

VIA FEDERAL EXPRESS

February 28, 2008

The Private Trust Company, N.A.
Attention: Maia Ward
1422 Euclid Avenue, Ste. 1130
Cleveland, OH 44115-2001

RE: BEN MARTIN TRUST

Dear Committee Members:

Pursuant to a recommendation by Maia Ward, please find the following request.

As Investment Advisor to the Ben Martin Trust, we are seeking approval by the Management Committee to increase the Trust's investment allocation to tax-deferred annuity investments from the current threshold of 50% (or \$4M) to 85% (or \$7M). We are making this request as a result of the uncommon nature and circumstances surrounding these assets and the unique planning benefits that tax-deferred annuities provide in accomplishing our client's primary goal of income deferral with conservative growth.

Why no mention of the illegal commissions?

Background / History

The Ben Martin Trust is a Credit Shelter Trust which was created at the death of Ben W. Martin in 1974. The Trust is "outside" of the estate of our mutual client, Joyce Martin Smith, Ben Martin's surviving spouse. Joyce is the current income beneficiary of the Trust and her four adult children – Cherie Martin, Suzanne Martin Etahiri, Ben Martin Jr. and Michelle Baker - are the remaindermen who will receive the proceeds from the Trust at Joyce's death.

When we began working with Joyce and her family two years ago all the income from the Ben Martin Trust was "flowing back" into Joyce's personal estate which has a value separate and apart from the Ben Martin Trust in excess of \$------. This income was not – nor is it currently - needed by Joyce and only serves to add to her taxable estate which is currently subject to an estate tax in excess of \$------. As a further consequence, the corpus of the Ben Martin Trust has not increased in value over the past 7 years – a product of the conservative nature of the investment portfolio (70-90% is in fixed income) in conjunction with the mandate that all the income be paid to Joyce.

→ McCranie's claim he "worked" with us is odd. The account was moved in secret. Then later the trust officer tried to withhold annual statement.

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All remaindermen have qualified for SS benefits at 62 and have maintained good credit.

One of Joyce's primary goals is to decrease her exposure to estate taxes while maximizing the assets available to her children at her death. In keeping with this goal, last year we sought and were granted approval by the Trust Investment Committee to fund up to \$4M of the Trust with tax deferred variable annuities, a planning strategy commonly employed with Credit Shelter Trusts. As you know, this strategy enables a deferral of the income produced by those investments held inside the annuities, therefore preventing it from increasing Joyce's personal estate and, as a result, the value of the Ben Martin Trust (which will not be subject to estate tax) increases for the future benefit of Joyce's children.

* The Remaindermen

Please note that over the years we have worked personally with each of Joyce's four children in planning the overall estate and we are confident that this strategy - and its desired outcome - is perfectly in line with their personal interests and risk tolerances. Throughout our ongoing relationship, the children have expressed their desire that the Trust assets be positioned with as little stock market exposure as possible, while maintaining a focus on fixed income and guaranteed investments. Moreover, please know that presently none of Joyce's children are gainfully employed and all of them are dependent upon her for their primary subsistence. They live near the poverty level and each of them wants to make sure that this asset is conserved for their future, often referring to the Trust as their "retirement account".

Not True

Considerations of Interest

We have sought the counsel of Joyce Martin Smith's estate and tax attorney, Tim Flanagan, regarding the issues surrounding the Ben Martin Trust. He is in agreement with the implementation of the tax deferred variable annuity strategy that we have proposed.

We are utilizing only high quality tax deferred variable annuities which provide the use of sub-accounts that span the entire investment spectrum offering complete flexibility to rebalance the portfolio within the annuity. These types of annuities not only offer access to some of the best investment managers in the industry - PIMCO, Capital Guardian (American Funds), T. Rowe Price, etc. - through their sub-accounts but they also provide a guarantee of the original investment through a standard principal guarantee death benefit. In this way, the remaindermen's primary desire that the Trust's assets be preserved is further accomplished. Furthermore, the insurance companies being employed are among the strongest and highest rated in the world, John Hancock (AAA) and ING (AA), respectively.

Joyce is an experienced investor with over 20 years of investment experience. We have reviewed the prospectuses in detail with her. She is aware of the additional expense that will be incurred by the use of variable annuities (approximately 1% annually to the insurance company) as well as the longer term commitment to these investments and the potential surrender penalties for early withdrawal.

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Note, these potential surrender penalties would not be a consideration at Joyce's death as 100% of the annuity assets are free of surrender upon the death of the annuitant.

Joyce understands the tax implications of investing through annuities, i.e. converting capital gains to ordinary income. She is also aware that the income will need to be paid out (to the children) within five years of her death. Given the fact that this income will be distributed to each of the four children - all of whom are in the lowest income tax bracket - with the flexibility to do so over a five year period, we are not overly concerned about any additional tax burden being imposed by the use of this strategy. Furthermore, please remember that almost all of the investments within the annuities are to be income oriented and therefore are not subject to this conversion of tax.

Alternative Strategies

We ask that the Committee Members recognize the lack of suitable alternative strategies to accomplish the client's (and remaindermen's) goals, for example -

The use of equities - One common strategy to accomplish the goal of reducing current income and increasing the assets for the remaindermen would be to invest a greater portion of the trust assets into equities for growth. However, this would not suit Joyce's very conservative risk tolerance nor would it suit the remaindermen's. Note that over 90% of Joyce's liquid assets held in her personal estate (approximately \$13M) are invested in AAA rated municipal bonds.

In regard to equities, it is our intention to utilize them within the portfolio in an amount that corresponds with Joyce's (and the remaindermen's) desires and risk tolerance, i.e. 10-20% of the portfolio. Given the uncertainty of the current investment market and the remaindermen's desire that the assets be preserved, coupled with the issues surrounding Joyce's health, we are recommending that half and as much as all (if the client desires) of the equity exposure within the portfolio be inside the annuities. In so doing, the future beneficiaries are afforded the potential upside of the equity market with the additional protection of principal through the death benefit guarantee. In essence, we are insuring this portion of the portfolio against market loss thereby mitigating the potential downside of the overall equity exposure. This affords our client a greater degree of comfort and confidence in investing in the stock market which historically has provided greater returns over long term investment horizons. Simply stated, our goal is to enable the client to insure any portion (or all) of the Trust's stock market exposure for the benefit of the remaindermen.

The use of long term zero-coupon tax free bonds - These bonds, which do not pay out current income, ultimately pay tax free income upon maturity. This strategy would place two additional burdens upon the trust assets - first, the potential that the bonds come due while Joyce is still living, therefore requiring the payment of a large amount of deferred income back into her estate and second, buying long term zero-coupon tax free bonds produces a markedly increased exposure to interest rate risk

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(due to the bonds' high duration) at a time when rates are historically low and the potential for inflationary pressures and corresponding rate increases (to combat inflation) could significantly imperil the value of the underlying investments. As you may know, long term zero coupon bonds are predominantly used to "immunize" the interest rate risk of a pension fund's or insurance company's long-term liabilities and represents an ill-advised strategy here.

Summary

In summary, we are seeking approval by the Management Committee to simply expand the implementation of a planning strategy commonly employed with Credit Shelter Trusts where the income is not needed, nor desired, by the surviving spouse and the goal is to pass the greatest amount of wealth possible to the trust beneficiaries in the future.

By increasing the Trust's investment allocation to tax-deferred annuity investments from the current threshold of 50% to 85% we can effectively "own" the well diversified, conservative portfolio the client (and remaindermen) desires while completely "shutting off" the income (and resulting growth) of the portfolio from flowing back into Joyce's personal estate where it ultimately will be eroded by approximately 45% through estate taxes. Please also note that all the income that will be accumulated within the annuities over the coming years will still be available to Joyce in the unlikely event that she should ever need it.

Enclosed, please find for your review an analysis performed on the settlement of the Joyce Martin Smith Estate with the implementation of this strategy. Please note the positive impact of this strategy on the estate to be approximately \$2.5M over 10 years (using very conservative assumptions). Additionally, attached is a piece by John Hancock regarding the use of this wealth transfer strategy with Credit Shelter Trusts.

We welcome the opportunity to discuss this matter further or address any concerns you may have. Thank you for your continued support and the wonderful service that The Private Trust Company provides.

Best regards,

Michael S. McCranie

Todd D. Mitchell

Enclosures