

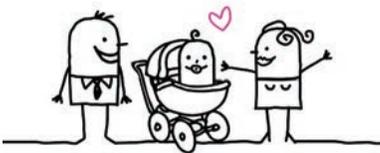
PRACTICING LAW

Jack Davidson



My first job after I graduated from law school was as a tax editor for Prentice Hall. My selection was dictated primarily by a steady but small income stream which helped me to survive financially. Just married, my spouse's income was very important. I now had the opportunity of finding out what I would like to do...but I had no plans to become a practicing lawyer. Admission to the New York Bar created opportunities in many economically sustainable areas in the corporate world. So, my first lesson was that writing tax articles in a cubicle lacked a certain amount of people contact, and the future income stream also required spousal income to live in New York City, even though we lived in a rent controlled apartment.

Shortly after I started employment in my semi-private cubicle, surrounded by other lawyers who seemed to welcome private cerebral activity, my

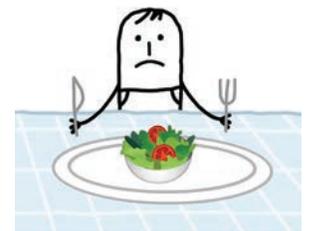


wife informed me that approximately 8 months into the future she would become, at least temporarily, a stay-at-home mother. I panicked. Her brother worked at Chase Manhattan Bank and my plea was *"David, can you get me a job there? Their pay may be a sustainable source of income for a one-earner household"*. He suggested that my background made me a desirable candidate for their trust department. So he arranged an interview, and at the last minute, he told me that

he had discovered that they no longer wanted to hire law school graduates simply because their tax and trust accounting expertise, taught in-house by Chase, made them attractive to law firms and their stay at Chase would often be too brief.

Enroute to the Chase Manhattan Plaza for my interview, I had little excess cash reserves, nor did I have a credit card. It is my recollection, perhaps influenced by an unexpected trauma, that I had approximately \$4.00 in my pocket. My interview was scheduled over lunch on the 60th floor. I was handed a menu. It caught me off guard. They did not use decimal points on the menu...I see a simple salad for 350, beef stew for 500, and the list and cost simply grew in number and attractive choices. I simply ordered a salad knowing that my salad

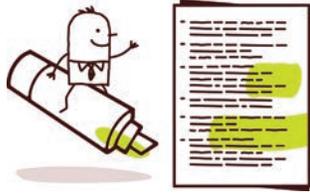
would cost \$3.50, and I was concerned about taxes and the need to tip. During the interview, it became evident that I was not designed to be a practicing lawyer and my selection, after a shy and



thoughtful examination of the menu, probably helped. I was hired. As I was leaving, I realized that Chase paid for the lunchthe decimal points were not needed. The menu simply enlightened me as to the impact of what I might consume: my calories.

In retrospect, I made the right decision. Working at a trust company involves both cerebral activities and long-term relationships. Those practicing attorneys who do estate planning have to struggle with the

best plan and billable hours. In the trust world, we do not charge by the hour. Our culture aligns well with our clients. When the market goes up or down, our fees go up or down. Often, tax planning aligns in the same way when we suggest to our client that they should see their lawyer to have more in trust for their next generation.



TRUST COMPANIES CANNOT PRACTICE LAW

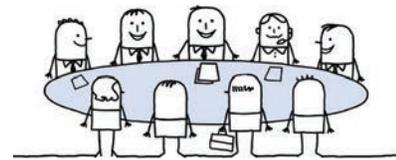
State laws and rules of professional conduct may vary from state to state. Working at Trust Company of Vermont, we cannot practice law in any shape or form. The problem is the shape or form. Years ago, having been a member of the New York Bar, I was told that it was unethical for lawyers to act as executors or trustees. Then I discovered that in Massachusetts it was not deemed unethical. And in one case, I came across a law firm that appointed a lawyer in the firm with a clause that allowed other lawyers in the firm to replace the lawyer. Thus, the law firm became the equivalent of a trust company, but not subject to state or federal regulation and the significant impact of the reduction in their bottom line, if regulated.

Based in Vermont, our rules of conduct follow not only the local rules of practice but also the concept that our client is our neighbor and we both plan on staying in town. We now have five lawyers employed by the Trust Company. They cannot represent clients. They cannot draw up legal documents, such as trust and wills for clients. And we do not have a sales incentive program that might encourage a conflict of interest. Dealing with clients and prospects, our goal is to make general recommendations, when needed, to encourage the client to meet with their lawyer, and our specific recommendations may be tendered to the lawyer as suggestions.

Why do you hire a lawyer? So you can have a legal and enforceable plan best designed for you.

Why does the Trust Company have five lawyers, if they can't design specific estate plans for our clients? They contribute their well-honed skills, such as trust administration and tax administration, in the context of highly complex documents. Lawyers have a history of cases that deal with the ethical responsibility of the lawyer. They understand that the client comes first. We embrace this as well.

So why have four previously practicing lawyers with impressive skills joined us? I think CEO Cassidy has, as they say, "hit the nail on the head", because our principles are focused on long-term employment of our staff and long-term relationships with our clients. We watch out for both.



Going back in time to Chase Manhattan Bank, when law firms wanted Chase's well-trained trust staff, times may have changed. Or perhaps the Wall Street culture did not migrate to Vermont. That said, we don't go after lawyers. We may only selectively embrace them when they show up at our door.

