

# CALDWELL TRUST COMPANY

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PERSONAL • TRADITIONAL • INDEPENDENT

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## Investment letter

### No precedent for current recession's approach to currency

Of all the recessions we have experienced since World War II, the current one appears unique. Taking each of several primary financial sectors individually, perhaps the single most important factor of all—currency—seems different both here and abroad. Paper currencies continue to be widely accepted around the world at recently acceptable exchange rates.

In the modern era, most industrialized nations have relied heavily on the U.S. economy for their economic health. Although this dependence has been called into question by the rapid rise of such countries as China and India and recent weakness in the U.S., it is still abundantly clear that reliance on our dollar remains a fact of life.

While gold was once the ultimate backing value for major paper currencies, the enormous volume of those currencies that have been issued now far exceeds the small cache of gold in existence. Even though many large trading partners that are net exporters to the U.S. continue to hoard gold, there is simply no longer enough of it to continue backing paper currencies. Consequently, the U.S.

dollar has more or less taken on the role of a store of value that backs other paper currencies.

The point is that these nations can and do constantly issue paper currency, most of them at percentages of their gross domestic products that are much higher than in the U.S. Even so, these currencies are routinely and widely accepted because these nations hold such a huge number of U.S. dollars in their central banks as backing.

#### Creating dollars from thin air

In the U.S., our political leader and his administration apparently understand quite accurately that these dollar-holding nations have few alternatives but to continue to receive and hold dollars, even though the U.S. has now embarked on a plan that mimics their at-will currency creation policies. They have used dollar-backed paper money to pay for generous social programs to benefit their citizens; now the U.S. apparently wants to do the same for its citizens. Accordingly, President Obama has announced an

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### R. G. "Kelly" Caldwell, Jr., is named to newest class of Leadership Florida

Leadership Florida has selected R. G. "Kelly" Caldwell, Jr., CEO and president of Caldwell Trust Company, as a member of its Class XXVIII, according to an announcement issued by the not-for-profit organization in late July. Kelly Caldwell was one of just 55 members chosen for the prestigious Leadership Florida Class Program, which describes itself as "a statewide community of leaders actively engaged in understanding and serving Florida" and boasts over 900 active graduates.



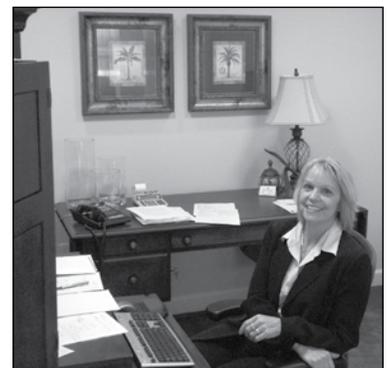
Leadership Florida selects participants for their Annual Class Program—called "the bedrock" of the entire organization—"for their abilities, passion about our state, and commitment to help make great things happen for Florida." Class members complete an eight-month curriculum presented in six different Florida cities. The curriculum is geared toward Leadership Florida's mission: "to build a strong, diverse statewide network of leaders with a shared commitment to connect our communities and to make Florida a better place in which to live and prosper."

### Caldwell is open for business in new downtown Sarasota offices

The furniture is in place, photos are hung, phones and computers are hooked up and Caldwell Trust Company's

Sarasota staff is now happily ensconced in its new suite of offices. They are now working from 1561 Main Street, in the heart of downtown Sarasota.

The 3,600-square-foot office suite at the corner of Main Street and Orange Avenue provides five complete offices as well as three private conference rooms and a media room, says vice president and trust officer Jan Miller (above).



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## Investment letter: Monitoring the market

intention to create trillions of dollars under the guise of “bailing out” troubled private enterprises.

The one big difference between the U.S. and these other nations is that their currencies are backed by our dollars. But the U.S. no longer has adequate gold, or any other form of reserves, to back the trillions of dollars we plan to create from thin air. That leaves it up to the world’s financial markets to make the ultimate decision whether all this paper money will be accepted “as is,” or whether classic remedies will be forthcoming including devaluation in the quantity of goods and services that money will be able to buy.

At the moment, the financial world is facing a quandary: if other nations’ currencies are widely accepted for trading purposes at current low interest and exchange rates, why can’t the U.S. dollar also trade at existing rates so long as its currency issuance remains at a lower percentage of the U.S. GDP than is true elsewhere? This question will eventually be answered as free markets move forward in the months and years to come.

### Causes for concern

Currently, some things suggest that the answer may not bode well:

- The central bank chairman has issued an exceptional warning to the administration regarding the consequences of issuing too much new debt and expecting the central bank to buy that debt when the market decides it won’t;
- Our Treasury Secretary has made an unprecedented and questionable visit to China and other large dollar-holding nations to try to convince them that our currency is sound; and
- The free market has recently exhibited reluctance to continue to bid for new debt issues at the same low interest rates that exist presently in the treasury market.

Only time will tell if precedents in the financial world and in free markets will return, or whether they have somehow been replaced by mitigating circumstances created by man under a new type of self-governance, and by wealth-sharing programs that can be made to be acceptable to the majority.

### CONCLUSION

**Right now ratcheting up and down is resulting in a market that is in effect moving sideways. Is this the coming of a new economic era or just a big bump in the road? Caldwell Trust Company is taking a very cautious approach with client monies while the market sorts out the ultimate impact of this unprecedented increase in our deficits. We will continue to watch carefully all aspects of the market and key economic indicators. We will examine them closely to determine whether we need to adopt other investment strategy options that will yield acceptable risk-adjusted returns for our clients as this situation evolves. We continue to advise you, our clients, to hold short-term maturities for your fixed income and to keep your equity percentages on the lower end of the spectrum until some uncertainty is removed from the markets.**



Sarasota office building, 1561 Main Street, Sarasota

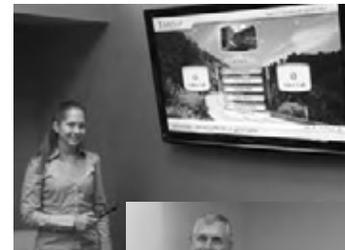
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## Caldwell’s new Sarasota office provides convenience, flexibility, more space

Vice president and trust officer Alan H. Blair and assistant trust officer Sonya Dlug join Jan at the new location. The three moved from 8592 Potter Park Drive, where Caldwell had maintained a Sarasota office since 1998. The phone number remains as before: 941.926.9336.



Kelly Caldwell



Assistant trust officer Sonya Dlug



Vice president and trust officer Alan Blair



R. G. “Kelly” Caldwell, Jr., CEO and president; James R. Woods, board of directors; Daniel B. “Danny” Williams, assistant vice president, information systems

## Danny Williams: computer guru is also a family man, youth coach

Even before Caldwell Trust Company existed, Daniel B. “Danny” Williams was involved. Now assistant vice president of information systems, Danny moved from his native Tampa to Venice in 1969. He met R. G. “Kelly” Caldwell, Jr., in seventh grade and the classmates began “hanging out” at the offices of Roland Caldwell, Kelly’s father and Caldwell Trust Company’s founder. Back in 1979, before anyone had heard of IBM PCs, Danny was intrigued by Roland’s equipment. “Roland was very leading-edge and I got interested in computers. I typed class papers on his word processor and took computer classes in high school.”



Danny and Kelly graduated from Venice High School together and Danny entered the University of Tampa, earning a B.S. in management information systems in 1988. From there he headed for a job on Nantucket Island, but Kelly called and asked him to come back. “It was a great decision,” Kelly says.

Roland and Kelly wanted Danny’s help in customizing mutual fund software for C/Funds, one of Roland’s investment innovations. From that point forward, Danny added a professional relationship to his personal friendship with the Caldwell family.

Roland had set up Caldwell’s first offices at the FCCI building in downtown Sarasota. “We mingled with FCCI’s 300 employees in the cafeteria and for after-hours recreational sports,” Danny says. “In 1991, one of those 300 employees became my wife, Kathy.” Then a recent FSU graduate with a B.S. in insurance, Kathy now performs testing and customer service functions for Tropics Software in Sarasota.

Danny and Kathy have three children. Heather, 17, is a competitive cheerleader, pole vaulter and high jumper for Venice High School’s track team. She plans to study aeronautical engineering. Fletcher, 7, and Natalie, 5, both students at Venice Christian School, enjoy soccer, bike-riding, tree-climbing and geocaching.

“Our whole family likes tent camping, in Florida during the cool months and high up in the Appalachian mountains when it’s too hot here,” Danny says. In addition, he is active with his church and also volunteers as a coach for youth soccer and girls’ softball. He recently became an active member of the Friends of Carlton Reserve, a group of volunteers who help maintain a large Sarasota County nature preserve.

The real gleam in his eye, though, comes from a habit his brother unwittingly started when he gave Danny a winemaking

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## Caldwell in the Community Suncoast Foundation turns Super Boat Races into needed facilities

“People know about the Super Boat Races, but not the story behind them,” says R.G. “Kelly” Caldwell, Jr., CEO and president. “They don’t realize that proceeds from these races have built dozens of sorely needed facilities for our community.”

The races began in 1985, when Sarasota leaders Hollis Tucker, Ron Foxworthy, Gene Whipp, Don Fisher and others sought a way to raise money for charity. “We could do a boat race,” they decided, and set up the Suncoast Foundation for the Handicapped to handle the event, now one of the longest continuously running race sites in the country.

“The neat thing is how they’ve structured it,” says Kelly. “They take a lease for \$1 per year on government surplus land, then raise money through the boat races to build facilities. Volunteers operate the races and local craftsmen donate in-kind services during construction. The Foundation typically erects a building for about 50 cents on the dollar, without a mortgage.” The Foundation controls the use of the buildings through long-term leases that they present to area charities for the handicapped, especially children.

Since becoming involved in 1992, Kelly Caldwell has served on the Foundation board in various offices. Besides donating services and funds, Caldwell Trust Company has also helped run such fundraising events as a golf tournament and a 5K race.

“Things come full circle,” he says. A bachelor when first involved with Suncoast, Kelly recently called on The Florida Center to help one of his sons with socialization. “Without the Suncoast Foundation, those services would not have been there.”

“We have raised over \$14 million to construct facilities for the physically and mentally challenged,” says Lucy Nicandri, festival director. “As we celebrate our Silver Anniversary, we send special thanks to Caldwell Trust Company and its employees for their continued support over the years.”



*Longtime race director Kevin Brown (in wheelchair; now deceased) and Suncoast Foundation president John T. Stafford (behind Kevin) cut the ribbon opening the John T. Stafford Campus & Kevin Brown Building at The Florida Center’s North Port Campus in 2008. Brown’s wife Julie looks on.*

## Profile

# Kathleen Toale is Caldwell Trust Company's newest director

**K**athleen Toale has joined the board of directors of Caldwell Trust Company, according to R. G. "Kelly" Caldwell, Jr., CEO and president. The Sarasota native and her husband, David V. Toale, recently retired as the second generation of management of Toale Brothers Funeral Home.



Kathleen Toale had worked at Toale Brothers, Inc., from 1979 until December 2006. Over the years, her responsibilities included human resources, marketing and advertising, advanced planning, insurances and profit-sharing. From 1982 through March 2006, she was also executive director of Florida for Trust 100, Inc. In that capacity, she coordinated the marketing and political issues for 12 independently owned and operated funeral homes throughout the state under the franchise of Trust 100, Inc., a national network of independent and family-owned funeral homes committed to increasing public awareness of the choices and options available for preplanning.

Kathleen is known to many through her extensive community service. "My focus is on volunteer services rather than social aspects," she says. Before joining Caldwell's board, she was a director of LandMark Bank of Florida for over six years. She was also trustee and board chair of Plymouth Harbor, Inc., as well as a director of The Argus Foundation, Community Foundation of Sarasota County, Downtown Association of Commercial Property Owners and The Glenridge on Palmer Ranch. A graduate of Leadership Florida—Class XV, Toale was a member of the Greater Sarasota Chamber of Commerce, its Better Business Council and R.E.A.L.

(Responsible & Enlightened Advocacy Through Leadership); Zonta Club of Sarasota; Senior Friendship Centers, Inc. and Senior Friendship Centers Foundation, Inc.; Sarasota Garden Club; St. Thomas More Catholic Church and the Congressional Committee Formation of the SW Florida National Cemetery.

"I was very honored to be asked to join Caldwell's board and to assist in the growth of the company," Toale says. Kathleen Toale and Kelly Caldwell met as directors of The Argus Foundation. "I have known Kathleen for several years," says Kelly Caldwell. "Along with her business and banking knowledge, she brings energy and enthusiasm. Caldwell Trust Company will benefit greatly from her contributions."

For further information about Caldwell Trust Company, call 941.493.3600, write to [info@ctrust.com](mailto:info@ctrust.com) or visit [www.ctrust.com](http://www.ctrust.com).

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## Danny Williams

kit for Christmas in 2001. "I enjoy making homemade beer, wine, and soda pop," Danny says. "My Munich Helles, which we served at a recent function, won a gold medal at the Best Florida Beer competition in February. Another of my beers was best of show (of 350 entries) there for the second year in a row."

Admired for his dry sense of humor, Danny finds much he enjoys at Caldwell. "It's interesting working for a small company," he says. "There's no cubby-holing. I get to do a lot of different things."

To contact Danny, call 941.493.3600 or write [danny@ctrust.com](mailto:danny@ctrust.com).

## CALDWELL TRUST COMPANY

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CHARTERED PRIVATE TRUSTEE • PROUDLY SERVING OUR COMMUNITY SINCE 1993

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James F. Gabbert, Chair  
Mary Ann C. Kraut  
Jack F. Meyerhoff  
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

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### 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.

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