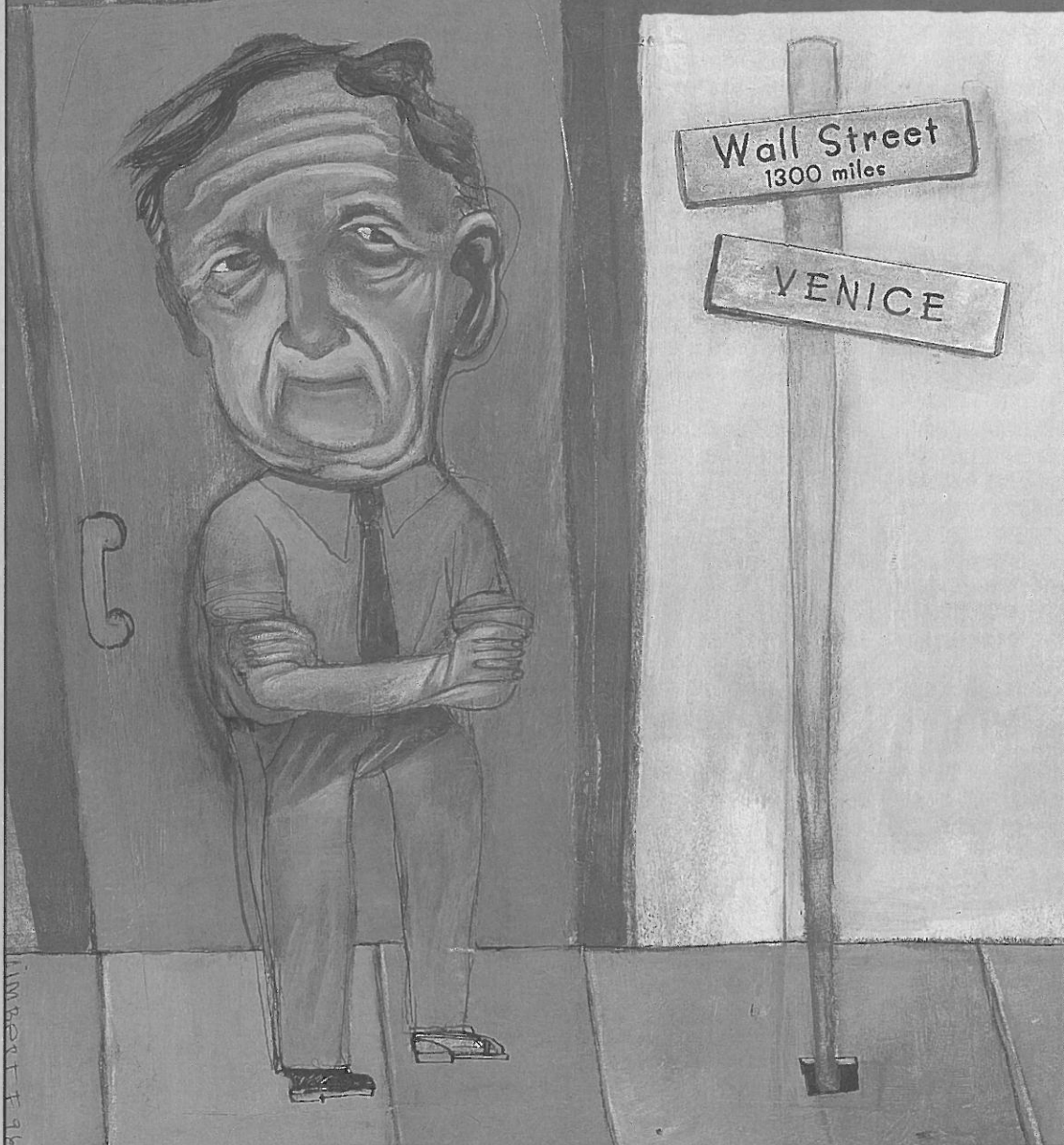


BUSINESS MONDAY

THE HOUSE ROLAND BUILT
CALDWELL TRUST FAMILY GROWS UP



The house that Roland built

Venice-based trust family surpasses \$100 million in assets and builds big local following.

By Patricia Ann McKanic
STAFF WRITER

Pipe in hand, dog at his side, Roland Caldwell does a lot of pondering these days. "What's next?" he asks himself.

Already checked off the list of things to do in life:

- ✓ Go to college
- ✓ Get married
- ✓ Have a family
- ✓ Build a company that means

never having to work for someone else again.

Now, the children are grown. Grown-up, too, is the House that Roland Built.

His Venice-based Trust Companies of America Inc. (TCA), is a multipronged entity that includes management of six mutual funds, a financial software-design company, an estate planning services unit and the flagship company, Caldwell Trust Co.

Caldwell is founder and chairman of TCA, and what's next could be building the company enough to sell its shares to the public.

"I can create the company they want to buy," he said of the stock-investing public.

He certainly knows how to create a popular trust company.

Assets managed by Caldwell Trust Co. have grown to \$100 million in little more than two years, and TCA plans to add trust offices by branching out or chartering new ones. Some within the Sarasota County area will carry the Caldwell name. Others may be chartered much like franchises, with TCA putting up much of the money.

How big does Caldwell want the company to get?

"We don't know where the number is," he said. "We know that we will never go where a client becomes a number. You can't depersonalize the trust business."

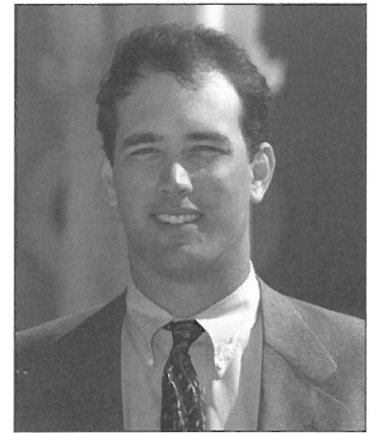
Caldwell's only son, Roland Jr.,

known as Kelly, is the heir apparent to the small empire Caldwell is building. Caldwell also has two daughters: Deborah, a software design engineer, and Molly, a veterinarian. Notes tacked to photos of Caldwell's toddler grandsons reveal his hopes for the future: one on the picture of 5-year-old Andrew says "Chairman, 2030," and one posted to that of 2-year-old Jeffrey says "President, 2035."

Caldwell himself has come a long way from his childhood in Depression-era Chagrin Falls, Ohio, where he picked potatoes for 7 cents a bushel. "We were dirt-poor," he said.

As a teen working "in rich people's houses I noticed they came home at 3 or 4 in the afternoon. They were stockbrokers, and I said, 'That sounds like a good idea.'"

TCA was built partly on those hard-etched memories of poverty. Like other children of the Depression, the fear of a return to hard times keeps Caldwell from



STAFF PHOTO / CARAH THOMAS MASKELL

resting on his laurels.

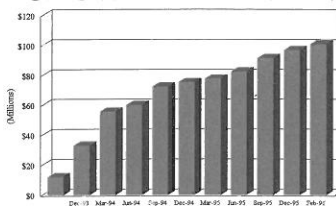
But the 63-year-old money manager, who's been described by longtime friends as a visionary, is comfortable enough with his success as a financial planner and investor to turn to another love: He hopes to be remembered for his writing.

He's already written an unpublished book, plus poems and short stories. "When I'm dead I'd like to be remembered as a writer. I'd like to think that the pinnacle of my success will be as a writer," he said.

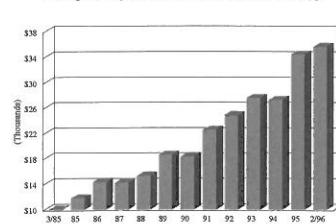
The seeds for trust

TCA grew out of what was

GROWTH OF ASSETS



ACTUAL RESULTS



"This is the actual investment performance of my original investment in shares of the old 'Caldwell Fund.' I never sold any and reinvested all dividends, and now my \$10,000 is worth over \$35,000 in just a little over 10 years."

A client, Venice, Fla.

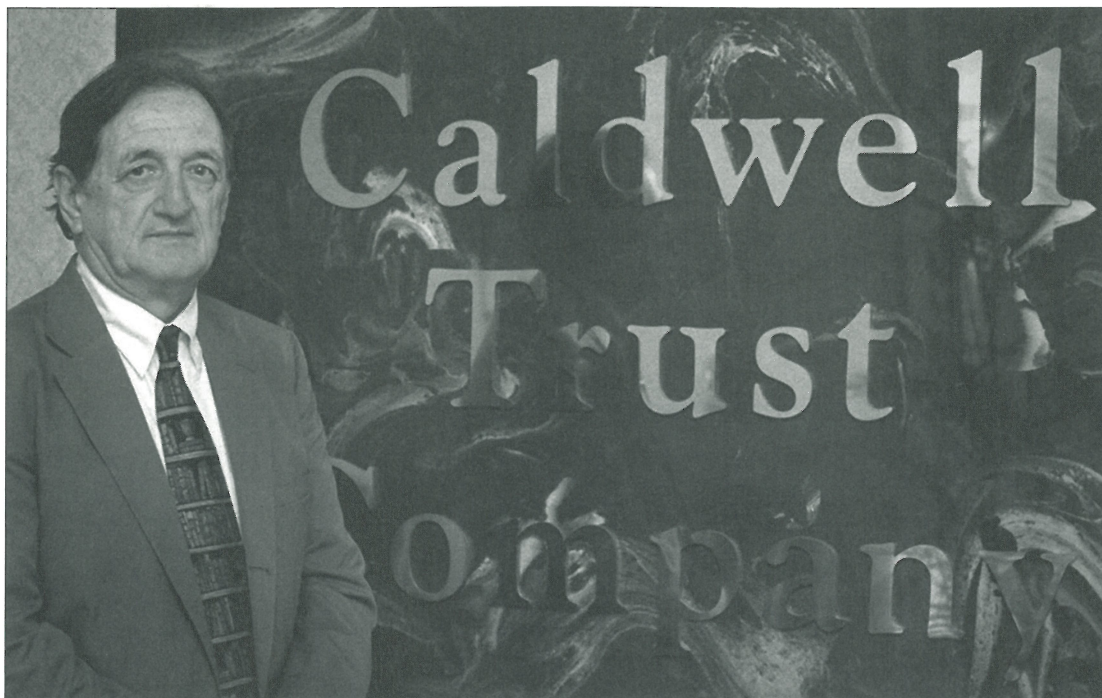


STAFF PHOTO / CARAH THOMAS MASKELL

Members of the board of directors of Trust Companies of America Inc. in Venice include, from left, Judith H. Wilcox, Edmund Campbell Jr., J. Sam Booth, Kelly Caldwell, Roland Caldwell, Herbert Howes, Jo M. Teague Jr. and Jack Meyerhoff.

To readers:

The *Sarasota Herald-Tribune* is aware that holders of Caldwell Funds would like to see them listed in the newspaper. They currently do not appear because they are not part of the mutual fund tables we receive from The Associated Press. We are working with the Caldwell group on the issue and hope to soon have them in the Business Monday publication.



STAFF PHOTO / CARAH THOMAS MASKELL

The way he sees it

ON WORK

"Successful Americans are the hardest working and most productive in the world, bar none, Japanese work longer hours 'formally', act more dedicated (culturally necessary), think more rigidly (and) thus are less productive in a real sense. Top European leaders take for granted they are 'owed' a lifestyle solely by virtue of position (a generalization from experience working with many). Class consciousness is culturally perpetuated in Europe. Americans today 'work' less than ever, but produce more, despite statistical ambiguities."

ON SUCCESS

"Financial success is the way we keep track of where we are. Those who seek financial success as a goal seem to have more family difficulties as well as (difficulties) with life in general, more often a distorted view of values, tend to lose their sooner and are too often shown - inaccurately, in my opinion - as depicting the 'typical, hard-driving, ulcer-laden, business person.' Sorry, but not true! Useful, lasting goals inhabit most successful achievers."

Caldwell Trust Co., which in turn grew out of Caldwell & Co., a short-lived consulting venture.

And that company grew out of Caldwell's frustration with working for other people.

After graduating in 1958 from Kent State University in Ohio with a degree in accounting, Caldwell worked at Cleveland Trust Co. as a securities analyst. In 1964, he moved to Muncie, Ind., to work at American National Bank, which was controlled by the Ball family, owners of the company that manufactures Mason jars and other products.

But Caldwell didn't really enjoy being the big fish in the small pond. Everywhere he went people sought investment advice.

"Everybody, at a cocktail party, on the golf course, wanted a piece of you. You really didn't have the ability to get away."

Caldwell asked someone at the Bank of New York "to get me out of here. Send me to Paris or someplace."

That somewhere turned out to be the Bahamas.

There he served as chief investment officer for Trust Corp. of the Bahamas, an international consor-

tium of financial institutions including Royal Bank of Canada, Morgan Guaranty, National Westminster and others. He was also instrumental in writing the first set of securities laws for the Bahamas.

He decided he needed to keep a closer eye on investments in the United States, though, and went to work for Palmer Bank in Fort Lauderdale.

In the early '70s he was transferred "kicking and screaming" to Sarasota, leaving his family behind in Fort Lauderdale.

Soon afterward, the bank merged with another.

"I said to them, 'I'm leaving,'" he said. "They said, 'Good, we were going to get rid of you anyhow'" as part of the merger.

"I said I'm done. No more employee, I will not work for anybody anymore again in my life."

He decided to stay in the Sarasota-Venice area rather than move to a financial capital like New York, because he didn't want to "commute two hours a day out of 24. I'm five minutes from work here. I go home for lunch a lot of time and sit with my dog up in my crow's nest, which is my office."

"I prioritized. What's important is to wealth-build. I want financial security for my family, and I want to do it my way."

His initial plan was to establish a company that would take advantage of his "big money contacts around the world" to put together deals. But that was a hit-and-miss proposition.

Caldwell & Co. instead became an investment adviser, and Caldwell went looking for clients.

One of his catches was First National Bank in Venice. Others included Englewood Bank & Trust and Port Charlotte Bank & Trust.

Ultimately, he'd lose all three because of mergers.

Caldwell said that First National's trust assets rose to \$325 million from \$8 million in the 17 years he advised the bank.

"Roland Caldwell is one of the best kept secrets in Venice, Florida," said Mickey Lawrence, a former vice president at First National who is now a senior vice president with Guaranty Bank in Venice.

"He was a good businessman, and he brought a lot to the table," Lawrence added. SunTrust Bank acquired First National, signaling the end of Caldwell's relationship with First National. After a non-compete agreement expired, Caldwell Trust Co. took shape.

"When I began to realize that (First National relationship) was going to go, I started thinking seriously about this," he said.

The family business

Trust Companies of America has two classes of stock.

In 1993, Caldwell sold private stock in Caldwell Trust Co.

When Caldwell and others such as Jack Meyerhoff, J. Sam Booth, Ed Campbell and Lloyd E. "Leo" O'Meara decided to form TCA, holders of Caldwell Trust Co.

KEY PORTFOLIO HOLDINGS

Caldwell Funds (as of 12/31/95)

C/Fund* (formerly Caldwell Fund)			C/Growth Stock Fund**		
Holdings: Common stock	78%		Holdings: Common stock	83.8%	
Fixed Income: (U.S. Treasury Notes)	22%		Fixed Income	16.2%	

TOP FIVE STOCKS	NUMBER OF SHARES	VALUE	TOP FIVE STOCKS	NUMBER OF SHARES	VALUE
Philip Morris Cos.	2,000	180,750	AFLAC Inc.	2,500	108,750
New Plan Realty Trust	8,000	174,000	Atlantic Southwest Airline	5,000	107,800
Bristol-Meyers Squibb	2,000	170,750	Stryker Corp.	2,000	105,000
Archer-Daniels Midland	9,028	162,504	Home Depot	2,000	97,750
Exxon Corp.	2,000	161,250	Fastenal Co.	2,000	85,250
Total portfolio value		\$4,331,213	Total portfolio value		\$2,090,799

*C/Fund started 3/1/85

**C/Growth Fund started 7/10/92

C/Funds Performance Year ended Dec. 31, 1995 (annualized returns)

FUND	ONE YEAR	FIVE YEAR	TEN YEAR	SINCE INCEPTION
C/Fund	26.18%	13.38%	11.33%	12.06%
C/Growth Stock Fund	22.81%	NA	NA	4.73%
C/Government Fund	12.34%	NA	NA	6.26%
C/Tax-Free Fund	10.47%	NA	NA	4.06%
C/Community Association Reserve Fund	6.29%	NA	NA	5.61%
Adams Equity Fund*	NA	NA	NA	-5.63%

*Fund started October 1995

Venice-based trust family comes of age

stock agreed to receive 125 shares of TCA stock for each share of Caldwell Trust stock they held.

TCA organizers, Caldwell family members and eight directors have shares worth 10 votes each. Others who own Caldwell Trust Co. stock have one-vote shares.

Combined, there are about 6 million TCA shares outstanding. The Caldwell family owns 61 percent of the voting shares and about 35 percent of the outstanding shares.

Caldwell is direct about why his family holds most of the voting shares. "We said, 'We're not going to allow anybody else to come in and take this away from us.'"

Keeping his eye on the future means Caldwell tries to take as little money out of the company as possible: His 1995 salary was less than \$50,000 with no performance bonuses.

"I take only what I need. If I take a salary out of my company, pay tax on it and turn around and make an investment with the excess, what am I doing? Every dollar that I leave (here) makes me wealthier by the multiple. I've never had to pay any taxes on any income I didn't need."

His compensation this year will be tied to performance but "it won't be \$5 million," he said.

Eventually, he'd like to sell stock in TCA to the public.

"Every bit of cash raised will go to form trust companies," he said, some as branches, some chartered as new companies.

Range of services

TCA is an intermingled set of wholly owned small companies that provide support and services to Caldwell Trust Co.

Caldwell calls the trust companies the "engine" of the business. About three-fourths of TCA's revenue is generated from the trust company. The other businesses of TCA are:

- Omnivest Research, which manages the mutual funds.

- C/Management, which provides investment services to banks, trust companies and insurance companies.

- C/Consulting, which handles asset allocation services.

- C/Data Systems, which was

founded by Kelly Caldwell. C/Data systems had a contract to manage TCA's accounting until TCA bought the company for about \$400,000 worth of stock. C/Data develops financial software and maintains TCA's computer systems and network.

- C/Planning provides estate family services.

The trust company uses the services of the other companies. Caldwell Trust Co. clients pay a fee that is a percentage of the assets held or managed by the trust.

Staffing TCA with people who had established reputations in the banking community was a bonus - their former bank clients often followed them to TCA.

All the employees own stock in the business, and there hasn't been any turnover at TCA since its inception.

"Turnover is deadly in this business," Caldwell said.

"People bank with people," said Lawrence, the former First National executive. A strength of Caldwell's, Lawrence added, is that "he has shown himself capable of surrounding himself with good people."

Working in Caldwell's favor, too, was timing.

First National Bank was a community bank - where customers could walk into the chairman's office or get loan approvals within minutes. When SunTrust bought First National, some of the hand-holding relationships went, too.

Venice Mayor Merle Graser, former chairman of First National, said Caldwell fills the void.

"He's looking for a niche like a community bank would. He's interested in going after the small accounts that a lot of big banks don't want," Graser said.

Picking stocks

Caldwell is a buy-and-hold money manager.

The one (trading style) that is the most productive over time - bottom line," Caldwell said.

The six funds in the C/Funds Group are managed by Omnivest Research Corp. Omnivest is Roland Caldwell. All of the funds are "no-load," which means there is no front-end fee to invest in them.

The C/Fund, formerly called the Caldwell Fund, is the oldest and largest. The largest holdings in the \$4 million fund are Philip Morris, the tobacco/food giant, and New Plan Trust, a real estate investment trust. Caldwell likes the stocks of U.S. companies.

"I want my international investments to be managed by U.S. managers, who are much better than anywhere in the world."

He picks securities after going through research from a number of organizations, including Callard Madden & Associates of Chicago.

"I outsource, I go to where the brains are, and I buy the brains," Caldwell said. From a list of 4,500 companies supplied by Madden, Caldwell chooses the 200 he finds most attractive.

The company also uses paid investment advisers. They include Arthur Laffer, the supply-sider economist who gained fame for his "Laffer Curve" theory on tax rates and as an adviser to President Reagan; Jude Wanniski, president and CEO of Polyconomics Inc. and a contributing writer and former editor with The Wall Street Journal, and Alan Reynolds, head of economic research at the Hudson Institute and another Reagan adviser.

"I would guess that his specialty is not deep company research," said Laffer, who now heads Laffer Canto economic research in San Diego. "I think his strength is bringing research opinions together, distilling it all and then Bang! making a decision."

What makes a company attractive to Caldwell?

"A company has to show that it's adding to shareholder wealth," he said.

An example? Coca-Cola, which he said is continually maximizing its existing assets, getting good profit growth from each dollar of capital invested.

That ratio between capital invested and profit growth is one of the keys Caldwell looks at, and when the two lines aren't showing a good pattern (he cites Wal-Mart) he avoids the stock.

In a field noted for the egos of various stock pickers, Caldwell isn't too full of his investment prowess. In fact, he's growing

comfortable with having money entrusted to him invested in a simple broad basket of stocks.

"I'm moving increasingly my money toward indexing," he says. "The indexes are outperforming everybody."

Indexing makes a portfolio match the performance of a defined market average, such as the Standard & Poor's Index of 500 stocks.

"In this day and age of instant information electronically it has become much harder for managers to beat the averages," Caldwell wrote in a recent newsletter.

In addition to writing the newsletter, Caldwell has also written an unpublished book - "The Mispricing of America."

Caldwell wrote the 75,000-word treatise on fundamental changes in securities pricing and valuation based on what he's observed. The book was written at Caldwell's Lemon Bay home Caldwell said when he writes he goes into "the zone," an almost euphoric state that lets him "forget my business world exists. I'm totally oblivious to everything when I write."

Some of the book, like mentions of Donald Trump, need to be updated before he could seek to have it published, Caldwell said.

A disciple of 93-year-old philosopher Mortimer Adler, Caldwell also writes poetry and short stories.

Writing poetry, he says, is "an enormous challenge."

So what is next for Roland Caldwell?

He wants to bare his soul in his writings, but doesn't see writing as a full-time gig anytime soon.

More pressing is making TCA a publicly owned, rapidly expanding company. As a fund manager, Caldwell said he's in a position to know what makes a company attractive and to create that company - one that gives shareholders high returns on assets.

Through C/Data Systems, Caldwell can maintain control of the company, no matter how big, from his office at 201 Center Road in Venice. Retirement, he says, "is a bad word."

"I can work as little or as much as I want to."