

# CALDWELL TRUST COMPANY

VOLUME XXXVI

PERSONAL • TRADITIONAL • INDEPENDENT

APRIL 2010

## Dr. Arthur B. Laffer discusses ‘Economic Outlook and Politics’

“I’m much better at forecasting the past,” Dr. Arthur B. Laffer told reporters. That said, the never-shy economist did in fact present some fearless predictions in a talk entitled “The Economic Outlook and Politics.” The occasion was a visit by Dr. Laffer to speak to Caldwell Trust Company last month in which Caldwell shared him with some local media representatives.

Dr. Laffer has been visiting Florida’s Gulf Coast since his childhood. In 1979 he also began coming as a consultant to what was then Caldwell & Company, an early client for global investment research services provided by Laffer Associates.



*Dr. Arthur B. Laffer, economist, and R. G. “Kelly” Caldwell, Jr., welcome guests at a recent media breakfast.*

In introducing Art Laffer, Kelly Caldwell described the times by saying, “We are talking about volatile times, with concerns about our country and where the economy is going. Investors are looking to earn a decent return yet be safe from violent swings during a time of oil prices skyrocketing, gold reaching all-time highs, the rate of unemployment doubling, erratic stock market swings and increasing government intrusion into our daily lives.” The era being

described was the 1970s but could have easily been mistaken for today, he said.

The 1970s under President Jimmy Carter represented a lost decade for buy-and-hold investors. Inflation went from 5 to 13 percent and the prime rate rose from 7 to over 15 percent. It was not until the early ’80s that the economy saw significant improvement under President Ronald Reagan, with the guidance of Dr. Laffer, often called the father of supply-side economics. “Our outlook today,” Caldwell said, “is that we may be heading into a very similar period unless there is some sort of trajectory change.”

“As many recall, the Reagan revolution was able to reverse the course charted in the 1970s, and who better than Dr. Laffer, one of the leading architects of Reagan’s economic policies, to share his outlook on today’s situation,” Kelly said. The following paragraphs recap some of Laffer’s remarks.

**Stimulus package.** It’s a case of everyone wanting something for nothing—but “you cannot have a transfer recipient without having a transfer payer,” and people whose money was taken will have less to spend.

**Incentives.** “The whole key to economics is incentives. If you tax people who work and you pay people who don’t, don’t be surprised if you find a lot of people not working.” The current administration is undoing every incentive possible.

**Health care.** There are just three areas where government should be involved in health care: first, coverage for people requiring catastrophic care; second, education about “major externalities” (smoking, drug abuse, inoculations, etc.); and finally, providing care for those who can’t afford it because “this is what civilized people do.”

**Energy.** The Obama administration’s major focus on energy independence is not logical. “Lots of countries are awash in oil and don’t know what to do with it. We have oil and ideas on what we could do with more. We buy their oil, then use it to make products we make better than anybody else. It’s a win-win for the world.”

Nuclear energy is safe and so reliable that 78 percent of France’s energy is nuclear. Laffer said off-the-cuff, “It is very easy to make nuclear power plants safer. Just make the staff live on the premises.” With regard to offshore drilling, “if we don’t do it, Indonesia will. Let it be done, but with regulation.”

*Continued on page 4*



*Dr. Arthur B. Laffer, right, takes questions from business writers at a media breakfast sponsored by Caldwell Trust Company on March 11. Pictured in front are Wes Roberts, publisher, SRQ Media Group; Mark Gordon, managing editor, Gulf Coast Business Review; and Susan Burns, editor, Biz 941. Matt Walsb, editor/publisher of Gulf Coast Business Review, is seated in back.*

# Kelly Caldwell serves company, community, charities and family



R.G. “Kelly” Caldwell, Jr., CEO and president, has been involved with Caldwell’s operations since 1988, when he served as vice president of Caldwell & Co., an SEC-registered firm providing investment management services. In 1992, that company’s operations shifted to Trust Companies of America, Inc. TCA is the parent

of Caldwell Trust Company, which was chartered in 1993. Kelly is CEO and president of both companies.

He has grown Caldwell Trust Company in both size and capabilities. It currently has nearly one-half billion dollars in assets under management, divided primarily among investment management accounts for individuals and trustee accounts. The company also analyzes and manages retirement plans for employers.

The entire management and business processes of Caldwell Trust Company fall under Kelly’s purview. He is responsible for setting investment policy, overseeing audit controls, making policy, hiring and retaining staff and developing long-range plans. Under his leadership, CTC easily weathered the “dot com” crisis of the early 2000s and the challenges of the current financial crisis.

“Kelly brings a vast knowledge of global and national financial systems to our staff and clients,” says James F. Gabbert, an independent business owner who chairs the board of Caldwell Trust Company. “His ability to guide the company through complex issues in the financial system is a great asset to Caldwell Trust. A student of the financial business world, he is on a constant quest to stay ahead of the curve. Using a vast library of resources that have been cultivated over many years, he leads Caldwell Trust Company with poise and confidence.

“We are very fortunate to have a leader who is truly committed to the company’s mission,” Gabbert says. “Kelly embodies the true spirit of Caldwell Trust Company, rendering personal, traditional and independent service to each client and also to many others.”

For many people, similar accomplishments would provide a strong sense of fulfillment, yet Kelly does more. A devoted family man and avid outdoorsman, he unstintingly contributes his time and talents to the business community and several area charities.

## Business affiliations

Kelly Caldwell is immediate past president of Argus Foundation, Inc., a Sarasota County business think tank. He joined Argus in 1995 and has served on the board since 2004. He currently serves on the Trust Executive Committee of the Florida Bankers Association, an advocacy organization for Florida financial services providers, and is a Board Member of the State College of Florida Foundation (formerly Manatee Community College), where he has served on their Asset Allocation Committee for the past three years.

In 2009, Leadership Florida honored Kelly when it selected him as one of only 55 members admitted to its Class XXVIII. The not-for-profit organization describes itself as “a statewide community of leaders actively engaged in understanding and serving Florida.”

## Charitable involvement

Kelly sets the tone at the top for charitable involvement. “We encourage and financially support each of our employees with their chosen charity,” he says. Some of Caldwell’s charitable activities are described on page 3.

## Education

A Florida resident since 1971, Kelly is a graduate of Venice High School and Georgia Institute of Technology, where he earned a bachelor of engineering degree with high honors. While at Georgia Tech, he lettered three times as a varsity swimmer, worked for Georgia Tech Research Institute on a Department of Defense infrared missile project and still finished a five-year program in four years. He was inducted into Tau Beta Pi, the national honor society of engineering, in 1988. A year later, he won certification as a professional engineer. In March 2010, Georgia Tech honored him with a Distinguished Alumni Award.

## Hobbies and outside interests

“My hobbies have always tended towards activities that are outdoors, physical and competitive, but my primary competition is always against myself,” Kelly says. After college, his swimming background initially led him to start competing in triathlons (swim, bike and run), with the longest completed a half-ironman triathlon. Along the way he met another triathlete, Melissa, who is now his wife. He then migrated into adventure racing where he and his team earned a slot and competed in the 2002 USARA National Championship Adventure race in North Carolina, placing 11th overall.

## Family life

“One great part of being married to Melissa is that we have been able to continue to compete or be part of teams together, racing and traveling all over Florida,” Kelly says. Eventually they decided to start a family and are now the proud parents of three mini-athletes: Brooks, 5; Zach, 3; and Chase, 1.

“We still train but now we do it as a family,” Kelly says. “Mostly we run after hours by loading up the golf cart with the kids. One of us drives while the other runs. Typically we head out for a couple of miles, then we switch and the other one runs back.” Their dog Toby trots right along. Weekends often find the Caldwells on their boat, raising their sons on the water just as Kelly was raised.

## Finding a balance

“I find that all of these physical and competitive factors, combined with the enjoyment of being outdoors, improve my mental acuity and spiritual well-being,” Kelly says. “They give me the perspective I need to keep everything in balance.”

## Suzanne Thacker: accidental banker, superb documenter



Counselors advise students to chart a career path and move steadily towards it. Suzanne Thacker, compliance coordinator for Caldwell Trust Company, found her success in a different way. “I got into banking by accident,” she says, with the ready laugh and lilting southern accent that are part of her appeal.

“It was a lucky accident for us,” says R. G. “Kelly” Caldwell, Jr., CEO and president. “Suzanne has been so indispensable to us from her first day as a consultant that we were pleased to hire her. She was working on our first website, and we saw that she could do so much more. Now, 12 years later, we still haven’t tapped the limits of her abilities.”

Banking wasn’t at the top of Suzanne’s career choices when she majored in English and education at the University of South Carolina. “I took the first job offered after graduation,” she says of joining the now-defunct First National Bank in Columbia, S.C. After completing the bank’s management training program, she established their first documentation department and gained a new talent for herself. “I’ve been a documenter most of my career,” Suzanne says.

After several years at First National, she took over the documentation department of Policy Management Systems, an

international property and casualty insurance software developer based in South Carolina. That was the beginning of a long association with software companies, from banking in Orlando to credit unions in Atlanta. In both cities, Suzanne worked as a technical documenter and added online help developer and event planner to her growing resume. When her husband Lee semi-retired, the couple scouted Florida and decided on Venice. Initially, the Thackers became clients of Caldwell Trust Company. Ultimately, they became full-time Caldwell employees, with Lee serving as vice president, trust officer, and corporate secretary.

As compliance coordinator, Suzanne applies the disciplines learned in technical environments to analyzing, documenting and fulfilling the regulatory reporting that is required by the State of Florida and the SEC. She truly enjoys her work. “I’m very grateful to be in an environment that is like family rather than in the cold, indifferent corporate world. Many companies don’t care about their employees, but here, they do.”

Suzanne is an avid cook and Lee, she says, “is my *sous-chef*.” They have enjoyed cooking vacations in Provence, France, and Tuscany, Italy, even returning to Tuscany for an encore. Their local activities, while less exotic, are still significant: they devote their energies to the Boys & Girls Clubs of Sarasota County and to Venice Theatre.

To reach Suzanne, please call 941.493.3600 or write to [suzanne@ctrust.com](mailto:suzanne@ctrust.com).

---

## Charity is a way of life for employees of Caldwell Trust Company

Caldwell Trust Company emphasizes support of community charities, a tradition begun even before the company was chartered. In 1992, Ron Foxworthy of the Suncoast Foundation for the Handicapped contacted Kelly Caldwell for help with the Suncoast Offshore Boat Races. As soon as Kelly learned that the Foundation uses its proceeds to build facilities for disabled youth, he was hooked. Now Caldwell’s CEO and president, Kelly has also been on the board of the Suncoast Foundation since that first appeal, and Ron is on the board of Caldwell’s parent company, Trust Companies of America.

---

*‘I am deeply involved with helping organizations that serve our children, especially those with disabilities.’*

---

Other Caldwell employees also hold key positions with area charities. Wendy Fishman is a board member and event chair for the South County Family YMCA and past chair of SCOPE. Lee Thacker is both president of Venice Theatre and chair of the development committee for the Boys & Girls Clubs of Sarasota County. Jan Miller is past chair of The Florida Center

and current chair of Tidewell Hospice. Kelly Caldwell has been a member of the Sertoma Club of Venice since 1995. He chaired its Speech Clinic Committee and in 2004-05 was president of the Sertoma Club of Venice as well as governor of the Southwest Florida District. He was honored with Sertoma’s 1992 Tribune Award and 2002 President’s Award. In 2003, he was also named Sertoman of the Year.

“I am deeply involved with helping organizations that serve our children, especially those with disabilities,” Kelly says. In addition to the Suncoast Foundation, he has been a board member of the South County Family YMCA since 2007 and chairs its development committee. He is currently reforming bylaws of the newly reactivated South County Family YMCA Foundation.



*C. J. Fishman and Caldwell vice president/trust officer Wendy Fishman enjoy the evening at the South County Family YMCA’s 2010 gala, which Wendy co-chaired.*

## Laffer stresses need for professional investment advice, predicts 2012 Obama defeat

**Trade.** Never use trade as a weapon for politics. Don't use indirect cures for direct results because it doesn't work. Witness our embargoes of North Korea and Cuba. "Why are we worried about these countries? The worst Iran can do is cut us off from oil. If we embargo trade with them, we cut ourselves off. If we make them reliant on our products, they are more likely to see things our way. There is no solution to the world's problems that would be better than free trade."

**Taxes and a false recovery.** The tax cuts that President George W. Bush put into place will sunset on December 31, 2010, resulting in massive tax increases. Further, the Obama administration intends to enact additional tax increases. Obama's tax increases are higher relative to the current economy than the Reagan tax cuts were relative to the economy then. In anticipation of known tax increases, the economy will shift income and output from 2011 into 2010 and 2010 will look a lot better than it should. The U.S. will have increases in payroll taxes, estate taxes and income taxes. There's also a tax increase coming on carried interest, rising from its current level of 15 to 35 percent and rising again in 2011, with serious economic repercussions unless these rates can be tempered.

**President Obama.** "I've never seen a president in my life more impressive as a person than Barack Obama. He is the classic success story. The problem is he's wrong on every policy." No economy can be prosperous if the government is overspending,

raising tax rates, printing too much money and restricting international trade. The U.S. economy cannot have prosperity given the policies of the Obama administration and Congress. "Have you ever heard of anyone spending his way to prosperity?"

---

*"Have you ever heard  
of anyone spending  
his way to prosperity?"*

---

**The future.** Today's policies aren't irreversible. "I predict an influx of Republicans into the House and Senate in 2010 and Obama's defeat in 2012. We still have hope because politics works in both directions. Give me the right political structure and in a long weekend I can undo everything that's been done."

### CONCLUSION

**Our conclusion from Dr. Laffer's comments is that the longer government policies remain unclear, the longer there will be a detrimental effect on our economy and thus the stock market. Without some certainty, investors will continue to require higher and higher return rates to take a risk. That will continue to have a dampening effect on values. Even small changes in policies tend to create volatile movements in prices, as was seen in the 1970s and as we are currently seeing today. These uncertainties are too numerous to count, but each one is effectively a chain holding back our struggling economy. Remain conservative in your equity and fixed-income exposures until our government can clarify the rules of the game, and don't chase short-term market moves.**

## CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

CHARTERED PRIVATE TRUSTEE • PROUDLY SERVING OUR COMMUNITY SINCE 1993

### BOARD OF DIRECTORS

R. G. "Kelly" Caldwell, Jr., CEO  
John S. Booth III  
James F. Gabbert, Chair  
Mary Ann C. Kraut  
H. Lee Thacker, Jr.  
Kathleen Toale  
James R. Woods

### SERVICES

Comprehensive, Family-Oriented Trust  
and Financial Management Services  
  
Personal Attention to Family Needs  
and Goals  
  
Employee Retirement Services for  
Companies with 401k and 403b Plans  
and Pension Plans

### CONTACTS

Alan H. Blair, alan@ctrust.com  
R. G. "Kelly" Caldwell, Jr., kelly@ctrust.com  
William A. Cunningham, bill@ctrust.com  
Wendy Fishman, wendy@ctrust.com  
Sonya Dlug, sonya@ctrust.com  
Jan Miller, jan@ctrust.com  
H. Lee Thacker, Jr., thacker@ctrust.com  
John Tufaro, john@ctrust.com

### FOUNDING PRINCIPLES

- Provide our clients with highly personalized, one-on-one attention and care.
- Satisfy and retain clients, building loyalties and gaining word-of-mouth referrals that attract new clients.
- 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.

Venice Office: 201 Center Road, Suite 2, Venice, FL 34285 • 941.493.3600 • Toll Free: 800.338.9476 • Fax 941.496.4660

Sarasota Office: 1561 Main Street, Sarasota, FL 34236 • 941.926.9336 • Toll Free: 877.926.9336 • Fax 941.926.9335

www.ctrust.com • info@ctrust.com