

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**A REVIEW OF THE FACTORS THAT CONTRIBUTED TO THE
CLOSURE OF THE FIRST INDEPENDENT TRUST COMPANY**



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January 31, 1991

F-041

Honorable Robert Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

Summary We reviewed the factors that contributed to the closure of the First Independent Trust Company (FITCO), which the State Banking Department (SBD) took possession of on May 19, 1989. During our review, we determined that FITCO reported significant operating losses in five of the nine years from 1981 through 1989 and that it did not maintain adequate resources to pay its short-term obligations. As of April 30, 1989, after SBD adjusted FITCO's records, FITCO's accumulated losses exceeded its shareholders' contributed capital by approximately \$457,000, and, according to its last quarterly financial report, dated March 31, 1989, its short-term obligations exceeded its resources available to pay them by approximately \$2.8 million. Included in this amount were some student loan fees, refunds, and cancellations that FITCO did not pay as required by regulations of the federal government's student loan program.

Because of these unsound financial and student loan operations, FITCO was vulnerable to reductions in its business operations, especially in its student loans, which represented 44.5 percent of

the investment of its trustors' assets as of March 31, 1989. Such reductions began in 1988 when the Higher Education Assistance Foundation (HEAF) discontinued guaranteeing the student loans of all lenders, including FITCO, in 18 states. In addition, the Bank of America, acting as trustee for the California Student Loan Finance Corporation (the Bank of America acting as trustee for the California Student Loan Finance Corporation is referred to as CSLFC), discontinued buying student loans from FITCO when CSLFC encountered problems in servicing them. In a letter to SBD, FITCO stated that it made \$76.5 million (85 percent) fewer student loans in February and March of 1989 than it had in the same months in 1988. Because FITCO relied on its student loan operations for much of its revenue, these events were major factors contributing to a significant reduction in FITCO's inflow of cash available to pay its obligations and support its ongoing operations. As a result of the problems with financial and student loan operations that contributed to FITCO's closure, FITCO's trustors may lose an estimated \$5 million of their assets. As of January 1991, SBD is still in the process of completing negotiations with various parties related to some of the assets of FITCO's trustors, so the total losses to FITCO's trustors are not yet known.

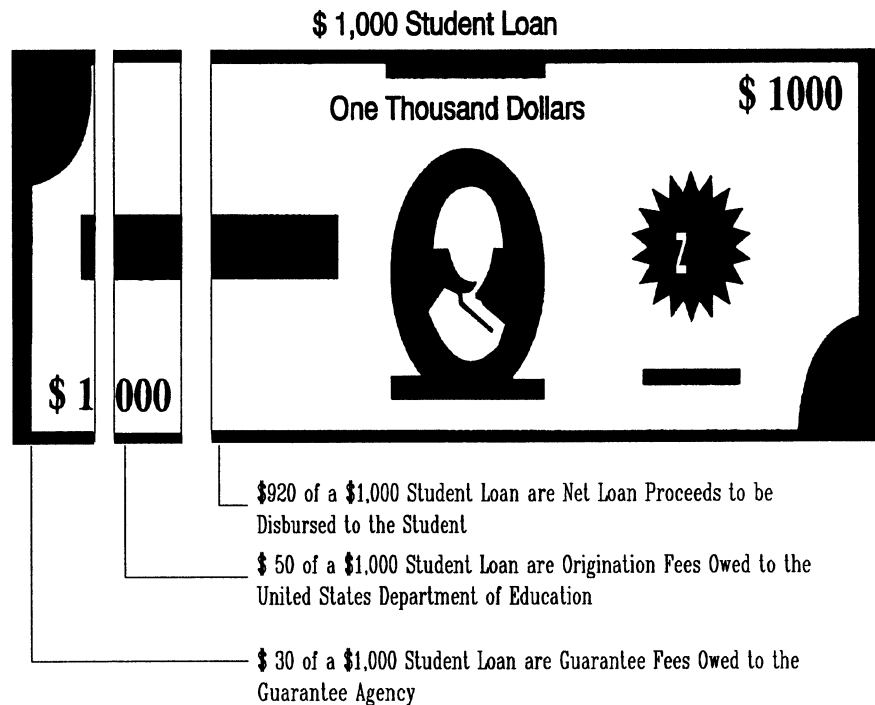
Background Incorporated in the State of California in 1975, FITCO transacted business in two separate capacities: as a corporation engaged in a trust business and as a trustee managing its trustors' assets. As a corporation, FITCO sold shares of its stock to investors, who thus became shareholders constituting the ownership of FITCO. They held an interest in FITCO's income or losses. FITCO used the money it received from its shareholders to fund its operations and earn revenues. FITCO's primary source of corporate revenues was fees received from its trust operations. As a trustee, FITCO agreed to manage the assets of its trustors, who may be individuals or entities, in accordance with the terms of agreements between the trustors and FITCO. For example, some of the agreements specified that FITCO would use the trustors' assets to make

student loans. Under these agreements, FITCO promised its trustors a specific rate of return on their assets, a rate of return based on the average interest rates paid by the United States Government on 91-day treasury bills. Unlike FITCO's shareholders, the trustors did not hold an interest in FITCO's income or losses, but only in the assets FITCO agreed to manage for the trustors plus the amount of the return FITCO promised them as part of their agreement.

The Federal Government's Guaranteed Student Loan Programs

Beginning in 1980, FITCO entered into agreements with guarantee agencies to participate in the federal government's student loan program as a lender of student loans. A guarantee agency is a state government or nonprofit entity, such as the California Student Aid Commission (CSAC) or HEAF, that guarantees lenders against losses resulting from a student's failure to repay a student loan. Under the student loan program, which is administered by the United States Department of Education (ED), the lender lends students money to pay the costs of attending postsecondary schools. The program's regulations require that, for most loans, the lender pay loan origination fees of 5 percent of the loan to ED and guarantee fees of up to 3 percent of the loan to a guarantee agency. The regulations state that the lender may deduct the origination and guarantee fees from the amount of the loan before disbursing the loan to the student. For example, a lender who makes a \$1,000 loan to a student may deduct 5 percent (\$50) of the total loan for the loan origination fee and 3 percent (\$30) for the guarantee fee. The lender owes the origination fee of \$50 to ED, the guarantee fee of \$30 to a guarantee agency, and the remaining \$920 to the student. Chart 1 shows the distribution of the \$1,000 student loan.

Chart 1 Distribution of a \$1,000 Student Loan



The program's regulations also require the lender to perform prescribed procedures to service the loans, including updating the status of the loan and taking specific steps to collect the loan when a student fails to make scheduled payments.

To encourage lenders to make loans to students, ED agrees to pay the lender interest supplements on eligible loans and reimbursements for losses on defaulted loans if the lender complies with the program's regulations, including those regulations requiring the payment of guarantee and origination fees. The interest supplements consist of interest payments and special allowance payments ED makes to the holder of loans on behalf of students. For example, for certain student loans, ED pays the lender interest while the student attends school at least half-time and for a six-month grace period after the student is no longer enrolled in school. In the case of a \$1,000 loan with an 8 percent interest rate, ED would pay the lender the interest on the loan, in this case \$80 annually. During the life of the loan, ED would also make special allowance payments to provide lenders the difference between

the student loan interest rate and the average of the bond equivalent rates on 91-day treasury bills, plus 3.25 percent. The rate of the special allowance payment is calculated each quarter. In the case of a \$1,000 student loan with an 8 percent interest rate when the average of the bond equivalent rates on 91-day treasury bills is 9 percent for each of the four quarters in a year, ED would pay the lender the difference between the loan rate of 8 percent and the average rate of 9 percent plus 3.25 percent. In this case, ED's total annual special allowance payment to the lender would be 4.25 percent (\$42.50).

If the lender complies with the program's regulations, including the payment of guarantee and origination fees, the lender is also entitled to receive reimbursements for losses resulting from students' defaulting on their loans. The guarantee agency insures loans by reimbursing the lender for these losses. In addition, ED will reinsure the loans by reimbursing the guarantee agency for up to 100 percent of the amount the guarantee agency paid to the lender for defaulted loans.

A lender who makes a student loan may subsequently sell the loan to another lender, called the secondary market buyer, before the loan has been completely repaid. Lenders who sell their loans to secondary market buyers recapture their investment in the loans more quickly than lenders who do not. For example, a lender who makes a student loan and holds it until the student completely repays the loan will not recapture its investment for a number of years. However, a lender who makes a loan and sells it before the loan has been repaid will recapture the investment in a shorter time. In addition, the lender may earn revenue by charging the buyer a fee for generating the loan. As with lenders, secondary market buyers of student loans must comply with the program's regulations to receive interest supplements and reimbursements for losses on defaulted loans. When a secondary market buyer purchases a student loan, the buyer becomes responsible for servicing the loan.

FITCO's Involvement in the Student Loan Program

From 1980 to 1989, FITCO made over \$1 billion in student loans. Towards the end of this period, FITCO was the third largest maker of student loans in the nation. FITCO relied heavily on its involvement in the student loan program for the investment of its trustors' assets, and, therefore, FITCO relied heavily on its student loan operations for its corporate revenues, earned primarily from managing the trustors' assets. Of the total trustors' assets FITCO held as of March 31, 1989, 44.5 percent were invested in student loans. According to SBD's analysis of FITCO's student loan activity, FITCO also made student loans as a corporation. FITCO's last audited financial report dated November 12, 1987, and covering the financial statements for 1984 and 1985, stated that a significant part of FITCO's corporate revenue was earned by FITCO's participation in the student loan program and that a reduction or elimination of the student loan program would have a significant, adverse effect on FITCO's operations.

FITCO designed its student loan operations to make student loans and quickly sell most of them, not to service them. As a result, FITCO sold most of its student loans to secondary market buyers, whom it generally charged one percent of the amount of the loan as a fee for generating the loan. By selling its loans and recapturing its investment, FITCO was able to make a large volume of loans with few financial resources. For example, we estimate that in 1987 FITCO made approximately \$476 million in student loans. However, we estimate that FITCO's resources available for investments in the loans as of December 31, 1987, were approximately \$35 million.

Scope and Methodology

The purpose of our audit was to determine the factors that contributed to FITCO's closure. Our audit did not include a review of the federal and state agencies that regulated FITCO. In conducting our review, we interviewed personnel of public and private entities knowledgeable in FITCO's operations and closure. We interviewed personnel from ED, CSAC, and HEAF who transacted business with and audited FITCO before it closed. We also interviewed personnel from SBD involved in the closure and liquidation of FITCO.

To determine the nature of FITCO's operations and financial condition prior to its closure, we reviewed FITCO's audited financial statements from 1981 through 1985 as well as FITCO's unaudited financial reports from 1986 through 1989. We did not review the work of the independent auditor who audited FITCO's financial statements, and, due to the incompleteness of FITCO's records, we were unable to verify the accuracy of FITCO's unaudited financial reports. In addition, we reviewed audit reports and SBD examination reports related to FITCO's financial and student loan operations. We did not evaluate the work of the various agencies that issued the audit and examination reports or the basis for the reported findings. The attachment contains a list of the audit and examination reports on FITCO's financial and student loan operations we reviewed.

To identify the events that contributed to FITCO's closure, we reviewed FITCO's available records as well as the records of entities involved with FITCO. We obtained information related to FITCO's activities from ED, HEAF, CSAC, and the SBD. In addition, we reviewed the statements of individuals who appeared before the United States Senate Permanent Subcommittee on Investigations (Senate subcommittee) in its hearing on abuses in federal student aid programs held on September 25-26, 1990. Finally, we reviewed FITCO's contracts file, its correspondence file, and the available minutes of its board of directors' meetings.

**FITCO's
Significant
Operating
Losses**

FITCO's audited financial statements for the years 1981 through 1985 and unaudited financial reports for the years 1986 through 1989 indicate that FITCO experienced fluctuating profitability in those years with losses in five of the nine years. In 1988, the last full year before its closure, FITCO reported losses of approximately \$623,000 (96 percent) of its shareholders' contributed capital. As a result of these losses, FITCO's accumulated losses after SBD adjusted FITCO's records exceeded its shareholders' contributed capital by approximately \$457,000 as of April 30, 1989.

**FITCO's
Inadequate
Resources**

The financial statements and other financial reports for the years 1981 through 1989 indicate that the short-term obligations of FITCO's corporate operations, such as its accounts payable, generally exceeded its resources available to pay the obligations. As of December 31, 1985, FITCO's short-term obligations equaled approximately \$8.4 million, but its resources to pay the obligations equaled approximately \$7.7 million. Further, the last quarterly financial report that FITCO prepared before its closure, dated March 31, 1989, indicated that FITCO's short-term obligations exceeded its resources available to pay them by approximately \$2.8 million. Sound business practices require an entity to maintain resources adequate to pay its short-term obligations and to maintain additional resources to cover the cost of any unexpected events.

**FITCO's
Nonpayment
of Student
Loan Fees,
Refunds, and
Cancellations**

According to audit reports issued by HEAF and CSAC on FITCO's operations, statements made before the Senate subcommittee's hearing, and SBD's analysis of FITCO's student loan activity, FITCO did not pay some student loan fees, refunds, and cancellations owed to others. At the time of its closure, FITCO owed others approximately \$13.9 million in student loan fees, refunds, and cancellations.

ED required FITCO to pay origination fees. FITCO did collect these origination fees from students when it made student loans. However, according to the United States General Accounting Office's statement made before the hearing of the Senate subcommittee, FITCO did not pay ED any origination fees from April 1986 through January 1988. After taking possession of FITCO, SBD identified \$5.5 million in unpaid origination fees that had accumulated for two quarters in 1987, all of 1988, and one quarter in 1989. The \$5.5 million in unpaid origination fees consisted of \$1.4 million in fees FITCO should have paid on loans made on behalf of the corporation and \$4.1 million it should have paid on behalf of its trustees, whose assets may now be used for paying some of these fees.

In addition, according to audit reports on FITCO's student loan operations issued by HEAF and CSAC, FITCO did not pay some student loan guarantee fees it should have paid guarantee agencies, even though it collected the fees from students at the time it made the loans. FITCO was required by its agreements with the guarantee agencies to pay these fees to have its student loans guaranteed. At the time SBD took possession of FITCO, according to FITCO's records, FITCO had approximately \$219,000 in unpaid guarantee fees. Some of the loans that FITCO sold to secondary market buyers may not have been guaranteed because FITCO did not pay some of these fees.

Finally, according to SBD's analysis of FITCO's student loan activity, FITCO did not pay student loan refunds and cancellations it should have paid to its secondary market buyers of student loans. If a student did not begin or complete the schooling for which FITCO made a loan to the student, the unused portion of the loan should have been returned to FITCO. If FITCO received a refund or a cancellation for a loan it had already sold to a secondary market buyer, FITCO was required by the Code of Federal Regulations, Title 34, Section 682.209(e)(2)(i), to promptly forward the returned funds to the secondary market buyer. After it took possession of FITCO, SBD identified approximately \$8.2 million in unpaid student loan refunds and cancellations that FITCO should have paid to its secondary market buyers of student loans. The \$8.2 million in unpaid student loan refunds and cancellations consisted of \$3 million in refunds and cancellations FITCO should have paid on loans made on behalf of the corporation and \$5.2 million it should have paid on behalf of its trustors, whose assets may now be used for paying some of these refunds and cancellations.

**FITCO's
Problems
With Its
Student Loan
Operations**

Because it experienced significant operating losses and did not maintain adequate resources from 1981 through 1989 and because it did not pay some student loan fees, refunds, and cancellations it owed others, FITCO's financial operations were unsound, a condition which made FITCO vulnerable to reductions in its business operations and in its inflow of cash. These reductions began in 1988, when FITCO's ability to maintain its business operations was curtailed by changes in the policy of an important guarantor of FITCO's student loans and by the loss of its largest secondary market buyer.

Withdrawal of Guarantor From 18 States

Beginning in July 1988, FITCO was no longer able to make student loans in 18 states because HEAF, the agency that guaranteed FITCO's student loans in those states, discontinued guaranteeing the loans of all lenders in those states. HEAF explained that it did so because of a high rate of students who failed to repay their loans. Without a guarantor, FITCO could not make loans that were guaranteed in those 18 states under the federal guaranteed student loan program until it entered into agreements with other guarantee agencies. According to the minutes of FITCO's board of directors' meetings, FITCO was unable to enter into agreements with other agencies for approximately two months.

As a result of HEAF's withdrawal from the 18 states and FITCO's inability to make student loans in those states, FITCO's student loan volume decreased significantly. According to its records, FITCO made 34 percent of its total student loans from 1980 through 1987 in those 18 states. The decrease in FITCO's student loan volume resulted in decreases in FITCO's business operations. For example, minutes of FITCO's board of directors' meeting dated September 1, 1988, stated that the board voted to reduce FITCO's work force because of the significant decrease in the student loan volume caused by HEAF's withdrawal.

Loss of Largest Secondary Market Buyer

Beginning in September 1988, FITCO was no longer able to sell its student loans to CSLFC, its largest secondary market buyer. CSLFC stopped purchasing FITCO's loans when CSLFC encountered problems with the servicing of its student loans by United Education and Software, CSLFC's agent for servicing the loans purchased from FITCO. In August 1988, a joint audit report on the agent's loan servicing operations issued by ED, CSAC, and HEAF stated that United Education and Software was not complying with federal regulations for servicing student loans. Subsequently, in 1990, ED informed CSLFC that guarantee agencies would not pay reimbursements for some of the defaulted loans serviced by United Education and Software. According to documents provided to us by CSAC and HEAF, CSLFC was required to absorb the loss of \$13.8 million from loans that had previously defaulted.

SBD's analysis of FITCO's student loan activity states that FITCO sold CSLFC \$222.7 million (70 percent) of the student loans it made for two quarters of 1987, all of 1988, and one quarter of 1989. FITCO's inability to sell student loans to CSLFC significantly reduced its capacity to continue its student loan operations. A letter that FITCO sent to SBD in April 1989 stated that, because CSLFC stopped buying FITCO's student loans, FITCO made \$76.5 million (85 percent) fewer student loans in February and March of 1989 than it had made in the same months a year earlier.

Because FITCO relied heavily on its student loan operations as a large source of its revenue, the withdrawal of HEAF from 18 states and the loss of its largest secondary market buyer were major factors contributing to a significant decrease in FITCO's ability to pay its obligations, to maintain its student loan operations, and to generate an adequate inflow of cash. From 1981 through June 1988, FITCO's average monthly inflow of cash from its operations, according to its records, exceeded its average monthly outflow by approximately \$62,000. However, from July 1988 to its closure, according to its records, FITCO's average monthly outflow of cash exceeded its average monthly inflow by approximately \$245,000.

SBD Took Possession of FITCO

After FITCO experienced significant problems with its financial and student loan operations, SBD took possession of FITCO on May 19, 1989, based on the powers of the Superintendent of Banks identified in Section 3100 of the California Financial Code, which states, in part, that the superintendent may take possession of a trust company if it appears that the company's continued operations are unsafe, unsound, or inexpedient to transact business. The order of possession stated that, according to FITCO's records, FITCO experienced significant losses in 1988 and the first quarter of 1989 and that FITCO failed to maintain adequate shareholders' equity. Consequently, SBD considered FITCO's continued operations not to be in the interest of FITCO's trustors or the public. Therefore, when SBD took possession of FITCO, SBD issued an order of liquidation. Under the order, SBD is to sell the property of FITCO and close FITCO's business operations. According to SBD's petition to the state superior court for the approval of various settlements related to FITCO, SBD has substantially completed the liquidation of FITCO, as of January 1991. SBD's ongoing activities include completing negotiations with various parties related to some of the assets of FITCO's trustors.

Trustors' Potential Loss of Assets

As a result of the problems with its financial and student loan operations that contributed to its closure, FITCO's trustors may lose a portion of the assets FITCO managed on their behalf. According to a letter dated November 13, 1990, that SBD sent to FITCO's trustors, SBD estimates that the trustors' losses as of October 31, 1990, may be approximately \$5 million (17 percent) of the trustors' total assets held by FITCO at the time of its closure.

The trustors may lose assets because they may have to pay student loan guarantee and origination fees FITCO did not pay on their behalf. FITCO collected guarantee and origination fees from the students to whom it made loans; however, it did not pay all the fees to the guarantee agencies and ED. According to SBD's letter, the trustors may lose approximately \$550,000 in

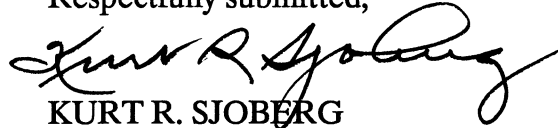
guarantee and origination fees FITCO did not pay on their behalf because the trustors' assets may now be used to pay some of these fees. In addition, the trustors may lose assets on some uncollectible student loans they own. According to SBD's letter, FITCO had not yet sold some student loans funded with the trustors' assets. Since the students have not repaid some of those loans and the loans are not guaranteed because FITCO did not properly service some of them and did not pay the guarantee fees on some of them, approximately \$1.8 million of these loans may not be collectible according to the letter. Finally, the trustors may lose some of their assets because the assets may be used in the settlement of disputes between FITCO and its secondary market buyers relating to FITCO's failure to pay student loan fees, refunds, and cancellations on some loans FITCO sold to secondary market buyers. According to SBD's letter, SBD is in the process of negotiating settlements with FITCO's secondary market buyers. The letter states that the trustors may lose approximately \$2.65 million in the settlement of the disputes between FITCO and its secondary market buyers. Until the settlements are completed, the actual losses to FITCO's trustors will not be known.

Another reason the total losses to FITCO's trustors is not yet known is that SBD is currently involved in litigation with parties that transacted business with FITCO. SBD's ongoing litigation also includes a civil suit filed by SBD against FITCO's former officers and directors. The suit charges the officers and directors with negligence and breach of their fiduciary responsibilities. FITCO's former president has filed a cross-complaint. Until the litigation is resolved, the total losses of the trustors' assets will not be known.

Conclusion The First Independent Trust Company reported operating losses in five of the nine years from 1981 through 1989, and its short-term obligations for the same period generally exceeded its resources available to pay the obligations. Further, FITCO did not pay some student loan origination fees to the United States Department of Education, some student loan guarantee fees to guarantee agencies, and some student loan refunds and cancellations to secondary market buyers. Because of these unsound financial operations, FITCO was vulnerable to reductions in its business operations, especially in its student loan operations, which FITCO relied on for most of its revenue. In 1988, FITCO began experiencing such reductions when the Higher Education Assistance Foundation discontinued guaranteeing student loans of all lenders, including FITCO, in 18 states, and FITCO's largest secondary market buyer, the California Student Loan Finance Corporation, discontinued buying FITCO's loans when CSLFC encountered problems in servicing them. These events significantly curtailed FITCO's student loan operations and consequently reduced FITCO's inflow of cash available to pay its obligations and support its ongoing operations. As a result of the problems with its financial and student loan operations that contributed to FITCO's closure, FITCO's trustors may lose a portion of their assets.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this letter report.

Respectfully submitted,



KURT R. SJOBERG
Auditor General (acting)

- Attachment** Audit and Examination Reports We Reviewed
 on FITCO's Internal Control and Compliance
 With State and Federal Regulations
- Response to** The response from the Superintendent of Banks of the State of
the Audit California, as Liquidator of First Independent Trust Company, to
 this letter report.

**Attachment Audit and Examination Reports We Reviewed
on FITCO's Internal Control and Compliance
With State and Federal Regulations**

Entity	Topic	Date of Report(s)
California Student Aid Commission	Review of FITCO's compliance with state and federal regulations pertaining to student loan programs	August 24, 1984 July 8, 1986 March 29, 1988 April 14, 1989
Higher Education Assistance Foundation	Review of FITCO's administration of student loan programs.	May 31, 1989
State Banking Department	Review of FITCO's accounting system, selected accounts, financial condition, management practices, and compliance with state regulations.	November 30, 1979 August 29, 1980 March 31, 1981 March 31, 1983 August 31, 1985 November 17, 1986 March 31, 1988
United States Department of Education	Review of FITCO's promptness in processing canceled student loans.	October 20, 1988
Various Certified Public Accountants	Study and evaluation of FITCO's system of internal accounting control made in conjunction with the audit of FITCO's financial statements.	December 14, 1984 January 27, 1986 November 12, 1987

Superintendent of Banks of the State of California,
as Liquidator of First Independent Trust Company
111 Pine Street, 11th Floor
San Francisco, California 94111-5613
Telephone: (415) 557-0444

January 22, 1991

Mr. Kurt R. Sjoberg
Acting Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Re: First Independent Trust Company (In Liquidation) --
Comments on Draft Letter Report

Dear Mr. Sjoberg:

Secretary of Business, Transportation and Housing Carl D. Covitz has asked me to respond to your letter of January 11, 1991, which enclosed a draft copy of the letter report by the Office of the Auditor General entitled "A Review of the Factors That Contributed to the Closure of First Independent Trust Company". My office received a revised draft copy of the letter report on January 18, 1991, and my comments are based upon my staff's review of the revised draft.

My comments here, or lack of same, do not imply any manner of endorsement or verification of the matters contained in the revised draft letter report, which, in my view, would be inappropriate. Indeed, I differ with certain of the statements and findings contained in the revised draft letter report. However, while reserving the right to comment further should circumstances so warrant, I will limit myself here to the following general comments.

In the second paragraph of the report, in the section entitled "Loss of Largest Secondary Market Buyer" and in the next-to-last paragraph of the report, the California Student Loan Finance Corporation ("CSLFC") is described as a secondary market buyer of student loans which discontinued buying student loans generated by FITCO "when CSLFC encountered problems in servicing them." As you know, FITCO is currently involved in litigation with CSLFC and Bank of America concerning CSLFC's refusal to continue to purchase student loans from FITCO. The circumstances under which CSLFC stopped purchasing student loans from FITCO are at issue in the litigation, and, accordingly, I am not prepared to agree with your statement of the circumstances at this time.

Mr. Kurt R. Sjoberg
January 22, 1991
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Also, I am not in a position to comment upon figures and statements contained in the revised draft letter report which are attributable to, or based upon, information supplied to the Office of the Auditor General by sources other than the State Banking Department or the liquidation staff.

I appreciate the opportunity to review and comment upon the revised draft letter report prior to its final release. I also want to take this opportunity to recognize the professionalism and spirit of cooperation which the members of your audit staff have exhibited in its dealings with my staff.

If you have any comments or questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink that reads "James E. Gilleran". The signature is written in a cursive style with a large, looping initial "J".

JAMES E. GILLERAN
Superintendent of Banks, as
Liquidator of First Independent
Trust Company

JEG/TL:aea