue of its newsletter.

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Luskin: We are at a fork in the road

He would have welcomed a slower approach in February 2009, when Congress passed the 1,079-page economic stimulus package within 12 hours after receiving it. Luskin said they clearly had not taken time to read it, since “it took an hour just to print the document.”

In addition, Luskin said the government’s decision in early March to print additional money will lead to certain inflation. “We’re going to get out of this [economic situation], but we’ll be in a world of inflation.”

Investment outlook

Luskin’s investment outlook negates the traditional “buy-and-hold” theory. “Do you take risks where there’s not a lot of upside? No!” Instead, he advised investors to recalibrate, and to invest more cautiously and more short-term.

We need to slow down

“We are at a fork in the road,” Luskin said. He acknowledged that president Barack Obama’s election was a mandate for change, but feels that too many changes are happening too fast. “We need to slow down for a year, but the government has no incentive to slow down. If the political runaway train coming down the mountain right now accelerates, we will have problems, but I don’t think that will happen because we have many brakes—checks and balances—in place.”

To hear Donald Luskin’s presentation in its entirety, please visit <http://downloads.ctrust.com/luskin>.



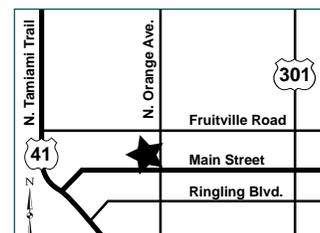
Sarasota media representatives meet with Donald Luskin and Kelly Caldwell at a Caldwell-sponsored media breakfast at the University Club on March 19. Pictured from left are Jacob Ogles, writer, SRQ; Jamie Aymerich, associate publisher, Sarasota Magazine Group; Rod Thomson, executive editor, Gulf Coast Business Review; Donald Luskin; Wes Roberts, publisher, SRQ Media Group; and Kelly Caldwell. Not pictured: Terry O’Connell, Sarasota Herald-Tribune and Susan Burns, editor, Biz941.

Caldwell’s new Sarasota office prepares for late-May opening

Caldwell Trust Company is completing interior renovations at 1561 Main Street in preparation for the relocation of its Sarasota office later this month. Located at the intersection of Main Street and Orange Avenue in downtown Sarasota, the 3,600-square-foot facility has five offices, three conference rooms, space for four administrative support people and a kitchen. In addition, the ground-level building has its own parking lot near the front door.



Caldwell’s Sarasota office at 1561 Main St. will be open for business later this month.



“We are very pleased with our new space,” says Jan Miller, vice president and trust officer. “It will give us increased visibility in the Sarasota area, along with the added convenience that results from being in the heart of downtown.” Joining her in the relocation are vice president and trust officer Alan Blair, Ph.D., and trust associate Sonya Kristie.

“We have room to grow,” Miller says. “We also acquire new capabilities, with conference rooms of varying sizes. Once we are established in the new building, we plan to use the conference rooms for educational programs and make them available for community use.”

Caldwell has maintained a Sarasota office at 8592 Potter Park Drive since 1998, with Jan Miller directing its operations since April 2002. Sonya Kristie transferred to Sarasota from the Venice office in 2005, and Alan Blair has worked from the Sarasota office since joining Caldwell in October 2008.

Tramm Hudson leaves board to re-enter world of banking

Veteran banker Tramm Hudson has resigned from the board of directors of Caldwell Trust Company to become city president of Whitney National Bank for Sarasota and Manatee counties. He had served on Caldwell’s board since October 2007.

“We are truly sorry to lose Tramm,” says R. G. “Kelly” Caldwell, Jr., CEO and president of Caldwell Trust Company. “We will miss the depth of knowledge he brought to the board, as well as his methodical approach to problem-solving. The Caldwell family values its friendship with him, and that remains unchanged. We wish him every success in his new position.”

Hudson’s banking career had spanned almost three decades of high-level positions by the time he retired in 2006. He had worked as a bank consultant since that time.

Jan Miller always loved trust work, 'found a home' at Caldwell

Jan Miller was destined to be in the banking and trust business. The minute she finished high school in her native Dayton, Ohio, she began full-time work for Winters Bank (founded by comedian Jonathan Winters' grandfather). During her four years with Winters, she studied business at Sinclair College in Dayton.



Jan Miller

Jan had always looked forward to her annual vacations. They meant a chance to visit her parents at their vacation home in Naples, and this happily meant a trip to the Sunshine State. "I always wanted to live in Florida," she says. In August 1978, she took action. Before her two-week vacation was over, she was offered a position in the trust department of Southeast Bank. She started work that September. "Moving to Florida was one of my best decisions," she says.

Southeast sent Jan to Florida Trust School and promoted her to trust officer shortly after her graduation in 1981. She had become senior trust officer by the time she resigned in 1988.

"I always loved the trust business, but the industry was changing. Southeast introduced a menu of its own products and wanted us to sell them to clients. Being a trust officer was becoming more about selling products than serving clients," Jan says. "I could have sold them but felt it would take advantage of my relationship with my clients. As I looked at other trust options, I saw that they were all moving in that direction."

Jan moved into the not-for-profit sector for 12 years. As development director, she helped organizations raise and invest the funds needed for their operations. She worked with Mote Marine Laboratory and the American Heart Association, then worked at Family Counseling Center from 1994 until she joined Caldwell in 2001.

FCC and Child Development Center merged to form The Florida Center for Child and Family Development. Jan is chair emeritus of its operating board after term-limiting off last year. She also still helps Mote, serving on its planned giving advisory committee. In addition, she has been on the boards of the Sarasota Conservation Foundation since 2007 and of TideWell for four years.

While at Southeast Bank, Jan worked with Lloyd E. "Leo" O'Meara, who would help guide her towards her destiny. In 1993, after retiring as president of the trust department of First National Bank of Venice, Leo was working with Roland and Kelly Caldwell as a founder of Caldwell Trust Company. Jan says, "I would trust Leo with my life, and he told me, 'Caldwell is where you belong.'"

Jan weighed her decision carefully. "I knew Kelly would be taking over. I wanted to be sure our philosophies were the same." Kelly never had a doubt. "Jan was exactly what we needed," he says. "We are so pleased to have her. She's a vital force in our company."

Jan initially worked from Caldwell's Venice location as a trust officer. In April 2002, she took over the Sarasota office and was named vice president.

"I really found a home at Caldwell," she says. "I always loved being in the trust business and helping clients carry out their goals and dreams. I'm able to do just that here."

At Mote, Jan met someone else who would shape her destiny: Jim Culter, a senior scientist in the Center for Coastal Ecology. Married in 1995, they enjoy life with their two golden retrievers and their beautiful gardens, which they tend avidly.

To contact Jan, call 941.926.9336 or write to jan@ctrust.com.

Caldwell in the Community Caldwell's Jan Miller brings talent, financial wisdom to TideWell

From its modest origin in 1979 as Hospice of Sarasota County, TideWell Hospice and Palliative Care has grown to 19 buildings, including seven Hospice Houses. The \$87-million, not-for-profit organization provides a vast array of programs to those within the end-of-life care continuum, with a focus on home-based comfort care. It now serves over 1,200 residents of Sarasota, Manatee, Charlotte and DeSoto counties daily.

At the core of TideWell's success is an army of very competent professionals, many of them volunteers. Jan Miller, vice president and trust officer of Caldwell Trust Company, stands out among them. Marge Maisto, TideWell's president and CEO, says, "Jan has a wonderful spirit of sharing her time, talents and wisdom. TideWell Hospice and Palliative Care is a very appreciative recipient."

Jan has taken an active leadership role at TideWell for four years, initially as secretary/treasurer and now as vice chair of the board of trustees, serving on its nominating and finance committees. She also chairs the fund development committee.

"Jan is always thinking of how she can best support our mission," Marge says. "She clearly recognizes the value of the services TideWell provides to patients and families dealing with advanced illness."



Marge Maisto, president and CEO of TideWell Hospice and Palliative Care, officially opens the Phyllis F. and Rodney W. Smith Hospice House in Englewood. Looking on are major donor Phyllis Smith; Ann Ryals, then the board chair; and Jan Miller, current vice-chair.

Profile

Jo Teague, Judy Wilcox: with Caldwell almost from the start

Caldwell Trust Company's 15th anniversary issue (January 2009) mentioned the contributions of its founding board of directors. It is likewise appropriate to recognize the valuable guidance provided by two original founding investors, Jo Teague and Judy Wilcox. Both joined the board in March 1994, just four months after Caldwell received its charter.



Judy Wilcox (front row) and Jo Teague (standing at far left) joined Caldwell Trust Company four months after its founding. They are pictured here with other board members. Seated are Jack Meyerhoff, Roland Caldwell and Wilcox. Teague, Herb Howes, Lloyd O'Meara, Sam Booth and Edmund Campbell stand behind them.

Jo Teague

Before his arrival in Venice, Jo Teague had an illustrious career with Owens-Illinois for 38 years. After retiring in 1978, he became a citizen of the world. Born in Atlanta in 1916, Jo decided to be an engineer and earned three degrees in ceramic engineering, culminating with a doctorate. In 1939, while still in school, he joined the Army. He was on active duty from 1941 until 1946 and also served in the Army Reserves, retiring as a lieutenant colonel in 1960.

After retirement, Jo wanted something more to do. He joined the International Executive Service Corps, working in Thailand, Botswana, Zambia and Barbados.

With their four children grown, Jo and his wife Marilyn moved to Venice in 1986. Not surprisingly, he soon leaped into community activities, serving as officer or board member for Plantation Golf & Country Club, Plantation Community Foundation, Plantation Care & Share, Christ United Methodist Church and Goodwill Industries Foundation.

Jo worked with Roland G. Caldwell, R. G. "Kelly" Caldwell, Jr. and Caldwell's other founders. He served on the boards of directors of Caldwell Trust Company and Trust Companies of America until his death in 2002.

Judy Wilcox

Judy Wilcox had been chair of the Venice Hospital Board and a member of the hospital's parent board, Gulf Area Medical Programs, Inc., when the hospital was sold for \$104 million. She helped to develop the strategic plan for the Venice Foundation (now the Gulf Coast Community Foundation of Venice), established in 1995 with proceeds from the sale. She also served as its interim director until a permanent director was hired.

Judy left Caldwell's board in 2007 and is now executive director of the South County Habitat for Humanity.

Debt of gratitude

"We owe a huge debt of gratitude to Jo and Judy for their years of service and their wisdom," says Kelly Caldwell, CEO and president. "Caldwell Trust Company is a better, stronger company because of their contributions."

CALDWELL TRUST COMPANY

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- Provide our clients with highly personalized, one-on-one attention and care.
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- Provide better service by using the latest electronic technology to implement our functions internally.
- Hire skilled, experienced trust professionals and help them to become part-owners, thus nurturing loyalty and eagerness to serve.

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