



# CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

JULY 2023 Newsletter | VOLUME LXXV

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President and Trust Officer



*Building Wealth | Preserving Legacy*  
**The Way It's Meant To Be**

# INVESTMENT LETTER | Is My Cash Safe?

Three banks have failed in the United States in 2023. This is a statement of fact, but a fact that strikes alarm in our minds and the minds of our clients. At this writing, the damage appears to be contained, although federal regulators are on high alert for risk factors that would send the industry back into a crisis. Treasury Secretary Janet Yellen acknowledged in late June that threats to the sector continue, but the expectation is for additional bank mergers vs. failures.

The reasons for the failures have been widely reported and analyzed. There is not a single cause to cite, but contributing factors include:

- Ineffective internal risk management by the banks in the face of rapid growth.
- A high percentage of uninsured deposits (those above the \$250,000 FDIC limit) vs. peer banks.
- Vulnerability to the rapid rise in interest rates that depressed the value of lower-yielding securities the banks needed to sell to meet the demand for client withdrawals.

The fallout had the hallmarks of a classic bank run. Customers demanded their deposits en masse, leading to the banks' insolvency.



Could the same dynamic play out for clients of Caldwell Trust Company? Simply put, the answer is no, and it boils down to the issue of custody. Custody differences matter.

Caldwell Trust Company (CTC) is an independent trust company. An independent trust company (or the trust department of a bank) must always hold assets for the benefit of its clients and can never corporately own the assets. In trust parlance, this is known as "held to order."

In contrast, for a bank to loan money, it must take possession of client deposits in their corporate name so that they can legally loan the money. Brokerage companies employ the same principle with securities by taking legal ownership of client securities. Once owned, brokerage companies can loan these securities out to other entities. By our banking charter, CTC can never take possession of client assets, nor can we ever make a loan of any type.

**INSURANCE** – The Federal Deposit Insurance Corporation (FDIC) protects depositors' cash held at insured banks, and the Securities Investor Protection Corporation (SIPC) protects customers' securities and cash in case a brokerage company fails. Banks and brokerage companies are required to have insurance because they make loans. When loaning money is your business model, there is a possibility that borrowers may not be able to pay back the loan. If enough borrowers default or if enough depositors demand their money back, this can lead to a bank failure. This is why regulators require insurance for banks and brokerage firms. CTC is not required by law to have either FDIC or SIPC insurance. Why not? Because CTC cannot loan our clients' assets.

**SECURITIES** - Most securities are held at the Depository Trust Company (DTC). DTC is for securities what the Federal Reserve is for cash. Most investment managers use a custodial firm for access to DTC services. From our inception, CTC decided to directly join DTC and its affiliates. Therefore, there is no intermediary between CTC clients and their assets. All DTC eligible securities are registered in the CTC client's personal name and reconciled daily.





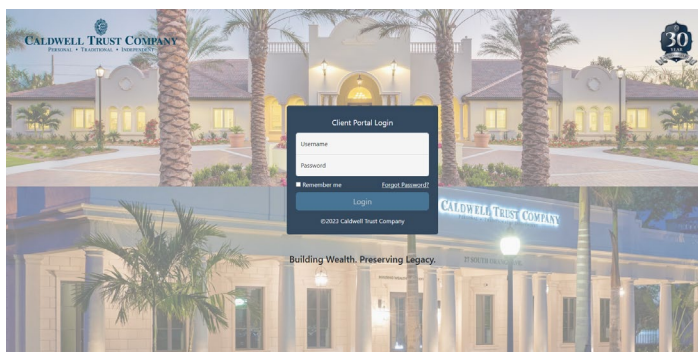
**CASH** - All cash is ultimately held at the Federal Reserve but is accessed through a member bank. CTC currently holds over \$150 million of clients' cash and utilizes seven member banks. The FDIC insurance limit is \$250,000 per entity. CTC solved being above the insurance limit by holding cash in the following ways:

- **INSURED CASH SWEEP (ICS)** – When CTC holds cash at one of our banks, all monies in excess of \$247,000 are redeployed through ICS to other banks at the rate of \$247,000 per bank. If we have a \$24.7 million deposit at one bank via ICS, there are one hundred banks, each with a \$247,000 deposit. This keeps 100% of that large deposit FDIC insured. ICS prevents any overlap between banks in the system.
- **COLLATERALIZED DEPOSIT** – If ICS is not used, CTC requires our banks to provide a pledge of 102% of our deposit amount using only U.S. government securities. If the bank were to default on our deposit, we would be able to collect and sell those government securities to ensure the return of our clients' monies.
- **TRUST DEPOSIT IN OUR SETTLEMENT BANK** – DTC requires CTC to use one of a handful of settlement banks. A settlement bank is one that will reconcile our daily net transactions with DTC. We utilize Huntington Bank as our settlement bank and hold all our cash in their trust department to keep it separate from the bank. Further, those assets are invested in a money market fund that owns only short-term government securities.

IN CONCLUSION, CTC's client assets and cash are always held to each client's order, and their assets are never loaned out for any purpose. CTC is positioned to always have clients' assets available and deliverable at a moment's notice. A trust company or trust department of a bank is the safest place to hold assets.

## SPECIAL ANNOUNCEMENT

*New* Enhancements to the Client Portal Experience Coming in August!



## Lights, Camera, Action!



At Caldwell Trust, we believe in the power of community and the importance of investing in meaningful partnerships. That's why we are thrilled to announce our recent collaboration with ABC7, where our Senior Executive Vice President, Jan Miller, had the opportunity to film a special segment of the Suncoast View. Stay tuned for the upcoming segment on ABC7. Thank you for trusting Caldwell Trust as your financial partner!

## A LEGACY CONTINUES

## First Son Embarks on a Journey at the University of Florida!



We would like to take a moment to recognize the outstanding accomplishments of Brooks Caldwell, the eldest son of Kelly and Melissa Caldwell. Brooks recently graduated Summa Cum Laude with an International Baccalaureate diploma from Venice High School, showcasing his unwavering dedication and academic excellence.

Throughout his high school journey, Brooks achieved remarkable milestones, including receiving the Venice High School Golden Eagle Award and serving as the Captain of the Varsity Swim team. In addition, he actively contributed to his community as a member of the National Honors Society, the Drug-Free Youth Program, and as a Sarasota County Sheriff's Activity League Mentor.

Brooks is committed to personal growth and service beyond his school and community involvement. He excelled as a Scholastic Clay Target Shooter, earned his Private Pilot's license, and Boater's license, and even accumulated over 200 community volunteer hours.

Brooks' outstanding academic performance and exemplary character earned him the esteemed Bright Futures Florida Academic Scholar Award, covering 100% of his tuition fees. His dedication, passion, and accomplishments are a testament to his exceptional abilities. We congratulate Brooks as he begins his next chapter at the University of Florida in Gainesville!

## A BEACON OF COMPASSION

## Second Son Honored with the Prestigious 2023 Anne Frank Humanitarian Award

We talk about preserving legacies at Caldwell Trust Company. While that mainly pertains to our clients and their families, it extends to the Caldwell family and the community where we live, love, work, and play.

Kelly Caldwell learned at a young age that it is an honor to serve others and always do the right thing. Roland G. Caldwell Sr., the founder of Caldwell Trust Company, instilled that family virtue in him at an early age.

As Kelly and Melissa's three sons grow up before their eyes, these proud parents recently learned their middle son, Zach, is an honoree of the 2023 Anne Frank Humanitarian Award by The Florida Holocaust Museum. This prestigious award honors outstanding humanitarian efforts by high school juniors throughout the five-county bay area: Pasco, Pinellas, Hillsborough, Manatee, and Sarasota. These students make conscious decisions to better the lives of others. The award recipients have collectively spent thousands of hours providing service and volunteerism to our community. They live the museum's mission by bringing hope and positive change to their school, communities, and the world.





## GENEROSITY IN ACTION

## Caldwell Trust Co Board Members Choose Tidewell Foundation for \$5k Donation

Caldwell Trust Company's board of directors continues to support worthy community organizations through its annual Board Giving Project. This year they chose Tidewell Foundation as the recipient of the annual \$5,000 donation. The decision was made by the esteemed board members of Caldwell Trust Company, Trustees' recognized the invaluable impact of Tidewell Hospice in providing comprehensive care and support to individuals and families facing advanced illnesses, grief, and loss.

The board members of Caldwell Trust Company, renowned for their commitment to making a positive difference in the lives of the community, gathered to deliberate on the selection of this year's donation recipient. After thoughtful consideration, the board unanimously agreed that the Tidewell Foundation stood out as an organization that aligns with Caldwell Trust Company's values and mission.

Tidewell Hospice has a long-standing history of offering solace, comfort, and assistance to individuals and families during life's most challenging moments. Through their holistic approach to care, they provide medical services, emotional support, and bereavement counseling, ensuring that patients and their loved ones receive the comprehensive support they need.

The \$5,000 donation from Caldwell Trust Company will be utilized by the Tidewell Foundation to expand the bereavement support programs, enabling them to reach more individuals and provide vital assistance during their most vulnerable moments. This contribution will further empower the foundation to continue making a meaningful difference in the lives of those they serve.

"We are honored to support the Tidewell Foundation and their exceptional efforts in providing care and comfort to individuals and families during challenging times," stated R.G. "Kelly" Caldwell, Jr, President and CEO at Caldwell Trust Company. "Their commitment to compassion and support aligns perfectly with our own values as a company. We are confident that our contribution will enhance the foundation's impact and bring solace to those in need."



Delesa Morris, M.S., CFRE, Interim President of Tidewell Foundation stands between Caldwell Trust Company board members CEO/president R.G. "Kelly" Caldwell Jr., Tom Stuhley, Giving Project chair Mack Reid, and Marge Maisto.



*In Memory of our Founder, Roland G. Caldwell*  
*11/10/1933 – 4/24/2023*  
*Caldwell Trust Company*

Roland Sr. penned the mission of Caldwell Trust Company in "What We Believe," his blueprint for the highest standards of "unwavering conduct, loyalty, personal integrity, and honesty" required of a person serving in a Fiduciary capacity in the investment and trust business. "What We Believe", continues to serve as the North Star of Caldwell Trust Company today.

## WELCOME ABOARD

## Jennifer Niedzinski, J.D., Joins Caldwell Trust as Senior Vice President and Trust Officer



Based in Caldwell Trust Company's Venice headquarters, Niedzinski, who holds a Juris Doctorate, brings a wealth of experience and knowledge in the law, trust administration, wealth management, and investment advisory services for families, trusts, businesses, and charitable organizations.

Niedzinski has a proven track record of delivering exceptional results to clients through her keen understanding of the legal and financial intricacies involved in managing trusts.

"We are extremely pleased that Jennifer has joined Caldwell Trust Company, says R.G. "Kelly" Caldwell, Jr, president, CEO, and chairman. "Her impressive legal background and trust administration experience will undoubtedly significantly impact enhancing our service to our clients."

Jennifer Niedzinski, J.D. has been working with clients regarding trust and estate matters since 2003. Before joining Caldwell Trust Company, she was a Senior Trust Advisor and Senior Vice President at the Northern Trust Company.

Before relocating to Florida in 2016, Jennifer was a practicing attorney with Sjöberg & Votta Law Offices in Warwick, Rhode Island, for 13 years, licensed in Rhode Island and Massachusetts. Her practice was focused mainly on estate planning, trust, estate administration of varying complexities, and estate litigation. As a practicing attorney, Jennifer contributed to several published and precedent-setting cases.

A native of New Jersey, Jennifer attended Northeastern University before transferring to Roger Williams University, where she earned her B.A. in Social Sciences and her J.D. from Roger Williams University School of Law.

Jennifer serves on the Senior Friendship Centers' Board of Governors and is a Riverview High School mentor through Faces of Accomplishment. She and her husband, Ken, reside in Nokomis with their three dogs.



At Caldwell Trust Company, we pride ourselves on our proactive approach and unwavering commitment to doing what is right for our clients. We believe in going the extra mile to anticipate their needs and provide exceptional service that exceeds expectations. Our dedicated team consistently takes the initiative to ensure our clients' best interests are protected and their financial goals are achieved.





# CALDWELL TRUST COMPANY

PERSONAL • TRADITIONAL • INDEPENDENT

*Building Wealth | Preserving Legacy*

CHARTERED PRIVATE TRUSTEE  
PROUDLY SERVING OUR COMMUNITY SINCE 1993

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## PROUD MEMBERS OF

Charlotte County Chamber of Commerce

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Manatee Chamber of Commerce

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## CONTACTS

Scott Antritt, [scott@ctrust.com](mailto:scott@ctrust.com)

Alan H. Blair, [alan@ctrust.com](mailto:alan@ctrust.com)

Tony Blasini, [tblasini@ctrust.com](mailto:tblasini@ctrust.com)

R. G. "Kelly" Caldwell Jr., [kelly@ctrust.com](mailto:kelly@ctrust.com)

Alisa Craton, [acraton@ctrust.com](mailto:acraton@ctrust.com)

Wendy Fishman, [wendy@ctrust.com](mailto:wendy@ctrust.com)

Reppard Gordon, [rgordon@ctrust.com](mailto:rgordon@ctrust.com)

Gina B. Jordan, [gjordan@ctrust.com](mailto:gjordan@ctrust.com)

Sonya Kristie, [sonya@ctrust.com](mailto:sonya@ctrust.com)

Jan Miller, [jan@ctrust.com](mailto:jan@ctrust.com)

Leonard Nagel, [leonard@ctrust.com](mailto:leonard@ctrust.com)

Gail Neujahr, [gneujahr@ctrust.com](mailto:gneujahr@ctrust.com)

Jennifer Niedzinski, JD, [jniedzinski@ctrust.com](mailto:jniedzinski@ctrust.com)

Kendall Peacock, [kpeacock@ctrust.com](mailto:kpeacock@ctrust.com)

Sandra L. Pepper, [sandy@ctrust.com](mailto:sandy@ctrust.com)

Donna Scaglione, [donna@ctrust.com](mailto:donna@ctrust.com)

H. Lee Thacker Jr., [thacker@ctrust.com](mailto:thacker@ctrust.com)

Sheryl Vieira, [sheryl@ctrust.com](mailto:sheryl@ctrust.com)

Nolan Wiggs, [nwiggs@ctrust.com](mailto:nwiggs@ctrust.com)



## VENICE OFFICE

1400 Center Road, Venice, FL 34292

941.493.3600 • Toll Free: 800.338.9476 • Fax 941.496.4660

## SARASOTA OFFICE

27 S. Orange Avenue, Sarasota, FL 34236

941.926.9336 • Toll Free: 877.926.9336 • Fax 941.926.9335

[www.ctrust.com](http://www.ctrust.com) • [info@ctrust.com](mailto:info@ctrust.com)

