

1 without any support from the record other than counsel  
2 standing up here and making this argument at this late date  
3 without any ability to check the facts or determine what  
4 the heck happened here.

5 THE COURT: Yeah, because the change in situs it's  
6 done by Christopher Davis, Caroline Davis, and the copy I  
7 have -- I don't see the signature of Winfield [phonetic]  
8 but --

9 MR. SOLOMON: It is there. There's a signature  
10 page in there that --

11 THE COURT: Was there a signature page because I  
12 didn't it?

13 MR. SOLOMON: I think it's the last page.

14 MR. HOOD: it's one more page over.

15 MR. SOLOMON: One more page over. It just sort of  
16 does a little w. That's the way he signs on everything.  
17 Actually there are two agreements. I can point to both  
18 exhibits that are signed the same way that accomplish the  
19 same thing.

20 Let me put this in context though. We had a  
21 petition to assume jurisdiction over this trust to confirm  
22 Dunham as the Directed Trustee, to confirm Christopher  
23 individually and as manager of FHT Holdings, LLC, as the  
24 Investment Trust Advisor, which I guess they're going to  
25 contend that's not valid either because we'll hear that was

1 created in this last year, we also wanted to confirm  
2 Stephen Lehnardt as the Distribution Trustee -- I'm sorry.  
3 Distribution Trust Advisor and the Trust Protector. And we  
4 wanted an order for immediate disclosure of the books,  
5 records, and information from Chris -- Christopher  
6 regarding over \$2,000,000 of loans that were taken against  
7 a \$35,000,000 policy that's owned by the trust and  
8 apparently now signed by Dunham, who they're claiming isn't  
9 the Trustee, to a wholly owned LLC called FWT Holdings  
10 which is managed by Chris.

11           These funds were paid out or leant to Christopher  
12 individually, to Christopher as the Trustee of the Beatrice  
13 B. Davis Family Revocable Trust, which is another trust in  
14 Missouri, Your Honor, which my client is a 50 percent  
15 beneficiary and a co-Trustee of but can't get any  
16 information from her brother, calling for an outright  
17 distribution. And we have now filed a proceeding in  
18 Missouri with respect to that one because he won't give us  
19 any information with respect to that trust or why  
20 distributions haven't been sent to us because mom died over  
21 three years ago. And then, finally, monies were leant to  
22 Chris again as manager of the Davis Family Office, LLC.  
23 They won't give us information with respect to that entity.

24           The Family Heritage Trust's main asset is this  
25 Ashley Cooper [phonetic] life insurance policy for

1 \$35,000,000 according to notice that it was on the life of  
2 Cheryl Davis [phonetic], a former wife of Chris's and  
3 there's a \$4,000,000 line of credit on it.

4 Article 8, Section 1 of this Trust says: Upon  
5 these death, the trust is to split into two equal shares,  
6 one for Caroline and one for Chris and his issue and his  
7 spouse. So that's interesting all by itself. That was  
8 supposed to have already happened. I don't know if that's  
9 happened or not because we can't get information as to  
10 whether that trust is even split into two separate shares  
11 and Christopher, his wife, if he had one, and wouldn't even  
12 be beneficiaries of our share.

13 Now, under Section 8 -- Article 8, Section 4,  
14 Caroline is entitled to distributions of income and  
15 principal in the discretion of the Trustee but has never  
16 received a dime and this is extremely significant, Your  
17 Honor. Article 12, Section 4 says:

18 The trust's books and records along with all trust  
19 documentation shall be available and open at all  
20 reasonable times to the inspection of the trust  
21 beneficiaries and their representatives.

22 Despite the fact that those books and records are  
23 supposed to be open to beneficiaries, including one who is  
24 the -- currently the sole beneficiary of her share, we  
25 spent over three months the last quarter of 2012 trying to

1 get information and documents from Christopher and his  
2 counsel, Harriet Rowland [phonetic], regarding who got the  
3 loan proceeds or the benefit of those, what was the purpose  
4 of those loans, how were those loan proceeds being used,  
5 what's the repayment terms of the loans, has any repayment  
6 been made, was there any collateral given, is there a  
7 collateral agreement, is there a promissory note, is there  
8 a loan agreement? We were virtually stonewalled. Just  
9 stonewalled. We're not getting anything with respect to  
10 this even though Caroline is entitled to half of this and  
11 half of everything to the entities that these were lent to  
12 with Chris's control.

13 Now the Alaska Trust Company was the original  
14 Trustee. Stephen Lehnardt was the original Trust  
15 Protector. On August 2<sup>nd</sup>, 2011, Mr. Lehnardt, in his  
16 capacity pursuant to the provisions of the trust, removed  
17 Alaska Trust Company and appointed Alaska USA Trust  
18 Company. And then two years later -- a little over two  
19 years later, on December 5<sup>th</sup>, 2013, Alaska USA Trust Company  
20 resigned and Mr. Lehnardt appointed Dunham Trust Company in  
21 Reno and I think he has the right to do that, period.

22 On February 24<sup>th</sup>, 2014, which is Exhibit 7 to the  
23 Motion to Dismiss, Alaska USA -- that may be a different  
24 document than Your Honor was looking at.

25 THE COURT: Okay.



1 MR. SOLOMON: Oh Exhibit 7 is a Motion to Dismiss.  
2 I'm sorry.

3 [Colloquy between Mr. Solomon and Mr. Hood]

4 MR. SOLOMON: It's Exhibit 5, Your Honor, I  
5 misspoke.

6 THE COURT: Okay.

7 MR. SOLOMON: And actually it's Exhibit 1 to the  
8 Motion -- Christopher D. Davis' Motion to Dismiss Exhibit  
9 1. It's called Release -- Resignation, Release,  
10 Acknowledgement, Consent, and Indemnification Agreement.

11 THE COURT: Right.

12 MR. SOLOMON: And the parties to that, contrary to  
13 what counsel said, include Alaska USA, which is the present  
14 Trustee, Dunham Trust, Mr. Lehnardt, Chris, Caroline,  
15 Winfield [phonetic], and they all executed this changing  
16 the situs -- [indiscernible] to change the situs of the  
17 trust from Alaska to Nevada, purports to be signed by all  
18 of the beneficiaries and it consented to Mr. Lehnardt  
19 amending the trust to change the situs, applicable law,  
20 provisions required by Dunham, and other amendments.

21 And then after this document was signed, then Mr.  
22 Lehnardt went out and got his advice of counsel, got a  
23 written opinion, and prepared the first amendment. And  
24 that was dated on February 24<sup>th</sup>, 2014 and that, again, was  
25 executed by Mr. Lehnardt, Dunham Trust, and specifically

1 proved by Chris, Caroline, and Winfield [phonetic] and  
2 that's the document that names Chris as the Investment  
3 Trust Advisor under NRS 163.5543, as a fiduciary under  
4 163.554, that names Mr. Lehnardt as the Distribution Trust  
5 Advisor under 164.5537, a fiduciary under 163.554, and then  
6 it -- so basically it's Chris individually or as manager of  
7 an LLC to be owned by the trust full power to manage  
8 investments and reinvestments of the trust and to direct  
9 Dunham with respect to the same.

10 And then, finally, on March 28<sup>th</sup>, 2014, Dunham,  
11 presumably at the direction of Chris, because that's what  
12 he was up -- empowered to do, created a -- the FHT Holdings  
13 Company, naming Chris as manager and thereafter assigning  
14 the policy to the LLC which Chris is now managing.

15 So, you know, we start off with the resumption of  
16 where we were that the first amendment to the trust is  
17 presumed valid and there was contrary to this new claim  
18 that there was another beneficiary out there that didn't  
19 sign, it was never challenged until this moment, other than  
20 to say likely that we have a burden to prove validity.  
21 That's all they said in their moving papers, Your Honor.  
22 We have the power -- we have the obligation to prove  
23 validity. They didn't specify one reason in that or in his  
24 Reply that -- did we see a Reply?

25 MR. HOOD: No. He just did a Joinder in

1 opposition to --

2 MR. SOLOMON: I don't think he --

3 MR. HOOD: -- our petition.

4 MR. SOLOMON: Counsel alluded to a Reply. I  
5 haven't seen a Reply.

6 THE COURT: I saw your Reply.

7 MR. SOLOMON: Yes. But I have not seen a Reply by  
8 Mr. Barney --

9 THE COURT: I have no Reply from Mr. Baney.

10 MR. SOLOMON: -- but he alluded in his argument  
11 that, you know, they specified the grounds for invalidity  
12 in this motion and then reinforced them in the Reply. They  
13 didn't. All they said is: We have the burden to prove the  
14 validity of the first amendment before we could move  
15 forward and our response was: Well, take a look at NRS  
16 47.250 subsection 18(c). There's a rebuttal for resumption  
17 that it's valid. And then we said: Nobody has suggested  
18 any particular grounds of invalidity.

19 And then I pointed out that Chris, who is the only  
20 person challenging it, expressly consented to it. Not  
21 once, but twice in two different documents you just looked  
22 at. So how can he raise it? I don't think he can even  
23 raise this issue he's now trying to raise with respect to  
24 some other party, especially when he consented to it and  
25 then he took repeated actions.

1 THE COURT: Well the only person who I'm going to  
2 have standing would be Taria [phonetic]?

3 MR. SOLOMON: I believe she would, assuming she is  
4 a beneficiary. I don't even know that, Your Honor. I was  
5 advised that he wasn't married at that time, at the time  
6 the thing was done. He may be married now, so I gave her  
7 notice now, but, at this time, I don't know that they were  
8 and none of their documents suggest that she was a  
9 beneficiary. I'm hearing it for the first time and that's  
10 why I stood up and said sandbag because that's what's  
11 happening here.

12 Now, I think the Court had jurisdiction at least  
13 over Dunham, irrespective of this issue, but based upon the  
14 record that you have now, anything in front of you, all of  
15 the beneficiaries can sign -- consented to it. This isn't  
16 evidence standing up here and saying this.

17 Nevada situs, our Court can clearly give Nevada  
18 jurisdiction over this. It's Nevada situs under the first  
19 amendment, Nevada law applies, you have a Nevada Trustee.  
20 That's sufficient all by itself under 164.010 because it's  
21 doing business here. We know books and records are kept  
22 here because contrary to counsel's argument, the first  
23 thing we did, Your Honor, is go to Dunham Trust to try to  
24 get this information. We're not stupid and they said: We  
25 don't have it. We have to get it from Chris. They

1 supplied us what they have. They gave us a few indications  
2 of what's going on, but they don't have the information.  
3 They do have books and records of the trust though,  
4 including they have possession of the policy and recently  
5 transferred, as I said, to FHT Holdings Company, a Nevada  
6 LLC.

7 164.010 is met. There's in personam jurisdiction  
8 over these people that are in front of you. 163.5555 says  
9 that Chris and Stephen Lehnardt submitted to this  
10 jurisdiction by accepting their appointments as Investment  
11 and Distribution Advisors. Again, FHT Holdings, LLC, is a  
12 Nevada entity doing business here. There's no question we  
13 have in personam jurisdiction.

14 And then this argument that Alaska Trust and  
15 Alaska USA are somehow necessary or indispensable parties,  
16 it's ridiculous. When is a former Trustee a necessary or  
17 indispensable party in any proceeding that you are not  
18 asking for any relief from them? And the answer -- are you  
19 telling me every time I have to do something that some  
20 event occurred even though they're not being asked to be  
21 held responsible for it, I have to name them because they  
22 have some input? Well of course not. It's ridiculous.

23 Caroline is not objecting in her petition to any  
24 act or admission of Alaska or Alaska USA. She seeks no  
25 relief against them. Chris, in one capacity or another,

1 received all of the money that we're talking about here.  
2 He has all of the information we seek about the use and the  
3 status of those loans to him. The former Trustees are not  
4 being placed in the position by our petition where they  
5 need to protect their interest and no one's being exposed  
6 to multiple liability or prejudice, except for us, if the  
7 Court doesn't take jurisdiction and require him to produce  
8 this information because Alaska Trustees are not subject to  
9 jurisdiction here and I don't think Alaska has jurisdiction  
10 over Chris. There's no reason to believe he does. This is  
11 the jurisdiction.

12 And [indiscernible] process our statute, 164,  
13 specifically tells you you serve it under 155.010 and we  
14 complied in that regard.

15 THE COURT: Now Mr. Barlow didn't address this  
16 separate issue, but his issue with respect to the petition  
17 was that it doesn't specifically state a claim against Mr.  
18 Lehnardt. It doesn't --

19 MR. SOLOMON: I'll over that, Your Honor.

20 THE COURT: -- allege -- okay. Mr. Barlow, you'll  
21 get a chance to --

22 MR. SOLOMON: As Your Honor knows, there wasn't an  
23 action until recently that we amended Chapter 164 in 1999  
24 [indiscernible]. Prior to that date, you used to file a  
25 petition to ask the Court to assume jurisdiction and you

1 weren't allowed to do anything more and all the Court could  
2 do at the initial point was to determine whether sufficient  
3 connections nexus to Nevada were sufficient to assume  
4 jurisdiction and confirm the Trustees. Then you had to  
5 file separate petitions for any type of relief.

6           So in 1999, we amended the statute and added  
7 subsection 2 that says that at the same time that you file  
8 the petition to assume jurisdiction under subsection 1, you  
9 may file additional petitions for relief. So the law  
10 hasn't changed. In order to get jurisdiction over a trust,  
11 you have to assume jurisdiction over the trust and confirm  
12 the Trustees or the fiduciaries. That's what we're doing.  
13 I think it may have been defective if we didn't try and  
14 confirm. That's all we're doing is confirming the Trustees  
15 or the Trust Protectors and the fiduciaries at this point.

16           One other additional petition request for relief  
17 which is to ask for an order that Chris, who is in  
18 possession of all of this information that belongs to the  
19 trust, produce it to the beneficiary to whom the trust says  
20 is entitled to it explicitly.

21           So, it is true that we're not seeking any  
22 additional relief against Stephen Lehnardt at this time but  
23 it's appropriate to confirm him in the role that's done.  
24 That gives the Court interim jurisdiction over this and if  
25 we can't get the information that we need from Chris for

1 any reason, we certainly intend to seek it from Mr.  
2 Lehnardt and if we have to use another petition to do that  
3 or discovery to do that, we will and that's appropriate to  
4 do and we don't have to re-file a petition to confirm him  
5 as Trust Protector, which is a step that we are  
6 accomplishing now.

7           We know that Mr. Lehnardt was intimately involved  
8 in these loan transactions and we put that in our Reply,  
9 Your Honor. There's designation after designation in his  
10 time sheet showing that he was involved in these  
11 transactions. So he is presumable a repository of some  
12 information. We just wanted to get it from the horse's  
13 mouth, the person who actually got the use -- apparent use  
14 and benefit of these proceeds first, which is Chris, and  
15 hopefully that will satisfy our inquiry. But if we have  
16 additional issues and have additional claims of Mr.  
17 Lehnardt, then we if are, based upon a Court order,  
18 confirming him as the fiduciary, we can proceed.

19           THE COURT: Okay.

20           MR. SOLOMON: So that's where I think we are, Your  
21 Honor.

22           There is nothing before this Court at this point  
23 that in any way, shape, or form shows the petition that we  
24 didn't [sic] file is not proper in every respect. They had  
25 the burden to come in here to show that anything was



1 invalid and they haven't done that. There's no evidence  
2 before this Court at this point and I -- you know, if this  
3 were, in fact, invalid, what if -- there would be a, you  
4 know, I haven't had a lot of time to ruminate about this  
5 because I'm just hearing it for the first time, but there  
6 would be a constructive trust here anyway. This has been  
7 operated -- this trust has been in Nevada for over a year  
8 and huge transactions, including the assignment of a  
9 \$35,000,000 policy all taken place. There's a whole slew  
10 of actions that have taken place by the very people who are  
11 now coming here and saying: Oh, well, it's all invalid.  
12 Without presenting any evidence whatsoever of why it's not  
13 true or is in fact true and I think our petition should be  
14 granted, Your Honor.

15 THE COURT: Okay. Thank you. Mr. Barlow.

16 MS. RENWICK: Your Honor, if I may?

17 THE COURT: Yes.

18 MS. RENWICK: Charlene Renwick on behalf of Dunham  
19 Trust.

20 THE COURT: Yes.

21 MS. RENWICK: I do have to agree with Mr. Solomon  
22 with respect to the issue, the invalidity of Dunham Trust  
23 being appointed as the successor Trustee. I don't believe  
24 that issue was clearly addressed in the moving papers, to  
25 which extent, I did not respond to it as I didn't

1 understand that was that argument that was going --

2 THE COURT: Okay.

3 MS. RENWICK: -- to be raised before the Court  
4 today.

5 To the extent that the Court is being asked to  
6 determine whether the assignment to Nevada was valid, I  
7 request that the hearing be continued and that a briefing  
8 schedule be provided to the parties so that we can properly  
9 address that --

10 THE COURT: Okay.

11 MS. RENWICK: -- address that issue.

12 THE COURT: Good point. Thank you. All right.  
13 Mr. Barlow.

14 MR. BARLOW: Your Honor, just briefly because I  
15 think our role in this is really [indiscernible] here, but,  
16 again, the issues about the validity of the first amendment  
17 were raised to us just yesterday for the first time and I  
18 went through the analysis of the trust and it appears that  
19 there are problems with the first amendment as far as the  
20 consents that were necessary to do that. That's where that  
21 came from.

22 Our concern, if the Court is tending toward taking  
23 jurisdiction of this in some manner, 164.010 only requires  
24 the Court to assume jurisdiction -- or excuse me, to  
25 confirm the appointment of the Trustee. If the Court wants

1 to confirm the appointment of Dunham Trust Company, then  
2 you have a Trustee that you confirmed the appointment of in  
3 this matter.

4           There -- in his capacity as the Trust Protector  
5 and Trust Advisor, he may be a fiduciary under the statute,  
6 not necessarily the Trustee in that situation. And Mr.  
7 Solomon himself just said, in response to the question, I  
8 don't need to bring in these two Alaskan Trustees because  
9 I'm not bringing any claims against the Alaska Trustees.  
10 Well why is he trying to bring Mr. Lehnardt into this as  
11 well if he's not bringing any claims -- admittedly not  
12 bringing any claims against Mr. Lehnardt?

13           THE COURT: Oh but he might be amending this if  
14 the issue is that Mr. Lehnardt screwed up moving it.

15           MR. BARLOW: Maybe. But that's the point. If he  
16 has a claim, bring the claim and bring us in.

17           Court Right.

18           MR. BARLOW: But he -- don't bring us in and make  
19 us sit here and wait --

20           THE COURT: Doesn't he have a point that when you  
21 move a trust, even if ineffectually you move a trust,  
22 Dunham takes it over, they start operating, they assumed  
23 they are responsible as a Trustee. There's all this  
24 activity that goes on. Doesn't this Court in this  
25 jurisdiction, doesn't that give me jurisdiction? I mean, I

1 -- you know, you're kind of somewhat changing your position  
2 on this, but originally it seemed -- it was my  
3 understanding that it was conceded that even though your  
4 client had come to this jurisdiction, you weren't -- didn't  
5 think that they necessarily needed to be in the case, but  
6 that the case was -- it was properly in this jurisdiction.

7 MR. BARLOW: If the first amendment is valid --

8 THE COURT: Okay.

9 MR. BARLOW: -- and were going to be treated as  
10 valid, then we're operating under 163, which sets out what  
11 happens in these [indiscernible] jurisdiction, things of  
12 that nature. It does say that a --

13 THE COURT: Well doesn't this Court have to assume  
14 it's valid absent some evidence? I don't know who Taraja  
15 [phonetic] is or however her name is pronounced.

16 MR. BARLOW: Taria [phonetic].

17 THE COURT: Taria [phonetic]? Okay.

18 MR. BARLOW: Right. And --

19 THE COURT: She's not mentioned anywhere.

20 MR. BARLOW: And, at this point, we --

21 THE COURT: Doesn't seem to be a big life  
22 insurance policy on her life. Who is she?

23 MR. BARLOW: By the representations of counsel,  
24 that's -- as Ms. Renwick just suggested, maybe there may be  
25 further briefing required to get that information in front

1 of the Court and sort that particular issue out.

2 If we're going to assume that's it valid and go  
3 back to the original argument we had originally made in our  
4 Opposition, when Mr. Lehnardt accepted the employment as  
5 Distribution Trust Advisor under NRS 163, yes that -- the  
6 statute does say he submits to the jurisdiction of Nevada.  
7 I've submitted to the jurisdiction of Nevada. Your Clerk  
8 has submitted to the jurisdiction of Nevada. It doesn't  
9 mean that we are -- that you have to observe that  
10 jurisdiction over them in this case just to make us sit  
11 around with no claims being brought against us.

12 THE COURT: Okay.

13 MR. BARLOW: And that's the point. Just because  
14 there is jurisdiction in Nevada, doesn't mean you should  
15 exercise it over Mr. Lehnardt where there are no current  
16 claims against him or they're not --

17 THE COURT: Because, I mean, it did --

18 MR. BARLOW: -- asking for any information from  
19 him.

20 THE COURT: -- occur to me that -- well, nothing  
21 is mentioned but just out of -- is that a grounds to  
22 dismiss it or does it just require more definite statement?

23 MR. BARLOW: I'm just saying in this situation  
24 that Mr. Lehnardt doesn't need to be a party to this case.

25 THE COURT: Okay.

1 MR. BARLOW: Okay. Until an order or something --

2 THE COURT: At this point?

3 MR. BARLOW: That's --

4 THE COURT: If I said -- if there is this issue  
5 that this was somehow missed, --

6 MR. BARLOW: Right.

7 THE COURT: -- that there's a central person --

8 MR. BARLOW: If there --

9 THE COURT: -- missed --

10 MR. BARLOW: -- are claims brought against him, if  
11 -- some other basis to bring something that would make him  
12 be necessary to this action, then revisit that when that  
13 arises, but as it stands right now, there's no point in  
14 making him just come here and hang out and --

15 THE COURT: Okay.

16 MR. BARLOW: -- sit around and wait to be -- to  
17 have a claim brought against him.

18 THE COURT: Understood. Okay. Mr. Barney.  
19 Interesting.

20 MR. BARNEY: Thank you, Your Honor.

21 You didn't really give me a chance to answer the  
22 question that you had asked previously about the trust and  
23 changing the trust situs. You began to read it. It says:

24 Expressly as under Article 14, Section 6, changing  
25 the trust situs, such as expressly provided herein, the

1 situs of this agreement or any sub trust established  
2 hereunder may be changed by the unanimous consent of  
3 all of the beneficiaries.

4 It didn't say the majority consent. It said the  
5 unanimous consent, okay, of all of the beneficiaries.

6 Then eligible to receive mandatory and  
7 discretionary distributions of net income.

8 Now, there have been allegations of sandbagging  
9 and yet my Motion to Dismiss hit on this very issue right  
10 out of the gate. I said: In order for this Court to take  
11 proper jurisdiction over this case, there was a condition  
12 precedent that had to have been met and it wasn't met. And  
13 therefore, the Trust Protector could not amend this  
14 instrument by written action to change the references to  
15 [indiscernible] references to such new situs or the law of  
16 such new situs and take such action as may be required to  
17 conform the terms of the agreement of this trust.

18 That's exactly what happened in this amendment.  
19 It was changed purportedly without the consent of  
20 Christopher Davis' wife who was a discretionary distributee  
21 and included as part of the all requirement.

22 Now, the person that drafted that amendment, the  
23 purported first amendment, has already indicated that it  
24 was defective. He stands here today and says: It was  
25 defective. Okay. He didn't get all of the necessary

1 requirements of all of the beneficiaries.

2 THE COURT: But your client acted on it.

3 MR. BARNEY: The --

4 THE COURT: Your client did things based on the  
5 assumption that he had this new role and this amendment.  
6 He accepted the role.

7 MR. BARNEY: And under what legal theory would --  
8 with him without independent counsel would he be able to  
9 effectuate a document that by the terms of the trust  
10 couldn't be effectuated? He clearly isn't res judicata  
11 because there was no prior proceeding. Okay. And our  
12 courts have been very clear about the res judicata  
13 requirements.

14 Under this situation, Chris was clearly under a  
15 mistake that this could have been done and it wasn't -- the  
16 irony of this whole situation is for an argument of res  
17 judicata even to have grounds, they would have had to  
18 follow the statute in Alaska that was succinctly set forth  
19 in my moving papers. They could have gone to the Court.  
20 They could have ratified the amendment in Alaska. They  
21 didn't. And, in fact, when it became defective, what Mr.  
22 Solomon offered was a document dated February 2014, after  
23 his admitted document that he put in before where the  
24 Trustee resigned on December 5<sup>th</sup>. Okay?

25 So on December 5<sup>th</sup>, 2013, Mr. Solomon alleges in



1 his moving papers, in his petition, and also in his  
2 documentary evidence that he provided to the Court that  
3 this Trustee had in fact resigned two months earlier. And  
4 so, what I did in my Motion to Dismiss, was I put the Court  
5 on notice of that very fact. Not to hide the document, but  
6 to actually put the Court on notice that this document was  
7 invalid. It couldn't have been signed by a Trustee who had  
8 already advocated and had no authority to sign on that  
9 amendment.

10 And with that, --

11 THE COURT: But Mr. Solomon's constructive trust  
12 point is that if that has to be litigated, whether this was  
13 a valid amendment or not, doesn't the Court still have to  
14 take jurisdiction so that we can litigate that? Because  
15 your clients acted on it. They've moved -- they turned  
16 this over to Dunham. They're acting as the Trustee.  
17 There's all this activity taking place based on the  
18 assumption that it was valid. You client's now coming in  
19 and saying all that activity I took was based on a void  
20 document. So everything I have done is wrong. Mr.  
21 Lehnardt screwed up because he did this wrong.

22 MR. BARNEY: Your Honor, I'm --

23 THE COURT: Everything we've done is wrong. We  
24 shouldn't have taken any of the action that we took. It's  
25 all wrong, but you can't sue us for it because it's all

1 wrong.

2 MR. BARNEY: Your Honor, on numerous occasions --

3 THE COURT: It doesn't make any sense.

4 MR. BARNEY: On numerous occasions we've had the  
5 Court look at situations that were admittedly all wrong and  
6 we've had to go back and we've had to fix it. And, in this  
7 case, it needs to go back to Alaska so that they can fix  
8 it.

9 I've got no objection. If the Alaska Trustee  
10 that's appointed with power and authority that hasn't  
11 already resigned wants to change the situs and they have an  
12 opinion from their counsel, you know, in Alaska that moving  
13 it down to Nevada is a great idea and that we get all of  
14 the signatures on that paper that are requisite under the  
15 terms of the trust, I've got no objection to this Court in  
16 a situation like that taking jurisdiction but that didn't  
17 occur in this situation and the idea that --

18 THE COURT: But we've already got a Nevada --

19 MR. BARNEY: -- things have happened --

20 THE COURT: -- Trustee acting as Nevada Trustee on  
21 the assumption they were acting under a valid amendment and  
22 change of situs. They're acting on that. They're taking  
23 instruction apparently from your client.

24 MR. BARNEY: Your Honor, they were an independent  
25 professional fiduciary that has the right to counsel before

1 they sign any document. I'm not going to propose that --

2 THE COURT: Right, but --

3 MR. BARNEY: -- my client had any duty --

4 THE COURT: -- the fact is there --

5 MR. BARNEY: -- or Mr. Lehnardt, for that matter,  
6 had any duty to Dunham Trust --

7 THE COURT: I'm not saying they did.

8 MR. BARNEY: -- for their --

9 THE COURT: I'm saying that doesn't this Court  
10 have jurisdiction because Dunham is operating under the  
11 assumption that these guys gave me a document that they  
12 reported -- they purported to me and hold out to me as  
13 being valid because -- how -- they were told. That's your  
14 point is shouldn't I have a chance to argue this and brief  
15 this because nobody told me there is a wife out there  
16 somewhere?

17 MR. BARNEY: So, if I'm understanding you  
18 correctly, you're saying that Dunham should be appointed as  
19 a Trustee to respond to the 25,000 out of the \$2.2 million  
20 that occurred up in Alaska? Because that's really what  
21 they're asking. They're saying that, in essence, there was  
22 \$25,000 supposedly in a loan and they're asking for the  
23 information regarding that \$25,000 loan supposedly that  
24 Dunham received and the irony of the whole situation of --  
25 and that was argued, and which is completely false, is

1 supposedly it was received by FHT Holdings that supposedly  
2 was established by -- actually it was established by  
3 Dunham. Okay? Dunham is the sole member of that.

4 Now, the idea of -- you said earlier -- you said:  
5 Well I don't know Taria [phonetic]. Your Honor, with all  
6 respect, I don't think that matters that you know whether,  
7 you know, the identity of Taria [phonetic]. The fact is  
8 that they knew who Taria [phonetic] was. They put her on  
9 the notice for their Opposition and ironically that didn't  
10 even -- that wasn't even proper under 155.010 because she  
11 wasn't given the requisite period. So they knew about her  
12 because they were the ones that noticed her. Not us,  
13 originally, because the fact is she was -- she wasn't made  
14 a party to this but she was a beneficiary that required her  
15 consent in order for this Court to take jurisdiction.

16 And the idea that things have happened, Your  
17 Honor, things happen all of the time. That's what courts  
18 are about and that's what litigation is all about. It's  
19 attempting to right the wrongs that have happened, but, in  
20 this case, by assuming jurisdiction over a trust amendment  
21 that is clearly defective by the drafter's own words -- by  
22 the drafter's own counsel they've admitted is defective in  
23 order to transfer jurisdiction, I think this Court would be  
24 stepping outside of what authority it's been given under  
25 164.010 to take jurisdiction.

1           And if the Court is inclined to want us to brief  
2 this, I'd be more than happy to brief this, Your Honor. In  
3 fact, when you were newly called, I actually prepared a  
4 brief for you on this very issue with regard to interim  
5 jurisdiction on an in personam matter and I'd be happy to  
6 reply to this and indicate, but clearly this matter must be  
7 dismissed under the facts that we have. Even the evidence  
8 that's been presented actually lends credence to the fact  
9 that this amendment was improper.

10           THE COURT: Okay. Well my problem here is that  
11 everybody relied on it as being proper and Dunham has been  
12 acting in good faith on the assumption that they're the  
13 properly appointed Trustee, that situs has been changed and  
14 they're the proper Trustee. And now you're coming in here  
15 and saying: Oh, I, as Trust Protector, or whatever -- or  
16 Trust Investment Protector, whatever your client's role is,  
17 whatever Mr. Lehnardt's role is, we were all wrong. We did  
18 this wrong because we forgot Chris was married.

19           MR. BARNEY: Your Honor, you're --

20           THE COURT: Ah, what?

21           MR. BARNEY: -- assuming that my client even had  
22 counsel to know what was going on in this and the fact is  
23 he --

24           THE COURT: I'm not saying he did have counsel or  
25 didn't have counsel.

1 MR. BARNEY: He was not. He was --

2 THE COURT: He knows whether he's married or not.

3 MR. BARNEY: He does know whether he's married or  
4 not, but the fact is he is not --

5 THE COURT: I have no affidavit in front of me  
6 telling me that he is married, that the marriage was valid  
7 at the time, that she was therefore entitled to take under  
8 -- I mean, I don't have anything. All I have is the  
9 Trustee that's acting apparently based on instructions from  
10 you and Mr. Lehnardt dealing with this trust having been  
11 told we have a valid change of situs. They're acting in  
12 reliance on it. They assume they've got proper authority  
13 and now you're coming in here and saying: All of those  
14 things I've told you to do in the last year, I was wrong.  
15 I never should have told you to do those things because I  
16 don't have a valid authority. Ooops. My bad. Let's go  
17 back to Alaska and fix it.

18 Well okay. Go back to Alaska and fix it, but, in  
19 the meantime, I think I have jurisdiction of -- at least as  
20 put by Mr. Solomon, at least we have the constructive trust  
21 because it's here. There is --

22 MR. BARNEY: Your Honor, --

23 THE COURT: -- action you've taken here.

24 MR. BARNEY: Your Honor, I would respectfully  
25 disagree in the fact that we have demonstrated the actual

1 drafter of the amendment has admitted that it is incorrect.

2 Now, if somebody wants to bring an action for  
3 unjust reliance or they want to bring a claim of that sort,  
4 let them do it in the proper fashion and serve them  
5 pursuant to Rule 4 to get proper jurisdiction over these  
6 parties.

7 However, we have the truth and the fact that they  
8 noticed up the wife. They clearly knew who the wife was.  
9 They're the first ones who noticed the wife in this  
10 proceeding. She was the wife. She was the wife during the  
11 period of the reported first amendment. The drafter of  
12 that amendment has admitted that neither an acting Trustee  
13 nor all of the beneficiaries that were required did sign  
14 and that it was invalid.

15 Any presumption that would be there has been  
16 clearly rebotted. We have the person that drafted it. We  
17 have the notice that was given by Caroline to Taria  
18 [phonetic] on -- and it wasn't timely notice, which would  
19 invalidate, you know, the proceeding in that regard, but  
20 they did know who she was and the idea that we sandbagged  
21 when they came up with the notice first, really shocks the  
22 conscience, Your Honor, because --

23 THE COURT: Okay. Mr. Solomon, do you have  
24 anything further to say on your Petition to -- for  
25 Jurisdiction?

1 long he's been married. I've never -- this is the first  
2 time.

3 But the point is she has full notice, never  
4 objected. She's waived her objection by not appearing and  
5 not making that. The only person here objecting is the  
6 person who acted upon it and never, ever raised this issue  
7 until you got in front of this Court on this hearing.

8 THE COURT: Okay. Well, I guess my concern is --  
9 and this is -- where I think counsel has indicated that  
10 they would like a chance to be heard on this and brief  
11 this. I think I have to take jurisdiction over this at  
12 least under a theory of constructive trust because they've  
13 been relying on this in good faith thinking they're  
14 operating properly and all of a sudden they're being told,  
15 by the very people who made that representation to them,  
16 oops, my bad, even though my sister knew I was married, she  
17 who -- I don't know if she had legal counsel telling her  
18 anything, but I didn't have legal counsel -- or at least  
19 his attorney says he didn't have legal counsel, so I didn't  
20 know -- needed it. So she went and hired and is now saying  
21 maybe I messed up here. I mean, but everybody's been  
22 relying on that.

23 MR. SOLOMON: And you don't have the evidence.  
24 All you have --

25 THE COURT: And acting on it.



1 MR. SOLOMON: --- is a statement.  
2 THE COURT: And so I just --  
3 MR. SOLOMON: There is no evidence at this point  
4 other than --  
5 THE COURT: It's --- I just have a real problem  
6 with this --  
7 MR. SOLOMON: -- that.  
8 THE COURT: -- in saying that there's no  
9 jurisdiction because there's no Trustee in Alaska. The  
10 only Trustee is here.  
11 MR. SOLOMON: It's true.  
12 THE COURT: And that's my problem with this -- you  
13 have a trust with no Trustee.  
14 MR. BARNEY: Your Honor, --  
15 THE COURT: If I follow your theory, Mr. Barney,  
16 you have a trust with no Trustee and --  
17 MR. BARNEY: And the Court --  
18 THE COURT: -- and your client has been acting  
19 without any authority and this is -- I mean, do you  
20 seriously want us to go down that road?  
21 MR. BARNEY: I do, Your Honor, and under the terms  
22 of the trust ---  
23 THE COURT: Okay.  
24 MR. BARNEY: -- if the Protect --  
25 THE COURT: I think that -- doesn't that expose

1 your client to huge liability?

2 MR. BARNEY: If the Protector does not appoint a  
3 Trustee, they can come together unanimously and they can  
4 appoint a Trustee.

5 The whole idea is -- what you're saying, Your  
6 Honor, is: Okay, well, there would be no Trustee. Do you  
7 know how many trusts come before us where there is no  
8 Trustee and the courts appoint a Trustee? Numerous times.

9 THE COURT: Okay.

10 MR. BARNEY: A Trustee dies. There is no Trustee  
11 for a certain period.

12 THE COURT: Yeah, but there's no Trustee in  
13 Alaska. We have a Trustee.

14 MR. BARNEY: The Trustee could be appointed in  
15 Alaska by the very terms of the --

16 THE COURT: Okay. Okay.

17 MR. BARNEY: -- trust.

18 THE COURT: I'm done, Mr. Barney. I'm done.

19 MR. BARNEY: Okay.

20 THE COURT: I'm going to take jurisdiction over  
21 this trust and I'm going to confirm Dunham as Trustee.

22 But we have this issue, which they've asked for  
23 the opportunity because this is not well developed. I  
24 think it raises some issues. I have a real concern about  
25 Mr. Lehnardt because I didn't really see anything

1 specifically alleged about him in this pleading. But Mr.  
2 Barlow's got a point. However -- we now know what the  
3 issue is so I think we need a more definite statement.

4 So I'm granting Mr. Barlow alternative relief in  
5 the form of I think he's entitled to -- his client is  
6 entitled to a more definite statement as to what it is  
7 allegedly Mr. Lehnardt already did. I think we all know  
8 it, but he's entitled to have it in a pleading. So, Mr.  
9 Lehnardt's Motion is granted with alternative relief. We  
10 need a more definite statement as to what it is Mr.  
11 Lehnardt allegedly did.

12 MR. BARLOW: If anything.

13 THE COURT: If anything. He's entitled to that.  
14 So it's -- we need a more definite statement because right  
15 now we don't have anything about him. He's right. We  
16 need something about him.

17 So, the issue is Chris. My problem here, even if  
18 it's just constructive trust because Dunham's acting -- as  
19 I've indicated, I believe in a good faith reliance on what  
20 everybody told them that here's a valid change of situs and  
21 trust amendment, I think that -- I appreciate this argument  
22 that it's all invalid and so Mr. Davis can't be sued, but  
23 my problem with that is he's been acting here, I have to  
24 assume because stuff has been going on, apparently giving  
25 instruction to Dunham and I just think that means he's

1 consented to the jurisdiction of this Court.

2 MR. SOLOMON: Yeah, I mean, he's de facto at a  
3 minimum.

4 THE COURT: Yeah.

5 MR. BARNEY: Your Honor, did you say that Mr.  
6 Davis could be sued?

7 THE COURT: Yeah. I think he's consented to the  
8 jurisdiction of this Court.

9 MR. BARNEY: And in what capacity are you making --  
10 -- I just want to be clear for the record?

11 THE COURT: He has been acting in -- under the  
12 assumption, and I understand your argument that it may all  
13 be void. If so, it all gets unwound some other way but I  
14 think I have to -- I have to take jurisdiction at this  
15 point and we have to have some form in which this can be  
16 litigated. I respectfully don't think it's Alaska. I  
17 think it's here because you've got a Trustee appointed  
18 here. Everybody is acting on this assumption and your  
19 client, perhaps in as good of faith as Dunham, has been  
20 acting under the assumption that he had a role and he had  
21 authority to take certain actions. He considered the  
22 jurisdiction of this Court by acting on it. So I think  
23 he's -- I think he can be sued here. He's consented to it  
24 by acting --

25 MR. BARNEY: And when you say he can be sued, are

1 you saying in his individual capacity or are you saying --

2 THE COURT: That's -- what -- I keep forgetting.

3 It was Investor?

4 MR. BARNEY: Investment Trust Advisor.

5 THE COURT: Investment Trust Advisor, yes.

6 MR. BARNEY: Because they're not asking to sue  
7 him. At least the pleadings I read, they're not asking to  
8 sue him. They're asking for information, Your Honor, and  
9 your -- you jumped to the he can be sued --

10 THE COURT: No. I'm saying I've got jurisdiction  
11 over it. So in his capacity as this Investment Trust  
12 Advisor, if they want to get records and stuff from him,  
13 then fine. He's consented to act in that capacity in this  
14 jurisdiction. Until it's shown that, in fact, he didn't  
15 have that capacity, I think he's consented because he acted  
16 on it.

17 MR. BARNEY: Okay. So, just to be clear, you're  
18 assuming jurisdiction under 164.010 in what capacity? Over  
19 Dunham Trust?

20 THE COURT: Dunham Trust because there's a trust --  
21 -- they -- the trust has been -- they took the role of  
22 Trustee acting on an assumption that they were properly  
23 appointed and they had a valid amendment and the change of  
24 situs. They acted on that. Your client also acted on it  
25 in his role of Investment Trust Advisor.

1           So, to the extent that that's a role that he was  
2 acting in, then I think we've got like a jurisdiction over  
3 him in that role because everybody was acting on that. If  
4 it's proven that, in fact, that's all void because Taria  
5 [phonetic] was entitled to be a signator, if we've got  
6 evidence on that and it's proven, then we've got a whole  
7 different problem, but we've got to litigate that somewhere  
8 and I don't think it's Alaska because this trust isn't in  
9 Alaska. Everybody is operating on the assumption that it  
10 is here. If it shouldn't be here, that's a problem for  
11 another day.

12           MR. BARNEY: And just as a point of clarification,  
13 when you're indicating that you have jurisdiction, are you  
14 -- is the extent of your ruling that you have jurisdiction  
15 or that you're just taking jurisdiction over Dunham and --  
16 because there's relief that's been requested and I'm --

17           MR. SOLOMON: And I'd like to get to that, Your  
18 Honor.

19           THE COURT: I know.

20           MR. SOLOMON: You've already -- you indicated that  
21 you're going to assume jurisdiction over Chris, ---

22           THE COURT: Right.

23           MR. SOLOMON: -- and --

24           THE COURT: In his role of Investment Trust  
25 Advisor.

1 MR. SOLOMON: I understand. Again, Article 12,  
2 Section 4 of the trust, and nobody disputes this, says,  
3 quote:

4 The trust books and records along with all trust  
5 documents shall be available and open at all reasonable  
6 times for the inspection of the trust beneficiaries and  
7 the representatives.

8 He has not opposed that he has these type of  
9 records in his possession. In fact, I know he does because  
10 Harriet Rowland [phonetic] told me that she had them, that  
11 he had produced them to her. She was prepared to turn them  
12 over to me when he said: No, don't give them anything.

13 THE COURT: Okay. Okay. So you asked for  
14 multiple types of relief. The petition is to assume  
15 jurisdiction over this trust. I'm going to assume  
16 jurisdiction over this trust, even though, as I said, it's  
17 without prejudice to litigate whether it's actually validly  
18 moved. If it's not, then, you know, we've got a problem,  
19 but it appears that everybody is acting on the assumption  
20 that it's here. So we have to take jurisdiction.

21 So, then I'm assuming jurisdiction over  
22 Christopher Davis as Investment Trust Advisor, which is the  
23 specific relief requested.

24 Stephen Lehnardt, I agree, I would also have  
25 jurisdiction for the same analysis, but the problem is we

1 don't have a statement as to what it is he's allegedly  
2 done. So, for the moment, I'm not taking jurisdiction over  
3 him because we need a more definite statement in order to  
4 say whether or not we can go forward against Mr. Lehnardt.

5 And then to confirm the Dunham Trust Company as  
6 Directed Trustee, for now, it appears they're acting in  
7 good faith on what was represented to them to be a valid  
8 amendment and change of situs. They have been acting, as  
9 far as I can tell, nobody's raised that that they would  
10 have any notice. So, I think we have to confirm them.  
11 They're the Trustee, until it's proven that maybe they  
12 shouldn't be because unknown to them there was a wife out  
13 there.

14 Okay. And then the final thing was immediate  
15 disclosure of documents and information from the Investment  
16 Trust Advisor.

17 MR. BARNEY: And what would that include with  
18 regard to those records? Clearly Alaska Trust has the  
19 records of their tenure as Trustee for the \$2.2 million.

20 THE COURT: Right.

21 MR. BARNEY: And they're not a party to this  
22 action. So --

23 THE COURT: It's what Mr. --- it's what he has in  
24 his role as Investment Trust Advisor. That's it.

25 MR. BARNEY: Because they've alleged \$25,000 was



1 handled between Dunham and Christopher Davis in Nevada.

2 THE COURT: If that's not -- you know, if that's

3 not in his possession, it's not in his possession. It's

4 only what's -- what he's got in his possession.

5 MR. SOLOMON: I'll prepare the --

6 THE COURT: So you'll prepare the order. Okay?

7 MR. SOLOMON: -- order, Your Honor.

8 THE COURT: Thank you.

9 MR. SOLOMON: And I'll submit it to counsel.

10 THE COURT: And we'll be -- like I said, this is

11 all without prejudice to actually litigate and give, you

12 know, Dunham a chance to --

13 MR. BARNEY: Did you --

14 THE COURT: -- lay out this whole issue.

15 MR. BARNEY: So to understand this correctly --

16 and I'd like to sign off on the order, Your Honor.

17 THE COURT: Sure. Absolutely. Mr. Solomon --

18 MR. BARNEY: If that's --

19 THE COURT: -- always very good about that.

20 MR. BARNEY: But you're giving jurisdiction

21 subject to a determination of whether or not --

22 THE COURT: Yeah. It's without prejudice to --

23 allergies. Without prejudice to raise the issue.

24 MR. SOLOMON: I understand.

25 MR. BARNEY: Of the validity --

1 THE COURT: Properly --  
2 MR. BARNEY: -- of the first amendment. Is that  
3 correct?  
4 THE COURT: Properly with evidence and -- because  
5 right now we don't even have an affidavit from Tarjia  
6 [phonetic] and who knows? I don't have her -- Taria  
7 [phonetic].  
8 MR. BARNEY: Taria [phonetic].  
9 THE COURT: Thank you.  
10 And Dunham. You know, surely they'd like to be  
11 heard. So, you know, it's without prejudice on that issue,  
12 but right now, everybody is acting on it, so --  
13 MR. SOLOMON: Thank you, Your Honor.  
14 MS. RENWICK: Thank you, Your Honor.  
15 THE COURT: -- we'll litigate it all later. Thank  
16 you all for coming in.  
17 THE CLERK: Is this [indiscernible]?  
18 THE COURT: Yes. We're keeping it. Mr. Solomon,  
19 specifically just for the record, Mr. Solomon specifically  
20 requested that this be handled from its inception here and  
21 nobody's objected to that part. So we're --  
22 MR. BARNEY: Yeah. I'd prefer that, Your Honor.  
23 THE COURT: You got it. Okay. We're good. We'll  
24 see you guys back here.  
25 MR. BARNEY: If the Court has jurisdiction.

1 THE COURT: Exactly. Subject to your right to say  
2 I don't have jurisdiction.

3

4 PROCEEDING CONCLUDED AT 11:15 A.M.

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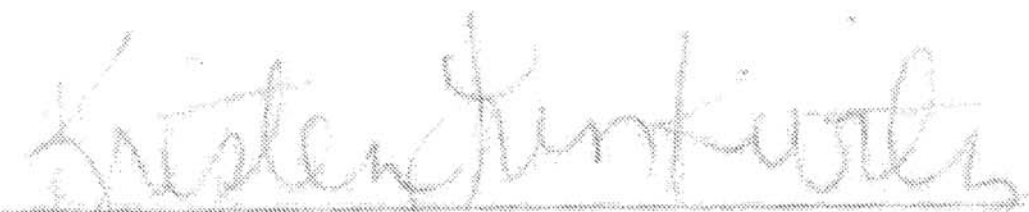
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CERTIFICATION

I certify that the foregoing is a correct transcript from the audio-visual recording of the proceedings in the above-entitled matter.

AFFIRMATION

I affirm that this transcript does not contain the social security or tax identification number of any person or entity.



KRISTEN LUNKWITZ  
INDEPENDENT TRANSCRIBER

## 7. Investment Loans

My Trustee is authorized to make loans to beneficiaries for investment or business purposes, as defined in the Code, in the foregoing asset classes. Loans will be allocated to the asset class for which the loan proceeds are used by the beneficiaries, and treated as a direct investment by the Trust in the asset class.

In the event my Trustee provides loans for a business investment in Class III, my Trustee shall require that the beneficiary obligated on the loan shall provide my Trustee with audited financial statements as soon as practicable following the close of each fiscal year of the business investment.

My Trustee, in connection with any loan made under this investment policy shall have the right to audit the use of loan proceeds by beneficiaries. If a beneficiary refuses to respond to my Trustee's audit requests, then my Trustee shall have full discretion to not distribute any trust assets to such beneficiary until such time as the audit is complete. In the event a beneficiary breaches the terms of a loan, my Trustee may, in its discretion, require the beneficiary to restore amounts lost due to the beneficiary's breach of the loan or may charge the loss against the beneficiary's trust share.

## NOTIFICATION OF DEMAND RIGHT

This notice is to inform you that on \_\_\_\_\_ a gift was made to the BEATRICE DAVIS FAMILY HERITAGE TRUST, dated July \_\_\_\_\_, 2000, under which you are a beneficiary. As a beneficiary, you have the right to withdraw your share of this gift or any other subsequent gifts made to the trust within a 30 day period following receipt of this notice. However, in no event can the total amount withdrawable by you in any calendar year exceed the annual limit on withdrawals as provided in the trust. You may contact the Trustee to find out your share of this or of any other gifts made as to which you have a right of withdrawal. No notice will be given to you of any other gifts made to the trust this year, so you must contact the Trustee to find out the status of your right to withdraw.

Generally, if you wish to exercise your withdrawal rights, you must file a demand to withdraw in writing with the Trustee prior to 30 days following the date you receive this notice. To the extent that the withdrawal right is not exercised in a timely fashion, it lapses in whole or in part, and the lapsed share of the gift is added permanently to the trust fund. Although generally withdrawal rights as to a gift lapse at the end of the 30 day period following the date the gift has been made, they may continue to be exercisable in whole or in part based on the formula contained in Article Three of the trust.

The amount that may have been withdrawn under a lapsed withdrawal power cannot be withdrawn later, but the lapse of a right to withdraw a contribution to the trust does not affect your right to withdraw future gifts to the trust.

If you need any additional information to assist you in making a decision regarding the exercise of your withdrawal rights, or if you wish to exercise your withdrawal rights, you must contact the Trustee in writing.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Trustee

### WAIVER OF WITHDRAWAL

I acknowledge receipt of this Notification of Demand Right. I waive and release my right to demand my share of this gift from the trust. I do not waive or release my right to subsequent gifts made to the trust.

Dated: \_\_\_\_\_

\_\_\_\_\_  
CAROLINE D. DAVIS

## NOTIFICATION OF DEMAND RIGHT

This notice is to inform you that on \_\_\_\_\_ a gift was made to the BEATRICE DAVIS FAMILY HERITAGE TRUST, dated July \_\_\_\_, 2000, under which you are a beneficiary. As a beneficiary, you have the right to withdraw your share of this gift or any other subsequent gifts made to the trust within a 30 day period following receipt of this notice. However, in no event can the total amount withdrawable by you in any calendar year exceed the annual limit on withdrawals as provided in the trust. You may contact the Trustee to find out your share of this or of any other gifts made as to which you have a right of withdrawal. No notice will be given to you of any other gifts made to the trust this year, so you must contact the Trustee to find out the status of your right to withdraw.

Generally, if you wish to exercise your withdrawal rights, you must file a demand to withdraw in writing with the Trustee prior to 30 days following the date you receive this notice. To the extent that the withdrawal right is not exercised in a timely fashion, it lapses in whole or in part, and the lapsed share of the gift is added permanently to the trust fund. Although generally withdrawal rights as to a gift lapse at the end of the 30 day period following the date the gift has been made, they may continue to be exercisable in whole or in part based on the formula contained in Article Three of the trust.

The amount that may have been withdrawn under a lapsed withdrawal power cannot be withdrawn later, but the lapse of a right to withdraw a contribution to the trust does not affect your right to withdraw future gifts to the trust.

If you need any additional information to assist you in making a decision regarding the exercise of your withdrawal rights, or if you wish to exercise your withdrawal rights, you must contact the Trustee in writing.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Trustee

### WAIVER OF WITHDRAWAL

I acknowledge receipt of this Notification of Demand Right. I waive and release my right to demand my share of this gift from the trust. I do not waive or release my right to subsequent gifts made to the trust.

Dated: \_\_\_\_\_

\_\_\_\_\_  
CHRISTOPHER D. DAVIS

## NOTIFICATION OF DEMAND RIGHT

This notice is to inform you that on \_\_\_\_\_ a gift was made to the BEATRICE DAVIS FAMILY HERITAGE TRUST, dated July \_\_\_\_\_, 2000, under which you are a beneficiary. As a beneficiary, you have the right to withdraw your share of this gift or any other subsequent gifts made to the trust within a 30 day period following receipt of this notice. However, in no event can the total amount withdrawable by you in any calendar year exceed the annual limit on withdrawals as provided in the trust. You may contact the Trustee to find out your share of this or of any other gifts made as to which you have a right of withdrawal. No notice will be given to you of any other gifts made to the trust this year, so you must contact the Trustee to find out the status of your right to withdraw.

Generally, if you wish to exercise your withdrawal rights, you must file a demand to withdraw in writing with the Trustee prior to 30 days following the date you receive this notice. To the extent that the withdrawal right is not exercised in a timely fashion, it lapses in whole or in part, and the lapsed share of the gift is added permanently to the trust fund. Although generally withdrawal rights as to a gift lapse at the end of the 30 day period following the date the gift has been made, they may continue to be exercisable in whole or in part based on the formula contained in Article Three of the trust.

The amount that may have been withdrawn under a lapsed withdrawal power cannot be withdrawn later, but the lapse of a right to withdraw a contribution to the trust does not affect your right to withdraw future gifts to the trust.

If you need any additional information to assist you in making a decision regarding the exercise of your withdrawal rights, or if you wish to exercise your withdrawal rights, you must contact the Trustee in writing.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Trustee

## WAIVER OF WITHDRAWAL

I acknowledge receipt of this Notification of Demand Right. I waive and release my right to demand my share of this gift from the trust. I do not waive or release my right to subsequent gifts made to the trust.

Dated: \_\_\_\_\_

\_\_\_\_\_  
CHERYLL DAVIS



## NOTIFICATION OF DEMAND RIGHT

This notice is to inform you that on \_\_\_\_\_ a gift was made to the BEATRICE DAVIS FAMILY HERITAGE TRUST, dated July \_\_\_\_, 2000, under which you are a beneficiary. As a beneficiary, you have the right to withdraw your share of this gift or any other subsequent gifts made to the trust within a 30 day period following receipt of this notice. However, in no event can the total amount withdrawable by you in any calendar year exceed the annual limit on withdrawals as provided in the trust. You may contact the Trustee to find out your share of this or of any other gifts made as to which you have a right of withdrawal. No notice will be given to you of any other gifts made to the trust this year, so you must contact the Trustee to find out the status of your right to withdraw.

Generally, if you wish to exercise your withdrawal rights, you must file a demand to withdraw in writing with the Trustee prior to 30 days following the date you receive this notice. To the extent that the withdrawal right is not exercised in a timely fashion, it lapses in whole or in part, and the lapsed share of the gift is added permanently to the trust fund. Although generally withdrawal rights as to a gift lapse at the end of the 30 day period following the date the gift has been made, they may continue to be exercisable in whole or in part based on the formula contained in Article Three of the trust.

The amount that may have been withdrawn under a lapsed withdrawal power cannot be withdrawn later, but the lapse of a right to withdraw a contribution to the trust does not affect your right to withdraw future gifts to the trust.

If you need any additional information to assist you in making a decision regarding the exercise of your withdrawal rights, or if you wish to exercise your withdrawal rights, you must contact the Trustee in writing.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Trustee

## WAIVER OF WITHDRAWAL

I acknowledge receipt of this Notification of Demand Right. I waive and release my right to demand my share of this gift from the trust. I do not waive or release my right to subsequent gifts made to the trust.

Dated: \_\_\_\_\_

\_\_\_\_\_  
WINFIELD B. DAVIS

# EXHIBIT “2”

## **First Amendment to the Beatrice B. Davis Family Heritage Trust**

On July 28, 2000 Beatrice B. Davis, signed the Beatrice B. Davis Family Heritage Trust ("my trust"), more formally known prior to amendment as:

Alaska USA Trust Company, Trustee of the Beatrice B. Davis Family  
Heritage Trust dated July 28, 2000.

Article Fourteen of the trust permits the Trust Protector to amend the trust in writing as set forth in the "Memorandum of Action by Trust Protector" integrated and incorporated herein by this reference as if set out here in full. This Amendment represents the First Amendment to the trust and is made in order to effectuate a change in situs, applicable state law, trustee, capital and surplus requirements, and trust administration necessary to accomplish the foregoing.

### **Section 1.01 Amendment**

The Trust Protector hereby amends the trust as follows:

**FIRST: SITUS AND APPLICABLE STATE LAW.** Article One, Section 2 is hereby amended in its entirety to read as follows:

#### **Article One, Section 2. Application of Nevada Trust Law**

I intend that this trust and the trusts created under this Agreement are trusts described in Nev. Rev. Stat. §§ 166.010-166.170 and any other relevant Nevada Statutes as amended from time to time. Accordingly, unless the Trustee moves the situs of this trust or any trust created hereunder to another jurisdiction, I direct that

At all times at least one trustee of each trust shall be a "qualified person" under Nevada law; and

The duties of that trustee shall include the duty and responsibility to maintain books and records of the trust in Nevada and to prepare or to arrange for the preparation of the tax returns of the trust; and

At least some assets of the trust shall be deposited in or subject to the laws of Nevada as and if required by Nevada law; and

At least part of the administration of the trust shall occur in Nevada as required by law and in accordance with Nevada law.

## **SECOND: TRUSTEE**

Alaska USA Trust Company is removed and replaced as trustee by Dunham Trust Company. The trust is now formally known as:

Dunham Trust Company, Trustee of the Beatrice B. Davis Family  
Heritage Trust dated July 28, 2000.

**THIRD: CAPITAL AND SURPLUS REQUIREMENTS.** The capital and surplus requirements in Article Eleven, Section 6.a. shall be amended in its entirety to read as follows:

## **ARTICLE ELEVEN, SECTION 6.a. CORPORATE FIDUCIARIES**

a. have a combined capital and surplus of at least 1 million dollars; or...

**FOURTH, TRUST ADMINISTRATION.** New Section 2.d. shall be added to Article Thirteen to read as follows:

### **Article Thirteen, Section 2.d. Directed Trust**

Notwithstanding anything in my trust to the contrary, my trust shall be administered as a "directed trust" unless changed in accordance with law and this agreement. The following shall control so long as my trust is administered as a directed trust under applicable state law. Any provision to the contrary in my trust shall be interpreted to carry out my intent as expressed in this Section, or, in the exercise of its discretion and to carry out my intent, shall be superseded by the following if in irreconcilable conflict.

#### **FIRST: Appointment of Directed Trustee.**

The Trust Protector nominates and appoints Dunham Trust Company ("Trust Company"), as trustee of any trusts created hereunder (hereinafter referred to in its capacity as trustee as the "Directed Trustee"). Trust Protector intends that the trusts created hereunder shall be Nevada Directed Trusts created pursuant to Nevada Revised Statutes ("NRS") 163.553 et. seq., as amended from time to time.

#### **SECOND: Appointment of Investment Trust Adviser; Duties of Investment Trust Adviser.**

The Trust Protector nominates and appoints Christopher D. Davis, either individually or in his legal capacity as manager of an LLC wholly-owned by the trust to invest and holding certain trust assets, as investment trust adviser (the "Investment Trust Adviser"). Christopher D. Davis, either individually or in his managerial capacity, shall be treated as an

"Investment Trust Adviser" under NRS 163.5543 and as a "Fiduciary" under NRS 163.554.

The Investment Trust Adviser shall have the full power to manage the investments and reinvestments of the trust, including power to purchase, sell, encumber and retain all of the trust assets, power to select one or more investment advisers or managers, including the Directed Trustee, and delegate to such parties any of the powers of the Investment Trust Adviser, and power to exercise voting, subscription, conversion, option and similar rights with respect to such property and to participate in corporate actions including, reorganization, merger dissolution or other action affecting any such property ("Investment Trust Adviser Authority"). Trust Company, as the Directed Trustee, shall act solely on the direction of the Investment Trust Adviser with respect to all matters relating to the management and investment of trust assets and shall have no obligation to investigate or confirm the authenticity of investment directions it receives or the authority of the person or persons conveying them.

The Directed Trustee shall have no authority and shall not interfere with any actions of the Investment Trust Adviser which is within the scope of the Investment Trust Adviser's Authority. With regard to any assets over which the Investment Trust Adviser has investment responsibility and in addition to the Investment Trust Adviser's duties herein, the Investment Trust Adviser shall have the duty (a) to confirm to the Directed Trustee, in writing, the value of such assets at least annually and upon request by the Directed Trustee, (b) to manage or participate in the management of any entity owned by the trust, to the extent such entity's governing instruments or applicable law require the owners to manage the same, (c) to direct the Directed Trustee with respect to making any representation, warranty or covenant required to be made in order to maintain any investment and (d) to direct and instruct the Directed Trustee on the future actions, if any, to be taken with respect to such representations, warranties and covenants. The powers exercised by the Investment Trust Adviser shall be at the sole discretion of the Investment Trust Adviser, and the Investment Trust Adviser decisions shall be binding on all persons.

**THIRD: Appointment of Distribution Trust Adviser; Duties of Distribution Trust Adviser.**

The other provisions of my agreement shall control appointment of a Distribution Trust Adviser (the "Distribution Trust Adviser"). My Trust Protector, absent some other appointment, shall be treated as the "Distribution Trust Adviser" under NRS 163.5537 and as a "Fiduciary" under NRS 163.554.

The Distribution Trust Adviser shall exercise all discretion related to all income and principal distributions to or for the benefit of any beneficiaries

of such trust or trusts established hereunder. If the Distribution Trust Adviser determines that such a discretionary distribution of income and/or principal is warranted, the Distribution Trust Adviser shall notify the Directed Trustee in writing and the Directed Trustee shall comply with all such written directions. The Directed Trustee shall have no duty to see to the application of any distributions so directed. The powers exercised by the Distribution Trust Adviser shall be at the sole discretion of the Distribution Trust Adviser, and the Distribution Trust Adviser decisions shall be binding on all persons.

**FOURTH: Limitation of Liability of Trust Company, as Directed Trustee; Indemnification of Directed Trustee.**

Dunham Trust Company, as the Directed Trustee, shall be treated as an "Excluded Fiduciary" as defined in NRS Section 163.5539. Trust Company, as the Directed Trustee, shall not be liable to any beneficiary of the trust, the Investment Trust Adviser, Distribution Trust Adviser or to any other person including such parties' successors, heirs or assigns, for any act or failure to act by the Investment Trust Adviser and/or the Distribution Trust Adviser, or for acting on a direction of such Trust Advisers or their employees or agents with respect to implementing any such direction or investment, and it shall not be liable for any loss resulting from any action or omission taken by such Trust Advisers, or taken by it in accordance with a direction of the Trust Advisers or their employees or agents. Moreover, the Directed Trustee shall be fully indemnified, including without limitation reasonable attorney's fees and costs, by the trust estate against any claim or demand by any trust beneficiary or trust creditor, the Investment Trust Adviser or Distribution Trust Adviser or such parties' heirs, successors or assigns except for any claim or demand based on the Directed Trustee's own willful misconduct or gross negligence.

**FIFTH: Authority to Hire Agents.**

The Directed Trustee and the Investment Trust Adviser and Distribution Trust Adviser are authorized to employ such accountants, advisors and other counsel, including but not limited to entities affiliated with the Directed Trustee or such Trust Adviser, and to pay out of income or principal or both the reasonable charges and fees of such agents, advisors and counsel, as it shall in its sole discretion determine.

**SIXTH: Power to Employ Custodian; Custodian to Follow Directions Regarding Purchases and Sales.**

The Directed Trustee or the Investment Trust Adviser, as the case may be, may employ a custodian to hold the assets of the trust for safekeeping. The Directed Trustee or the Investment Trust Adviser employing such custodian may designate from time to time any person or firm to direct the

custodian as to purchases and sales of trust assets held by the custodian and the custodian shall not be liable for following any such directions. The custodian shall receive reasonable compensation for custodial services performed.

**SEVENTH: Successor Directed Trustee.**

The above provisions shall apply to any and all successors, assigns, employees, agents, subsidiaries and affiliates of Trust Company. The above provisions also shall apply during such time as any affiliate or subsidiary of The Trust Company is acting as successor Directed Trustee in the same manner as if such successor Directed Trustee were specifically named herein.

**EIGHTH: Resignation, Removal, and Replacement.**

The other provisions of my agreement with respect to resignation, removal and replacement of trustees shall control the resignation, removal and replacement of a Directed Trustee, Investment Trust Adviser or the Distribution Trust Adviser.

**Section 1.02 Contest Provision**

This Section of this Amendment applies to the above-named trust and to this Amendment. If any provision of this Section conflicts with any provision of the trust, the provision of this Section will prevail.

If any person attempts to contest or oppose the validity of this trust or any amendment to this trust, or commences, continues, or prosecutes any legal proceedings to set this trust aside, then that person will forfeit his or her share, cease to have any right or interest in the trust property, and will be considered to have predeceased me for purposes of this instrument.

**Section 1.03 Effective Date**

The provisions of this Amendment are effective immediately after execution with written consent of all beneficiaries then-entitled to receive mandatory or discretionary distributions of net income under the trust.

**Section 1.04 Ratification and Confirmation**

The Trust Protector confirms all provisions of the trust that are not modified by this Amendment. The Trust Protector certifies that he has read this Amendment to trust, and that it correctly states the changes the Trust Protector desires to make to the trust, and that all required notices and consents have been made and received in writing. The Trust Protector approves this Amendment to the Beatrice B. Davis Family Heritage Trust in all particulars, and requests the Trustee to execute it.

The Trust Protector executed this Amendment on February 24, 2014.

  
Stephen K. Lehnardt, Trust Protector

STATE OF MISSOURI

)

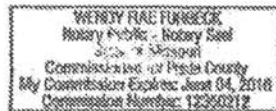
) ss.

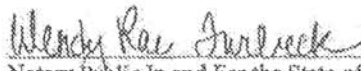
COUNTY OF CLAY

)

On February 24, 2014, before me personally appeared Stephen K. Lehnardt, as Trust Protector, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he executed the same as his voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State on the date first written above.



  
Wendy Rae Furbeck  
Notary Public In and For the State of Missouri  
My commission expires: June 04, 2016



Dunham Trust Company, Trustee

by: Shanna Coressel  
Shanna Coressel, Trust Officer/Trustee

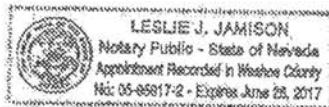
STATE OF NEVADA )

) ss.

COUNTY OF WASHOE )

On March 19, 2014, before me personally appeared Shanna Coressel, as Trust Officer/Trustee for Dunham Trust Company, Trustee, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that she executed the same as her voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State on the date first written above.



Leslie J. Jamison  
Notary Public in and For the State of Nevada  
My commission expires: 6/28/17

ACKNOWLEDGEMENT AND CONSENT OF BENEFICIARY

I, Christopher D. Davis, as a beneficiary entitled to net income of the trust, hereby acknowledge this Amendment and consent to its terms.

IN WITNESS WHEREOF, I have hereunto set my hand effective on the date written below.

Dated this 27 day of February, 2014

by: 

Christopher D. Davis, Income Beneficiary

ACKNOWLEDGEMENT AND CONSENT OF BENEFICIARY

I, Caroline D. Davis, as a beneficiary entitled to net income of the trust, hereby acknowledge this Amendment and consent to its terms.

IN WITNESS WHEREOF, I have hereunto set my hand effective on the date written below.

Dated this 28 day of February, 2014

by:   
Caroline D. Davis, Income Beneficiary

**ACKNOWLEDGEMENT AND CONSENT OF BENEFICIARY**

I, Winfield B. Davis, as a beneficiary entitled to net income of the trust, hereby acknowledge this Amendment and consent to its terms.

IN WITNESS WHEREOF, I have hereunto set my hand effective on the date written below.


Dated this \_\_\_\_ day of February, 2014

by: \_\_\_\_\_  
Winfield B. Davis, Income Beneficiary

# EXHIBIT “3”

Electronically Filed  
07/28/2015 09:23:11 AM

DECL  
Tarja Davis  
3005 North Beverly Glen Circle  
Los Angeles, California 90077  
Appearing Pro Per

  
CLERK OF THE COURT

DISTRICT COURT  
CLARK COUNTY, NEVADA

In the Matter of:

Case No.: P-15-083867-T

The Beatrice B. Davis Family Heritage Trust,

Dept. 26

dated July 28, 2000

DECLARATION OF TARJA DAVIS

I, Tarja Davis, do hereby declare under penalty of perjury the following:

1. I am over the age of majority, and my current address is 3005 North Beverly Glen Circle in Los Angeles California, 90077.
2. I am the wife of Christopher D. Davis.
3. Christopher D. Davis and I were married on February 22, 2012 in Los Angeles County and I have attached a copy of my marriage certificate to this affidavit.
4. We have been living together since our marriage to one another in 2012.
5. As the spouse of the Christopher D. Davis, I am a beneficiary of The Beatrice B. Davis Family Heritage Trust dated July 28, 2000, an Alaska Trust.
6. I was not informed of any amendment to The Beatrice B. Davis Family Heritage Trust during the time of my marriage to Christopher B. Davis and did not consent to move the The Beatrice B. Davis Family Heritage Trust from Alaska to Nevada.

DECLARATION OF TARJA DAVIS - 1

1 7. I was not informed of and did not consent to any change in situs of The Beatrice B. Davis  
2 Family Heritage Trust from Alaska to Nevada.

3 Dated this 24 day of July, 2015.

4   
5 Tarja Davis, Declarant

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CALIFORNIA JURAT WITH AFFIANT STATEMENT

I See Attached Document (Notary to cross out lines 1-6 below)

I See Statement Below (Lines 1-5 to be completed only by document signat[s], not Notary)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this

24<sup>th</sup> day of July, 2015, by

(1) TOR, A WILSON, JR. AKA TOR, A WILSON

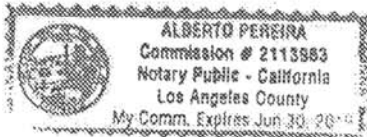
proved to me on the basis of satisfactory evidence to be the person who appeared before me ( ) ( )

(and

(2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature \_\_\_\_\_  
Signature of Notary Public



Notary Public Seal Alert

OPTIONAL

Upon its use, the notary seal is not required by law, it may prove valuable as persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Further Description of Any Attached Document

Notary Seal to be removed Notary Seal to be removed

Notary Seal to be removed Notary Seal to be removed

Notary Seal to be removed Notary Seal to be removed

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# Exhibit 1

# STATE OF CALIFORNIA

## CERTIFICATION OF VITAL RECORD

COUNTY OF LOS ANGELES • REGISTRAR-RECORDER/COUNTY CLERK

CONFIDENTIAL  
LICENSE AND CERTIFICATE OF MARRIAGE 52012 19002502

STATE FAX NUMBER		DATE OF REGISTRATION	
1A FIRST NAME <b>USARZ</b>		1B MIDDLE <b>E</b>	
1C CURRENT LAST <b>MAHMOUD</b>		1D LAST NAME AT BIRTH (IF DIFFERENT FROM 1C) <b>MAHMOUD</b>	
1E DATE OF BIRTH (MM/DD/YYYY) <b>04/06/1964</b>		1F DATE BIRTH (MM/DD/YYYY) <b>08/17/2010</b>	
1G STATE/COUNTRY OF BIRTH <b>FINLAND</b>		1H STATE/COUNTRY OF BIRTH <b>FINLAND</b>	
1I ADDRESS <b>2220 COLIMATER CANYON</b>		1J CITY <b>REVERLY HILLS</b>	
1K FULL BIRTHNAME OF FATHER/PARENT <b>SIMO CAPOVIZ</b>		1L STATE OF BIRTH (IF OUTSIDE U.S. ENTER COUNTRY) <b>FINLAND</b>	
1M FULL BIRTHNAME OF MOTHER/PARENT <b>PETERO RAIVAA</b>		1N STATE OF BIRTH (IF OUTSIDE U.S. ENTER COUNTRY) <b>FINLAND</b>	
1O FIRST NAME <b>ONNI STORHEN</b>		1P MIDDLE <b>DAVID</b>	
1Q CURRENT LAST <b>DAVID</b>		1R LAST NAME AT BIRTH (IF DIFFERENT FROM 1Q) <b>DAVID</b>	
1S DATE OF BIRTH (MM/DD/YYYY) <b>05/26/1951</b>		1T DATE BIRTH (MM/DD/YYYY) <b>08/12/2011</b>	
1U STATE/COUNTRY OF BIRTH <b>FINLAND</b>		1V STATE/COUNTRY OF BIRTH <b>FINLAND</b>	
1W ADDRESS <b>2220 COLIMATER CANYON</b>		1X CITY <b>REVERLY HILLS</b>	
1Y FULL BIRTHNAME OF FATHER/PARENT <b>ELIAS WILHELM DAVID</b>		1Z STATE OF BIRTH (IF OUTSIDE U.S. ENTER COUNTRY) <b>FINLAND</b>	
2A FULL BIRTHNAME OF MOTHER/PARENT <b>HESTERIE MACKIN</b>		2B STATE OF BIRTH (IF OUTSIDE U.S. ENTER COUNTRY) <b>FINLAND</b>	
2C SIGNATURE OF PERSONS ENTERING INTO MARRIAGE <i>[Signatures]</i>			
2D SIGNATURE OF REGISTRAR-RECORDER/COUNTY CLERK <i>[Signature]</i>			
2E SIGNATURE OF WITNESS <i>[Signature]</i>			
2F SIGNATURE OF WITNESS <i>[Signature]</i>			
2G SIGNATURE OF WITNESS <i>[Signature]</i>			
2H SIGNATURE OF WITNESS <i>[Signature]</i>			
2I SIGNATURE OF WITNESS <i>[Signature]</i>			
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2V SIGNATURE OF WITNESS <i>[Signature]</i>			
2W SIGNATURE OF WITNESS <i>[Signature]</i>			
2X SIGNATURE OF WITNESS <i>[Signature]</i>			
2Y SIGNATURE OF WITNESS <i>[Signature]</i>			
2Z SIGNATURE OF WITNESS <i>[Signature]</i>			
3A DATE OF MARRIAGE (MM/DD/YYYY) <b>07/27/2012</b>			
3B CITY OF MARRIAGE <b>Reverly Hills</b>			
3C COUNTY OF MARRIAGE <b>LOS ANGELES</b>			
3D SIGNATURE OF REGISTRAR-RECORDER/COUNTY CLERK <i>[Signature]</i>			
3E SIGNATURE OF WITNESS <i>[Signature]</i>			
3F SIGNATURE OF WITNESS <i>[Signature]</i>			
3G SIGNATURE OF WITNESS <i>[Signature]</i>			
3H SIGNATURE OF WITNESS <i>[Signature]</i>			
3I SIGNATURE OF WITNESS <i>[Signature]</i>			
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3W SIGNATURE OF WITNESS <i>[Signature]</i>			
3X SIGNATURE OF WITNESS <i>[Signature]</i>			
3Y SIGNATURE OF WITNESS <i>[Signature]</i>			
3Z SIGNATURE OF WITNESS <i>[Signature]</i>			
4A NAME OF COUNTY CLERK <b>DEAN C. COGAN</b>			
4B SIGNATURE OF COUNTY CLERK <i>[Signature]</i>			
4C DATE OF REGISTRATION <b>MAR 08 2012</b>			

STATE OF CALIFORNIA, DEPARTMENT OF PUBLIC HEALTH, OFFICE OF VITAL RECORDS

This is to certify that this document is a true copy of the original record filed with the Registrar-Recorder/County Clerk.

*Dean C. Cogan*  
DEAN C. COGAN  
Registrar-Recorder/County Clerk

SEP - 4 2012  
001870239

This copy was valid unless prepared on engraved paper containing the seal and signature of the Registrar-Recorder/County Clerk.

ANY REPRODUCTION OF THIS DOCUMENT IS PROHIBITED

# EXHIBIT “4”

  
CLERK OF THE COURT

TRAN

DISTRICT COURT

CLARK COUNTY, NEVADA

\* \* \* \* \*

IN THE MATTER OF THE TRUST OF: ) CASE NO. P-15-082867  
THE BEATRICE DAVIS HERITAGE ) DEPT. NO. XXVI  
TRUST. )  
Transcript of Proceedings  
BEFORE THE HONORABLE GLORIA J. STURMAN, DISTRICT COURT JUDGE

MOTION TO DISMISS: MOTION ON CHRISTOPHER DAVIS' MOTION TO  
DISMISS PURSUANT TO NRCP 12(B) AND NRCP 19; PETITION TO  
ASSUME JURISDICTION OVER THE BEATRICE B. DAVIS FAMILY  
TRUST, ASSUME JURISDICTION OVER CHRISTOPHER DAVID AS  
INVESTMENT TRUST ADVISOR AND STEPHEN K. LEHNARDT AS  
DISTRIBUTION TRUST ADVISOR, TO CONFIRM DUNHAM TRUST COMPANY  
AS DIRECTED TRUSTEE, AND FOR IMMEDIATE DISCLOSURE OF  
DOCUMENTS AND INFORMATION FROM CHRISTOPHER D. DAVIS

WEDNESDAY, APRIL 22, 2015

APPEARANCES:

For Caroline Davis: MARK ALAN SOLOMON, ESQ.  
JOSHUA M. HOOD, ESQ.  
For Christopher Davis: ANTHONY L. BARNEY, ESQ.  
For Stephen Lehnardt: JONATHAN W. BARLOW, ESQ.  
For Dunham Trust Company: CHARLENE N. RENWICK, ESQ.

RECORDED BY: KERRY ESPARZA, DISTRICT COURT  
TRANSCRIBED BY: KRISTEN LUNKWITZ

Proceedings recorded by audio-visual recording, transcript  
produced by transcription service.

1 WEDNESDAY, APRIL 22, 2015 AT 10:09 A.M.

2

3 THE COURT: Okay. Will everybody state  
4 appearances and we're ready to go?

5 MR. BARLOW: Jonathan Barlow for Stephen Lehnardt,  
6 the Trust Protector.

7 THE COURT: Okay.

8 MS. RENWICK: Charlene Renwick on behalf of  
9 Dunham Trust Company.

10 MR. BARNEY: Anthony Barney on behalf of  
11 Christopher Davis.

12 THE COURT: All right.

13 MR. SOLOMON: And Mark Solomon and Joshua Hood on  
14 behalf of Caroline Davis.

15 THE COURT: Okay. So, this is, again, my day to  
16 deal with these family issues. So, anyway, let's discuss.  
17 This is -- Mr. Solomon, your Petition to Assume  
18 Jurisdiction over the Trust. I didn't really see that that  
19 issue, the assuming that jurisdiction over the trust, was  
20 really opposed. So to that specific relief requested, is  
21 anybody really opposing that?

22 MR. BARNEY: Yes. I filed a Motion to Dismiss --

23 THE COURT: Okay.

24 MR. BARNEY: -- his Petition in that regard.

25 THE COURT: Okay. All right. But I thought that

1 was -- just to dismiss the petition or just to dismiss your  
2 client or to dismiss the petition?

3 MR. BARNEY: Dismiss the --

4 THE COURT: Okay. It was Mr. Barlow who was just  
5 looking -- who did his Joinder the right way. Nobody ever  
6 does Joinders the right way. He --

7 MR. BARLOW: Well, thank you.

8 THE COURT: He made it really clear: I'm only  
9 joining -- people always just file joinders and I'm like:  
10 What are you joining? He made it real clear what he's  
11 joining. He is joining only to the extent that --

12 MR. BARLOW: Right. We turned in Mr. Barney's  
13 arguments --

14 THE COURT: Right.

15 MR. BARLOW: -- related to the jurisdiction and --

16 THE COURT: Jurisdiction only.

17 MR. BARLOW: -- the -- limited to the --

18 THE COURT: Okay.

19 MR. BARLOW: -- joinder parties. There was a  
20 concern that we had that we didn't join and subsequent  
21 conversations after review of the Reply that we may have  
22 changed our position on that.

23 THE COURT: Okay.

24 MR. BARLOW: So, essentially, we're all  
25 essentially in full joinder with the --

1 THE COURT: Okay. So you're --  
2 MR. BARLOW: -- Motion now after reviewing --  
3 THE COURT: All right. So then --  
4 MR. BARLOW: -- the Reply.  
5 THE COURT: -- what's your client's position on --  
6 any other --  
7 MR. SOLOMON: Yeah, we did file a Reply, Your  
8 Honor.  
9 THE COURT: Okay.  
10 MR. SOLOMON: You mean to Mr. Barlow?  
11 THE COURT: Yeah. Okay.  
12 MR. SOLOMON: Yeah, our position is that we  
13 properly, under our statute, asked the Court to confirm him  
14 as Trust Protector and Distribution Advisor because that's  
15 what our law requires.  
16 THE COURT: Okay. So, --  
17 MR. SOLOMON: How do you want to tackle this, Your  
18 Honor?  
19 THE COURT: I think -- that's why -- I think,  
20 first of all, can we just make it clear who is on first?  
21 So, --  
22 MR. SOLOMON: It's my petition but they never  
23 really responded to my petition --  
24 THE COURT: Right. So, --  
25 MR. SOLOMON: -- substantively.

1 THE COURT: -- the interests --  
2 MR. SOLOMON: What they did was just took this  
3 jurisdictional --  
4 THE COURT: Right.  
5 MR. SOLOMON: -- Motion to Dismiss --  
6 THE COURT: That was why I was wondering because --  
7 --  
8 MR. SOLOMON: --- which I don't -- I opposed  
9 specifically --  
10 THE COURT: I know. It seemed like nobody was  
11 really -- it didn't -- it had gotten to this jurisdictional  
12 issue, we didn't really get to the issue of, you know, does  
13 this Court have -- can this Court, you know, assume  
14 jurisdiction?  
15 MR. BARNEY: And, Your Honor, therein lies the  
16 Motion to Dismiss. If the Motion to Dismiss is determined  
17 on its merits, --  
18 THE COURT: So --  
19 MR. BARNEY: -- this Court does not have  
20 jurisdiction to --  
21 THE COURT: -- I guess that's my question is --  
22 MR. SOLOMON: We only accept jurisdiction to  
23 determine jurisdiction, obviously. So, --  
24 THE COURT: Right.  
25 MR. SOLOMON: -- that's where I think we are, Your



1 Honor.

2 THE COURT: So, yeah. And -- okay. So I guess  
3 that's the question then is: Does it make more sense to  
4 start with the Petition to Dismiss --

5 MR. SOLOMON: I think so, yes.

6 THE COURT: -- and make the decision with respect  
7 to jurisdiction --

8 MR. SOLOMON: And I can cover both in my response  
9 ---

10 THE COURT: Okay.

11 MR. SOLOMON: -- because --

12 THE COURT: Perfect.

13 MR. SOLOMON: -- they're relevant.

14 THE COURT: Then excellent. And I don't know, Mr.  
15 Barney, who is arguing -- okay. Good. Thanks.

16 MR. BARNEY: Thank you, Your Honor.

17 Your Honor, as you are aware, the issue of  
18 jurisdiction arises or falls under the issue of whether or  
19 not there is a valid amendment to the trust. The terms of  
20 the trust specifically indicate that in order to create an  
21 amendment there must be a change in situs that is  
22 effectively ratified as a condition precedent to any  
23 amendment amending the trust to the laws of the state of  
24 Nevada.

25 Under the terms of the trust, the change in situs

1 is required only after the consent of all of the  
2 beneficiaries. The then acting Protector and the consent  
3 of the Trustee after it has received its counsel during the  
4 life of the testator a written opinion and thereafter an  
5 opinion by counsel that a change in situs is proper.

6 In this case, in order for there to be a first  
7 amendment, to even give the Court jurisdiction on the basis  
8 upon which to take jurisdiction under 164.010, there had to  
9 be a proper change in situs and there didn't occur a proper  
10 of situs in this case. There are certain beneficiaries of  
11 this trust. We have Christopher Davis, we have Caroline  
12 Davis, we have their son, and we also have Taria [phonetic]  
13 Davis. Okay. The amendment would have required all of  
14 their consents to --

15 THE COURT: But it said it was unanimous.

16 MR. BARNEY: It was unanimous.

17 THE COURT: Oh.

18 MR. BARNEY: And the trust, Your Honor, doesn't  
19 require unanimous consent, it requires all beneficiaries.  
20 That's the pertinent part of the trust and that's set forth  
21 under Article 14. All beneficiaries must consent to this.

22 As far as we know --

23 MR. SOLOMON: Who didn't consent?

24 MR. BARNEY: Taria [phonetic].

25 MR. SOLOMON: Who is that?

1 MR. BARNEY: Taria [phonetic] is the wife of  
2 Christopher Davis.

3 THE COURT: Okay.

4 MR. SOLOMON: Not at the time of this.

5 THE COURT: Okay. All right.

6 MR. BARNEY: Yes. And, in fact, it's clear that  
7 they understood she was a beneficiary because in their  
8 Opposition to our Motion to Dismiss, they actually notice -  
9 - they took to notice her, okay, but they hadn't previously  
10 done so. Okay. It's clear that she did not consent to  
11 this.

12 There also wasn't an acting Alaska Trustee at that  
13 point to consent to the transfer. Mr. Solomon presented  
14 evidence that was very clear that on December 5<sup>th</sup> that  
15 Alaska Trust USA tendered their resignation and was no  
16 longer the Trustee at that point. Then, allegedly, in  
17 February, the first amendment was produced wherein the  
18 change in situs occurred, allegedly, and a new Trustee was  
19 appointed in that same document.

20 Now, Your Honor, that begs the question: How  
21 could a Nevada Trustee based in Nevada who could only  
22 operate within that situs be the Trustee that referred to  
23 in the trust but had to receive counsel before they made  
24 the change in situs that would also make the amendment  
25 operative as a condition precedent and then go ahead and

1 sign on an amendment where they were only appointed in that  
2 same amendment? It's impossibility, Your Honor.

3           Clearly, the trust envisioned that it was the  
4 Alaska Trustee that would obtain advice and understanding  
5 from counsel before they agreed to transfer the situs.  
6 Dunham Trust couldn't even agree to have it transferred and  
7 administered under a situs other than Nevada because  
8 they're only licensed in Nevada to administer this trust  
9 and clearly it wasn't them.

10           So we know in this matter that neither the Trustee  
11 nor the beneficiary under the trust consented. So we  
12 didn't have all of the beneficiaries as required. We  
13 didn't have the Trustee, therefore no condition precedent  
14 of the situs actually being changed and thereby allowing  
15 any amendment to the trust. And that was originally what I  
16 raised in the first -- in my first pleading in the Motion  
17 to Dismiss. I expanded upon that in our Reply where I set  
18 forth the very parameters of what the Court needed in order  
19 to justify jurisdiction.

20           In effect, Your Honor, what we have is the -- it's  
21 the first time I've seen it in my career where someone is  
22 actually asking for information obviously in the context of  
23 an accounting not from the Trustee, Your Honor, but from  
24 the beneficiaries, the purported beneficiaries, of that  
25 distribution. Therein lies the concern. We've got several

1 entities that have been named as supposedly distributees of  
2 this money under the tenure of the Alaska Trustee to the  
3 tune of \$2.2 million at a time when Christopher Davis was  
4 not a fiduciary in any capacity. And yet, now under this  
5 purported amendment that's clearly defective, for the  
6 amount of \$25,000 apparently that Dunham Trust received  
7 most likely for their administration costs, that there is a  
8 backend run to try to use this \$25,000 out of the \$2.2  
9 million to obtain jurisdiction to find documents that are  
10 in the possession of the prior Trustee who would have had  
11 to account for that under Alaska law and yet the recipients  
12 of that money are the ones that are being asked, under our  
13 statute, to account -- under a trustee statute, under  
14 164.015.

15           And therein lies the indispensable party dilemma  
16 that we have. We've got a situation now where, A, the  
17 whole basis of their jurisdiction is based upon a faulty  
18 amendment that never should have occurred and to which Mr.  
19 Lehnardt, it's my understanding, has agreed is a faulty  
20 amendment based upon the fact that all of the parties were  
21 not brought to the table and the Trustee did not properly  
22 consent.

23           And then we have the issue, Your Honor, that is  
24 also concerning in that under NRCP 19(b), we're asking that  
25 the case be dismissed because the parties that are asked to

1 provide the documents apparently are all indispensable  
2 parties or not indispensable parties, according to  
3 Caroline, but apparently are indispensable for purposes of  
4 providing the documents that they need. None of the  
5 service in this matter was provided properly under 164.010.

6 And, in fact, let's look at the recipients that  
7 they want to receive the funds from or get an accounting of  
8 those funds. They want to get it from a distributee, the  
9 Davis Family Office, which is a Missouri Corporation.

10 Now, Your Honor, I don't see anything on the  
11 service record that would indicate that that Davis Family  
12 Office partnership was properly served. There's no Rule 4  
13 service. I don't see anything that indicates that any of  
14 the companies that are considered persons under our law  
15 were properly served under Rule 4. They're using the  
16 relaxed standard of 155.010, essentially, to serve everyone  
17 and then those people that they want documents from that  
18 they think essentially they can dispense with, they don't  
19 notice it even at all.

20 And, so, we have a real dilemma here. One of the  
21 important things about the 164.010 jurisdiction is that it  
22 was given to courts essentially to reach out and to take  
23 jurisdiction over property, not persons. Even in the fact  
24 of trust proceedings, if we want to go against a Trustee,  
25 we've got to serve personal service and get a citation on

1 the Trustee because this Court has limited jurisdiction,  
2 and rightly so under the relaxed standards that are set  
3 forth under 155.010, which is simply a mailing. There's no  
4 clear understanding of whether or not any of these  
5 individuals would even receive it under the relaxed  
6 standard, but, in this case, we know that they didn't  
7 receive it at all because they weren't even noticed up.  
8 And the ones that were noticed up, in hindsight, when they  
9 realized, oops we forgot, we didn't get that other  
10 beneficiary's consent and therefore we have the invalidity  
11 now of the first amendment, we're going to try to serve her  
12 under 155.010 and send her notice through the mail at --  
13 not upon the original motion but upon their Opposition to  
14 the Motion to Dismiss.

15 And, therefore, Your Honor, I would respectfully  
16 request that this matter be dismissed entirely for lack of  
17 jurisdiction.

18 THE COURT: Okay. I'm still trying to understand  
19 where they have an error in this amendment.

20 MR. BARNEY: Okay.

21 THE COURT: I'm looking at Article 11.

22 MR. BARLOW: It's Article 14, Section 6 is where  
23 the change of situs provision.

24 THE COURT: Okay.

25 MR. BARNEY: It's on page 14-7.

1 THE COURT: So the issue is not changing the  
2 Trustee? That's not what you're arguing about?  
3 MR. BARNEY: The --  
4 THE COURT: Your argument changing the situs?  
5 MR. BARNEY: The change in Trustee could  
6 potentially be --  
7 THE COURT: Because that doesn't require it --  
8 MR. BARNEY: No. That could be potentially  
9 changed by Mr. Lehnardt but it -- but the fact is it could  
10 not be changed under an amendment unless the change in  
11 situs had occurred in that regard.  
12 So, his ability to appoint a Trustee in Nevada to  
13 work over an Alaska trust where they're not licensed to do  
14 so would obviously most likely be invalidated even under  
15 that theory of whether or not he could appoint a Trustee.  
16 Apparently, they're appointing a Nevada Trustee based upon  
17 a defection -- or a defective change in situs which was --  
18 never occurred.  
19 THE COURT: Yeah.  
20 MR. BARNEY: And they did it --  
21 THE COURT: So --  
22 MR. BARNEY: -- in the same amendment.  
23 THE COURT: So: Except as expressly provided in  
24 here in the situs of this agreement or any sub trust  
25 established hereunder, may be changed by the unanimous



1 consent of all of the beneficiaries then eligible to  
2 receive mandatory or discretionary distributions.  
3 MR. BARNEY: Okay.  
4 THE COURT: So isn't that just the children?  
5 MR. BARNEY: What's that?  
6 THE COURT: That's the children and who else?  
7 MR. BARNEY: Well the --  
8 THE COURT: In other words, Christopher -- the two  
9 -- who -- to the children. Who else is entitled to  
10 mandatory or discretionary --  
11 MR. BARLOW: No. So the children are the  
12 mandatory dis --  
13 THE COURT: Right.  
14 MR. BARLOW: Beneficiaries.  
15 THE COURT: Right.  
16 MR. BARLOW: But the trust also provides that  
17 their spouses and their decedents are discretionary  
18 beneficiaries of the --  
19 THE COURT: Okay.  
20 MR. BARLOW: -- trust. So that would be the  
21 discretionary -- the spouses and decedents.  
22 THE COURT: Okay. So --  
23 MR. BARLOW: Those -- that would be encompassed in  
24 the all.  
25 THE COURT: Okay.

1 MR. BARLOW: And ---

2 THE COURT: Okay.

3 MR. BARLOW: If I just --- really briefly. I'd  
4 just add also on that point then -- so the position of the  
5 Protector who took this and, of course, he's very hesitant  
6 to come and say, yeah it looks like I made a mistake, but  
7 upon review, it does look like we're missing some of the  
8 beneficiaries.

9 And then the second clause of that sentence that  
10 you just started says with all the --- consent of all the  
11 beneficiaries, then, comma, and then it also says:

12 With the consent of the then acting Protector ---  
13 obviously, he consented, and the Trustee that are involved.  
14 We had an absence of Trustee actually at that point because  
15 the previous Trustee had resigned about three months  
16 earlier.

17 THE COURT: Okay.

18 MR. BARLOW: So technically what should have  
19 happened, it appears now in retrospect, is a new Alaska-  
20 based Trustee should have been appointed in the interim for  
21 the purpose of consenting to the change of situs to Nevada  
22 so that that Trustee could get the advice of counsel that  
23 was called for in that paragraph to make sure that there  
24 were no adverse consequences. So that appears to be the  
25 step that was missing and Mr. Lehnardt's going to have to

1 go back to the drawing board to determine whether he needs  
2 to go now go appoint an Alaska Trustee and whether it's  
3 then advisable to then move it down here to Nevada if all  
4 beneficiaries consent to do so.

5 THE COURT: Okay.

6 MR. BARLOW: So that's position on that.

7 THE COURT: Great.

8 MR. SOLOMON: Your Honor, I'd like to spell the  
9 word sandbag because this is the first time I've heard the  
10 issue that's been raised. It's not in their brief, despite  
11 what Mr. Barney just said. They've never taken the  
12 position that Taria [phonetic] was a beneficiary. We  
13 understood she was divorced and first time I've ever heard  
14 it.

15 THE COURT: And she was the wife of --

16 MR. SOLOMON: Supposedly.

17 THE COURT: -- the grandson?

18 MR. BARNEY: No. She was the wife of Chris Davis.

19 THE COURT: But she's not the one with the life  
20 insurance policy?

21 MR. BARNEY: No.

22 MR. BARLOW: No.

23 MR. BARNEY: She is the wife of Chris Davis and  
24 was during this period.

25 MR. SOLOMON: Where is the evidence of that, Your

1 Honor? There is none. They didn't file an affidavit.  
2 They didn't file -- they didn't even raise this issue in  
3 any of their pleadings. Total sandbag to wait until you  
4 get here and say: Hold on. We all made a mistake that  
5 we've been acting on for over a year.

6 I guess their whole theory now is that since she  
7 didn't consent to this amendment and jurisdiction here that  
8 the whole first amendment is invalid. Chris is --  
9 Christopher is not the --

10 MR. HOOD: Trust Advisor.

11 MR. SOLOMON: Trust Advisor, no --

12 MR. HOOD: Investment Advisor.

13 MR. SOLOMON: Investment Advisor. He's been  
14 wrongfully investing and holding and making all of the  
15 decisions for this trust for the last year.

16 THE COURT: There's apparently no Trustee.

17 MR. SOLOMON: This -- apparently there's no  
18 Trustee. Dunham has been administering this for the last  
19 year without -- it's all a big mistake because Taria  
20 [phonetic] didn't join in this thing, there's not even a  
21 line for her signature in the agreement. Mr. Lehnardt  
22 prepared it, contrary to counsel's statement, he did have  
23 an opinion of counsel in Missouri, Mr. Bresolan [phonetic],  
24 say that it was valid and parties went off and proceeded on  
25 that basis. That is a -- as I said, a complete sandbag

My Trustee may, in general, do all things customary or desirable to operate a farm or ranch operation for the benefit of the beneficiaries of the various trusts created under this agreement.

b. **Business Powers**

My Trustee may retain and continue any business in which this Trust acquires an ownership interest (including, but not limited to, an ownership interest as a shareholder, partner, sole proprietor, member, or participant in a joint venture), even though that interest may constitute all or a substantial portion of the trust property, without regard to any duty to diversify that might otherwise apply.

I recognize that the value of a non-controlling interest in a business entity held by this trust, including a limited partnership, may be less than underlying value of the net assets of such entity. Notwithstanding any duty to diversify, I authorize my Trustee to continue to hold such interest to maximize its long-term value, rather than to liquidate such asset at a discount, so long as the entity continues to be controlled by, or for the benefit of, members of my family.

To the extent that my Trustee determines that it may be advantageous, I authorize my Trustee to sell all, or a portion, of the interest of this Trust in any business entity or other asset to a segregated asset account held under a variable life insurance contract for cash, a private annuity or an installment note (or a combination thereof) with a fair market value equal to the fair market value of the interest sold. My Trustee may rely upon a determination by my Trust Protector, or a person appointed by my Trust Protector, in this regard. For the purposes of this provision, "fair market value" shall be determined by my Trustee in its reasonable discretion in a manner consistent with the principles applicable for Federal estate and gift tax purposes. No such sale shall be permitted, however, unless a majority of the interests in such life insurance contract are held by some combination of me, my Spouse, my descendants and trusts established primarily for the benefit of such persons.

My Trustee may directly participate in the conduct of any such business or employ others to do so on behalf of the beneficiaries. My Trustee may take part in the management of any business in

which investment is retained or made hereunder and delegate duties with respect to such management, with the requisite powers, to any employee, manager, partner or associate of such business, without liability for such delegation. To the extent that the interest held by this Trust is not one which has management powers (such as a limited partnership interest, or a membership interest in a limited liability company, or an indirect interest through a segregated asset account in a variable life insurance policy), my Trustee shall have no obligation to supervise the management of the underlying assets, and no liability for the actions of those who manage the respective entity who are not selected by my Trustee.

My Trustee may reduce, expand, limit or otherwise fix and change the operation or policy of any such business and to act with respect to any other matter in connection with any such business; subject the principal and income of this trust to the risks of any such business for such term or period as the Trustee, in the exercise of sole and absolute discretion, may determine.

My Trustee may advance money or other property to any such business; make loans, subordinated or otherwise, of cash or securities to any such business and to guarantee the loans of others made to any such business; borrow money for any such business, either alone or with other persons interested therein, and to secure such loan or loans by a pledge or mortgage of any part of any trust estate; select and vote for directors, partners, associates and officers of any such business; act as directors, general or limited partners, associates and officers of any such business either individually or through an officer or officers if any Trustee be a corporation; and receive compensation from such business for so acting.

My Trustee may enter into stockholders' agreements with corporations in which any trust estate has an interest and/or with the stockholders of such corporations; liquidate, either alone or jointly with others, any such business or any interest in any such business; and generally exercise any and all powers as the Trustee may deem necessary with respect to the continuance, management, sale or liquidation of any such business.

My Trustee may execute partnership agreements, buy-sell agreements, operating agreements for limited liability companies, and any amendments to them.

My Trustee may participate in the incorporation of any trust property and any reorganization, merger, consolidation, recapitalization, liquidation, dissolution, stock redemption or cross purchase buy-sell agreement. Any powers it may exercise with respect to stock may be exercised with respect to any other form of business interest.

My Trustee may hold the stock of any corporation as trust property, and may elect or employ directors, officers, managers, employees, and agents and compensate them for their services.

My Trustee may sell or liquidate any business interest that is part of the trust property.

To the extent that my Trustee determines that it may be advantageous, I authorize my Trustee to sell all, or any portion, of the interest which this Trust holds in any asset to a segregated asset account held within a variable life insurance contract for cash, a private annuity or an installment note (or a combination thereof) with a fair market value equal to the fair market value of the interest sold. For the purposes of this provision, the "fair market value" of an asset shall be determined by my Trustee in its reasonable discretion in a manner consistent with the principles applicable to the determination of value for Federal estate and gift tax purposes. No such sale shall be permitted, however, unless a majority of the beneficial interests in such life insurance contract are held by some combination of me, my Spouse, my descendants or trusts established primarily for the benefit of such persons.

My Trustee may carry out the provisions of any agreement entered into by me for the sale of any business interest or the stock thereof.

My Trustee may exercise all of the business powers granted in this agreement regardless of whether my Trustee is personally an interested or involved party with respect to any business enterprise forming a part of the trust property.

My Trustee may permit any business in which the trust holds an interest to establish a commercial lending or deposit relationship with any corporate fiduciary and to permit such corporate fiduciary to earn interest, take and enforce security interests in collateral owned by that business, enforce all its creditors rights with respect to any loan to such business and otherwise profit from such lending relationship.

c. Common Fund Powers

For the purpose of convenience with regard to the administration and investment of the trust property, my Trustee may hold the several trusts created under this agreement as a common fund.

My Trustee may make joint investments with respect to the funds comprising the trust property.

My Trustee may enter into any transaction authorized by this Article with fiduciaries or other trusts or estates in which any beneficiary hereunder has an interest, even though such fiduciary is also a Trustee under this agreement.

d. Power to Establish Sub-Trusts

My Trustee shall have the power and is expressly authorized to create one or more sub-trusts sited in any jurisdiction in the world for the purpose of acquiring, holding and managing trust property. Any such sub-trust shall provide that this trust shall be the sole beneficiary of such sub-trust.

e. Compensation Powers

My Trustee shall pay from income or principal all of the reasonable expenses attributable to the administration of the respective trusts created in this agreement.

My Trustee shall pay itself reasonable compensation for its services as fiduciary as provided in this agreement, and shall reasonably compensate those persons employed by my Trustee, including agents, auditors, accountants, attorneys, and financial advisors (including brokers, financial planners, professional money managers, registered investment advisors and trust departments and officers).

My Trustee may appoint, employ and remove, at any time and from time to time, any investment counsel, accountants, depositories, custodians, brokers, consultants, attorneys, expert advisors, agents, clerks and employees, irrespective of whether any person, firm or corporation so employed shall be a Trustee hereunder or shall be a corporate affiliate of a Trustee hereunder and irrespective of whether any firm or corporation so employed shall be one in which



a Trustee hereunder shall be a partner, stockholder, officer, director or corporate affiliate or shall have any interest.

My Trustee may pay the usual compensation for such services out of principal or income as the Trustee may deem advisable, and such compensation may be paid without diminution of or charging the same against the commissions or compensation of any Trustee hereunder, and any Trustee who shall be a partner, stockholder, officer, director or corporate affiliate in any such firm or corporation shall nonetheless be entitled as a partner, stockholder, officer, director or corporate affiliate to receive such Trustee's share of the compensation paid to such firm or corporation.

g. Distribution Powers

My Trustee is specifically authorized to make divisions and distributions of the trust property either in cash or in kind, or partly in cash and partly in kind, or in any proportion of cash or in kind it deems advisable. My Trustee shall be under no obligation or responsibility to make pro rata divisions and distributions in kind.

My Trustee may allocate specific property to any beneficiary or share although the property may differ in kind from the property allocated to any other beneficiary or share.

The foregoing powers may be exercised regardless of the income tax basis of any of the property.

My Trustee may make a joint purchase with, or to make a sale at less than fair market value to, any beneficiary of a trust created hereunder; make loans without interest or at less than market rate interest to any beneficiary; and enter into any other transaction or agreement whether or not of a commercial nature with any beneficiary which the Trustee, in the exercise of sole and absolute discretion, may determine to be in the best interest of the trust or its beneficiaries as a group.

My Trustee may employ domestic servants and pay any other expenses incident to the maintenance of a household for the benefit of any one or more of the beneficiaries of a trust created hereunder, as the Trustee, in the exercise of sole and absolute discretion, may determine, and provide for the personal care and comfort of any one or more of the beneficiaries in any manner whatsoever.

My Trustee may permit any one or more of the beneficiaries of any trust created hereunder, as the Trustee, in the exercise of sole and absolute discretion, may determine, to occupy any real property and to use any tangible personal property forming part of the trust on such terms as the Trustee, in the exercise of sole and absolute discretion, may determine, whether for rent, rent-free, in consideration of payment of taxes, insurance, maintenance or ordinary repairs, or otherwise.

#### **h. Environmental Powers**

My Trustee shall have the power to inspect any trust property to determine compliance with any environmental law affecting such property or to respond to any environmental law affecting property held by my Trustee. "Environmental Law" shall mean any federal, state, or local law, rule, regulation, or ordinance relating to protection of the environment or of human health.

My Trustee shall have the power to refuse to accept property if my Trustee determines that there is a substantial risk that such property is contaminated by any hazardous substance or has previously, or is currently, being used for any activities directly or indirectly involving hazardous substances which could result in liability to the trust assets. "Hazardous substance" shall mean any substance defined as hazardous or toxic by any federal, state, or local law, rule, regulation, or ordinance.

My Trustee shall have the power to take any necessary action to prevent, abate, clean up or otherwise respond to any actual or threatened violation of any environmental law affecting trust property prior to or after the initiation or enforcement of any action by any governmental body.

My Trustee may disclaim or release any power granted to it or implied by any document, statute, or rule of law that the Trustee determines may cause the Trustee to incur liability under any environmental law.

My Trustee may charge the cost of any inspection, review, prevention, abatement, response, cleanup, or remedial action authorized under this power against the trust property.

My Trustee shall not be liable to any beneficiary or to any other party for any decrease in value of the trust property by reason of my

Trustee's compliance with any environmental law, specifically including any reporting requirement under such law.

My Trustee may use and expend trust property to (i) conduct environmental assessments, audits or site monitoring; (ii) take all appropriate remedial action to contain, clean up or remove any environmental hazard including a spill, discharge or contamination; (iii) institute legal proceedings concerning environmental hazards or contest or settle legal proceedings brought by any local, state, or federal agency concerned with environmental compliance or a private litigant; (iv) comply with any local, state, or federal agency order or court order directing an assessment, abatement or clean-up of any environmental hazard; and (v) employ agents, consultants and legal counsel to assist or perform the above undertakings or actions. No Trustee shall be liable for any loss or depreciation in value sustained by the trust as a result of the Trustee retaining any property on which there is later discovered to be hazardous materials or substances requiring remedial action pursuant to any federal, state, or local environmental law, unless the Trustee contributed to that loss or depreciation in value through willful default or misconduct or gross negligence.

i. Funeral and Burial Expenses

My Trustee may in its sole discretion pay the funeral and burial or cremation expenses, expenses of the last illness, and valid claims and expenses of an income beneficiary of any trust created under this agreement.

Funeral and burial or cremation expenses shall include, but not be limited to, the cost of memorials of all types and memorial services of such kind as my Trustee shall approve. Valid claims and expenses shall include, but not be limited to, all state and federal death taxes.

The payments shall be paid from the assets of the trust or trusts from which the beneficiary was receiving income.

j. Income and Principal Powers

My Trustee may determine in a fair, equitable, and practical manner how all Trustee's fees, disbursements, receipts, and wasting assets shall be credited, charged, or apportioned between principal

and income. Except to the extent otherwise required by law, my Trustee shall allocate capital gains to principal, and not to income.

My Trustee may set aside from trust income reasonable reserves for taxes, assessments, insurance premiums, repairs, depreciation, obsolescence, depletion, and for the equalization of payments to or for the beneficiaries; it may select any and all accounting periods with regard to the trust property.

k. Investment Powers in General

My Trustee may invest and reinvest in such classes of stocks, bonds, securities, commodities, options, metals, rare coins, bullion, or other property, real or personal, as it shall determine.

My Trustee may invest in investment trusts as well as in common trust funds.

My Trustee may purchase life, annuity, professional liability, accident, sickness, disability and medical insurance on the behalf of and for the benefit of any trust beneficiary.

My Trustee may place all or any part of the securities which at any time are held by any trust in the care and custody of another bank or trust company with no obligation while such securities are so deposited to inspect or verify the same and with no responsibility for any loss or misapplication by such bank or trust company; may have all stocks and registered securities placed in the name of such bank or trust company or in the name of its nominee; and may appoint such bank or trust company agent and attorney to collect, receive, receipt for and disburse any income, and generally to perform the duties and services incident to a so-called "custodian" account.

My Trustee may employ a broker-dealer as a custodian for all or any part of the securities at any time held by any trust and to register such securities in the name of such broker-dealer; register securities in the name of a nominee with or without the addition of words indicating that such security is held in a fiduciary capacity, or hold securities in bearer form, or in uncertificated form; and use a central depository, clearing agency or book-entry system, such as The Depository Trust Company, Euroclear or the Federal Reserve Bank of New York.

So long as any trust holds a substantial amount of marketable securities, I encourage my Trustee to retain one or more professional investment advisers to manage the investment in such marketable securities, and I authorize such Trustee to delegate to any registered investment adviser or corporate fiduciary the discretion to manage such investments, in which event my Trustee shall be relieved of any liability or responsibility for the manner in which such investments are managed by the registered investment adviser or corporate fiduciary.

**I. Loan, Borrowing, and Encumbrance Power**

My Trustee may loan money to any beneficiary other than myself, with or without interest, on any term or on demand, with or without collateral, as my Trustee deems to be in the best interests of the trust beneficiaries.

My Trustee may loan money to any person or entity, including me, on terms or on demand. Any such loan shall be fully secured with good collateral and shall bear a market rate of interest appropriate for the nature of the transaction.

It may borrow money upon such terms and conditions as it shall deem advisable, including, in the case of a corporate fiduciary, the power to borrow from its own banking or commercial department.

My Trustee shall have the power to obligate the trust property for the repayment of any sums borrowed where the best interests of the beneficiaries have been taken into consideration.

My Trustee shall have the power to encumber the trust property, in whole or in part, by a mortgage or mortgages, deeds of trust, or by pledge, hypothecation or otherwise, even though such encumbrance may continue to be effective after the term of any trust or trusts created in this agreement.

**II. Margin, Brokerage, Securities, and Bank Account Powers**

My Trustee is authorized to buy, sell, and trade in securities of any nature, including short sales and on margin. My Trustee may maintain and operate margin accounts with brokers, and may pledge any securities held or purchased by my Trustee with such brokers as securities for loans and advances made to my Trustee.

My Trustee may retain, exercise, or sell rights of conversion or subscription with respect to any securities held as part of the trust property.

My Trustee may vote or refrain from voting at corporate meetings either in person or by proxy, whether general or limited, and with or without substitutions.

My Trustee is authorized to establish and maintain bank accounts of all types in one or more banking institutions that my Trustee may choose. My Trustee may open such accounts in the name of the Trustee (with or without disclosing fiduciary capacity) or in the name of my trust. Where an account is in the name of the trust, checks on that account, and authorized signatures need not disclose the fiduciary nature of the account or refer to any trust or Trustee.

n. Mortgage Powers

My Trustee shall have the power to enter into any mortgage whether as a mortgagee or mortgagor; to purchase mortgages on the open market, and to otherwise buy, sell, or trade in first or subordinate mortgages.

My Trustee may reduce the interest rate on any mortgage and consent to the modification or release of any guaranty of any mortgage.

My Trustee may continue mortgages upon and after maturity with or without renewal or extension, and may foreclose any mortgage. My Trustee may purchase the mortgaged property or acquire it by deed from the mortgagor without foreclosure.

o. Nominee Powers

My Trustee may hold any trust property in the names of my Trustee, or in the name of a nominee, and may enter into agreements to facilitate holding such property. My Trustee may accomplish such with or without disclosing its fiduciary capacity.

p.       Nonproductive Property

My Trustee may hold property which is non-income producing or is otherwise nonproductive if the holding of such property is, in the sole and absolute discretion of my Trustee, in the best interests of the beneficiaries.

q.       Oil, Gas, Coal, and Other Mineral Powers

My Trustee may do all things necessary to maintain in full force and effect any oil, gas, coal, or other mineral interests comprising part or all of the trust property.

My Trustee may purchase additional oil, gas, coal, and other mineral interests when necessary or desirable to effect a reasonable plan of operation or development with regard to the trust property.

My Trustee may buy or sell undivided interest in oil, gas, coal, and other mineral interests, and may exchange any of such interests for interests in other properties or for services.

My Trustee may execute oil, gas, coal, and other mineral leases on such terms as my Trustee may deem proper, and may enter into pooling, unitization, repressurization, and other types of agreements relating to the development, operation, and conservation of mineral properties.

Any lease or other agreement may have a duration that my Trustee deems reasonable, even though extending beyond the duration of any trust created in this agreement.

My Trustee may execute division orders, transfer orders, releases, assignments, farm outs, and any other instruments which it deems proper.

My Trustee may drill, test, explore, mine, develop, and otherwise exploit any and all oil, gas, coal, and other mineral interests, and may select, employ, utilize, or participate in any business form, including partnerships, joint ventures, co-owners' groups, syndicates, and corporations, for the purpose of acquiring, holding, exploiting, developing, operating, or disposing of oil, gas, coal, and other mineral interests.

My Trustee may employ the services of consultants or outside specialists in connection with the evaluation, management, acquisition, disposition, or development of any mineral interest, and may pay the cost of such services from the principal or income of the trust property.

My Trustee may use the general assets of the trusts created under this agreement for the purposes of acquiring, holding, managing, developing, pooling, unitizing, repressuring, or disposing of any mineral interest.

r. Powers of Attorney

My Trustee may execute, deliver, and grant to any individual or corporation a revocable or irrevocable power of attorney to transact any and all business on behalf of the various trusts created in this agreement.

The power of attorney may grant to the attorney-in-fact all of the rights, powers, and discretion that my Trustee could have exercised.

s. Powers to Merge Similar Trusts

My Trustee may merge and consolidate any trust created in this agreement with any other trust created by me, or any other person at any other time, if the other trust contains substantially the same terms for the same beneficiaries, and has at least one Trustee in common with the trust or trusts created in this agreement.

My Trustee may administer such merged and consolidated trusts as a single trust or unit. If, however, such a merger or consolidation does not appear feasible, as determined in the sole and absolute discretion of my Trustee, my Trustee may consolidate the assets of such trusts for purposes of investment and trust administration while retaining separate records and accounts for the respective trusts.

t. Powers of an Interested Trustee

An Interested Trustee is any Trustee who has an interest as a beneficiary in this trust agreement or any trust created by it. In all instances where an Interested Trustee distributes, or participates in



the distribution, of trust income or principal to or for the benefit of such Trustee (including distributions to or for a beneficiary for which the Trustee has an obligation of support), then the distribution shall be limited by the ascertainable standard to amounts reasonably necessary for the education, health, maintenance, and support of the beneficiary. Notwithstanding anything in this agreement to the contrary, in making such distributions, the Interested Trustee shall not use discretion in applying those ascertainable standards.

No individual Trustee shall exercise or participate in the exercise of such discretionary power with respect to distributions to any person or persons such Trustee is legally obligated to support, as to that support obligation. An Interested Trustee may, from time to time, retain (and remove or replace) an Independent Special Trustee who has no interest as a beneficiary under this agreement and any trust created hereunder to make any discretionary determination with regard to the amount of any distribution that would be required by the ascertainable standards of health, education, maintenance and support, and such Interested Trustee shall be bound to comply with such determination.

An Independent Special Trustee must be one or more persons other than the Trustmaker or a beneficiary (or the Trustmaker's or beneficiary's spouse), none of whom are "Related or Subordinate Parties" to the Trustmaker or a beneficiary (or the Trustmaker's or beneficiary's spouse), as defined in Section 672(c) of the Code, and none of whom are subservient to the wishes of the Trustmaker within the meaning of Section 674(c) of the Code.

#### u. Powers of an Insured Trustee

Any individual Trustee under this agreement, other than me, is prohibited from exercising any power conferred on the owner of any policy which insures the life of such individual Trustee and which is held as part of the trust property.

If my Trustee holds any such policy or policies as a part of the trust property, the powers conferred on the owner of such a policy shall be exercised only by the other then acting Trustee.

If the insured Trustee is the only then acting Trustee, then such powers shall be exercised by a substitute Trustee designated

pursuant to the provisions of the agreement dealing with the trusteeship.

If any rule of law or court decision construes the ability of the insured Trustee to name a substitute Trustee as an incident of ownership, the substitution process shall be implemented by a majority of the then current mandatory and discretionary income beneficiaries, excluding the insured Trustee if the insured Trustee is a beneficiary.

**v. Real Estate Powers**

My Trustee may make leases and grant options to lease for any term, even though the term may extend beyond the termination of any trust created under this agreement.

My Trustee may grant or release easements and other interests with respect to real estate; enter into party wall agreements, execute estoppel certificates, and develop and subdivide any real estate.

My Trustee may dedicate parks, streets, and alleys or vacate any street or alley; construct, repair, alter, remodel, demolish, or abandon improvements.

My Trustee may elect to insure, as it deems advisable, all actions contemplated by this subsection.

My Trustee may take any other action reasonably necessary for the preservation of real estate and fixtures comprising a part of the trust property or the income therefrom.

**w. Sale, Lease, and Other Dispositive Powers**

My Trustee may sell, lease, transfer, exchange, grant options with respect to, or otherwise dispose of the trust property.

My Trustee may deal with the trust property at such time or times, for such purposes, for such considerations and upon such terms, credits, and conditions, and for such periods of time, whether ending before or after the term of any trust created under this agreement, as it deems advisable.

My Trustee may make such contracts, deeds, leases, and any other instruments it deems proper under the immediate circumstances, and may deal with the trust property in all other ways in which a natural person could deal with his or her property.

x. Settlement Powers

My Trustee may compromise, adjust, arbitrate, alter the terms of, or abandon any claim in favor of or against any trust created under this agreement, and may take deeds in lieu of foreclosure.

y. Trust Addition and Retention Powers

My Trustee is authorized to receive additional trust property, whether by gift, will, or otherwise, either from me or any other person, corporation, or entity.

Upon receipt of any additional property, my Trustee shall administer and distribute the same as part of the trust property.

My Trustee may retain, without liability for depreciation or loss resulting from such retention, all property constituting the trust estate at the time of its creation or thereafter received from other sources.

The foregoing shall be acceptable even though such property may not be of the character prescribed by law for the investment of trust funds, or may result in inadequate diversification of the trust property.

My Trustee is authorized to purchase property and casualty insurance to protect against theft, damage, or loss regarding any asset retained in trust.

z. Trustees' or Fiduciaries' Powers Act

In addition to all of the powers specifically granted my Trustee in this Article, my Trustee may exercise those powers set forth under the Trustees' or Fiduciaries' Powers Acts, or their equivalent, of the State of Alaska together with any amendment to such laws.

My Trustee may perform every act reasonably necessary to administer each and every share or trust created under this agreement.

All of the powers granted to my Trustee in this Article shall be in addition to those powers conferred upon Trustees under all applicable state and federal statutes.

Each power conferred upon my Trustee under this Article, or upon Trustees in general, by applicable state or federal statutes, shall be subject to any express limitations or contrary directions contained in this agreement.

#### **Section 4. Qualified Family Owned Farm and Business Powers**

My Trustee shall have the power to amend the terms of any trust holding "qualified family-owned business interests," as defined in section 2057 of the Internal Revenue Code, in order to permit trust property to qualify for the "family owned business deduction," including an amendment that changes beneficial interests and that directs the segregation of trust property into more than one trust.

#### **Section. 5 Provisions Governing S Corporation Stock**

After my death or at such earlier time as any trust created hereunder is not a grantor trust under Section 671 of the Code, if any stock of a corporation which is an S corporation within the meaning of Section 1361(a) of the Code is allocated to a trust created under this agreement including, but not limited to any stock of a corporation which elects, under Section 1362(a) of the Code to be treated as an S corporation, then the provisions of this Section shall apply to the administration of this trust and to any trust created under this agreement.

##### **a. Segregation into Separate Trust Shares**

Notwithstanding any provision in this agreement to the contrary, the stock of each S corporation (herein referred to as "S Corporation Stock") may be segregated by the Trustee, in its sole and absolute discretion, and held in a separate trust or as a separate

share created as a separate trust and the Trustee may elect any of the following options:

i. Electing Small Business Trust (ESBT)

The Trustee may elect in accordance with Section 1361 (e)(3) of the Code to qualify any trust or any portion thereof as an Electing Small Business Trust within the meaning of Section 1361(e)(1);

ii. Qualified Small Business Trust (QSST)

The Trustee may request that the Current Income Beneficiary (hereinafter defined) of each separate trust, with the assistance of the Trustee, make an election in accordance with Section 1361 (d)(2) of the Code to qualify that trust as a Qualified Subchapter S Trust within the meaning of Section 1361 (d)(3) of the Code (herein referred to as a "Qualified Sub-chapter S Trust").

iii. Any Other Form of Eligible Stockholder

The Trustee may elect to qualify any trust as any other form of eligible stockholder of an S corporation under similar future legislation.

The decision to elect treatment as an Electing Small Business Trust or as a Qualified Subchapter S Trust or any other form of eligible Subchapter S stockholder shall be in the sole discretion of the Trustee, and the Trustee is hereby authorized to take any actions necessary to effect such elections.

b. Provisions Governing Qualified Subchapter S Trust (QSST)

Each separate Qualified Subchapter S Trust (or separate share) shall have the same name as the trust to which the stock was originally allocated, plus the name of the Current Income Beneficiary thereof, followed by the name of the S Corporation whose stock is held in trust, and the words "Trust S" (herein referred to as a "Trust S"). Each Trust S shall be administered in

accordance with the same provisions contained in the trust to which the stock was originally allocated; provided however, that the provisions of this Section shall control the administration of each Trust S created to the extent inconsistent with the provisions of the original trust.

i. Current Income Beneficiary

A Trust S shall have only one Current Income Beneficiary. The current Income Beneficiary of a Trust S is the person who has a present right to receive income distributions from the trust to which the S Corporation Stock was originally allocated.

If more than one person has a present right to receive income distributions from the trust to which the S Corporation Stock was originally allocated, the Current Income Beneficiary shall be determined by the Trustee.

If the Trustee, in the Trustee's sole and absolute discretion, determines there is more than one person who has a present right to receive income distributions from the trust the Trustee may cause the S Corporation Stock to be segregated into more than one Trust S, each with a different Current Income Beneficiary.

ii. Distributions

The Trustee shall distribute all of the income (as that term is defined in Section 643(b) of the Code) to the Current Income Beneficiary of that trust as least annually. If a Trust S ceases to hold S Corporation Stock, then in the discretion of the Trustee, distributions of income shall be governed by the terms of the trust from which the S Corporation Stock was originally severed, except that income may only be distributed to the Current Income Beneficiary of each Trust S.

Distributions of principal shall be governed by the terms of the trust to which the S Corporation Stock was originally allocated except that principal may only be distributed to the Current Income Beneficiary of each Trust S by the Trustee.

### iii. Termination of a Trust S

If any Trust S is terminated during the lifetime of the Current Income Beneficiary, all of the principal and undistributed income of that Trust S shall be distributed to the Current Income Beneficiary.

If not earlier terminated by distribution of the entire trust estate under the foregoing paragraph, each Trust S shall terminate on the death of the current Income Beneficiary, at which time the Trustee shall administer or distribute any property in that Trust S in accordance with the provisions that would have been applicable to the administration of those as if that Trust S had never been created. If, upon application of those provisions, S Corporation Stock would remain in a trust created hereunder, the Trustee, in the Trustee's sole and absolute discretion, may segregate the stock in a separate trust or separate share for purposes of Section 1361(d)(3) of the Code.

The Trustmaker requests that the current Income Beneficiary of that trust make an election, with the assistance of the Trustee, to qualify the trust as a Qualified Subchapter S Trust in accordance with Section 1361 (d)(2) of the Code. The stock of each S Corporation shall be held in a separate trust to be administered in accordance with this Section. If the Trustee, in the Trustee's sole and absolute discretion determines that there is more than one income beneficiary, the Trustee may cause the S Corporation Stock to be segregated into more than one Trust S, each with a different Current Income Beneficiary.

### c. Governance of the Trusts

The separate trusts or trust shares created under this Section shall be governed by the following additional provisions:

#### i. No Disqualification of "S" Status

No trust created or administered under this Section shall be administered in such a manner as to cause the termination of the S Corporation status of any corporation

whose stock is held as a part of such trust. Accordingly, to the extent the terms of this agreement are inconsistent with any trust created or administered hereunder qualifying as an Electing Small Business Trust, a Qualified Subchapter S Trust, or any other form of eligible Subchapter S stockholder, it is my intent that the terms of the trust be construed and administered in a manner that is consistent with qualifying the trust as an Electing Small Business Trust, a Qualified Subchapter S Trust or any other form of eligible Subchapter S stockholder, during any period that the trust holds S Corporation Stock, and any provision incapable of being so construed or applied shall be disregarded.

**ii. Method of Distribution**

No method of distribution permitted herein may be utilized in a manner that would jeopardize the qualification of a trust as an Electing Small Business Trust, a Qualified Subchapter S trust or any other form of eligible subchapter S stockholder.

**iii. Elections**

Any reference in this agreement to any person, acting in an individual or fiduciary capacity, making an election for himself or for or on behalf of any person, shall include, but not be limited to, an election made in accordance with Section 1361(c)(3), Section 1361(d)(2) or any other applicable subsection of Section 1361 of the Code.

**iv. Apportionment of Receipts and Expenses**

The Trustee hereunder shall characterize receipts and expenses of any Trust S in a manner consistent with qualifying that trust as a Qualified Subchapter S Trust.



v. Trust Consolidation

The Trustee may not consolidate any Trust S with another if doing so would jeopardize the qualification of one or both of the trusts as Qualified Subchapter S Trusts.

vi. Disposition of S Corporation Stock

If the continuation of any trust or Trust S created under this Section would, in the opinion of the Trustee's legal counsel, result in the termination of the S Corporation status of any corporation whose stock is held as a part of the trust estate, the Trustee, in the Trustee's sole discretion, shall have, in addition to the power to sell or other wise dispose of such stock, the power to distribute the stock of such S Corporation to the person then entitled to receive the income therefrom.

vii. Reformation to Conform with S Corporation Requirements

It is my intent that any S Corporation Stock comprising a portion of the trust estate be eligible to be held pursuant to the terms of this trust, either as an Electing Small Business Trust, a Qualified Subchapter S Trust, or in any other manner permitted by the Code or the regulations or rulings thereunder. Accordingly, the Trustee is granted the power to amend or modify this trust by written instrument without the ruling of any court when, in the sole opinion of the Trustee, amendment is required to this trust or any trust established hereunder to permit S Corporation Stock to be held pursuant to the terms of this trust.

Notwithstanding the foregoing, no reformation of this trust, in order to permit the Trustee to hold S Corporation Stock, shall have the effect of benefiting me, directly or indirectly, including granting to me any interest, right, or power, administrative or other wise in the trust estate, the trust funds, or the income thereof. The sole purpose of this power to amend the trust is to enable the Trustee to make technical amendments to the Trust Agreement as necessary to permit the trust to hold S Corporation Stock

during the continuance of this trust in accordance with the  
Code and regulations promulgated thereunder.

## Article Fourteen

### Definitions and General Provisions

#### Section 1. Definitions

For purposes of this agreement, the following words and phrases shall be defined as follows:

##### a. Adopted and Afterborn Persons

Persons who are legally adopted while they are under 18 years of age (and not those persons adopted after attaining 18 years of age) shall be treated for all purposes under this agreement as though they were the naturally born children of their adopting parents.

An afterborn person is a descendant of mine who is born after the date that I sign this agreement. A child in gestation who is later born alive shall be considered a child in being throughout the period of gestation.

I intend for my trust to benefit only those of my descendants who result from legitimate marital unions and adoptions. Therefore, notwithstanding the foregoing, no adopted or afterborn person shall be accepted as a descendant of mine unless that person is the product of a valid marital union in existence prior to the birth or adoption of such person and continuously for at least ten years thereafter. A valid marital union exists if the husband and wife are legally married and actually reside with each other in the same principal residence. The burden shall be on the person to establish that a particular marital union satisfies the requirements of this paragraph. Any legal separation during the ten-year period shall break the continuity of the marital union. Any informal separation during the ten-year period that suggests the possibility of marital disunity shall be evaluated by my Trustee to determine whether the separation is sufficient to signify the dissolution of the marital union. Any involuntary separation during the ten-year period due to circumstances beyond the control of the spouses, including death of one of the spouses, shall not indicate dissolution of the marital union.

During the ten year qualification period, my Trustee shall hold such beneficiary's trust share, if any, and shall not make any distributions for the benefit of such beneficiary. The beneficiary shall not enjoy any rights or privileges associated with such trust share until and unless such beneficiary qualifies. Nothing in this paragraph shall operate to deny any current beneficiary from receiving benefits from his or her trust share, nor in limiting the discretion of my Trustee in determining those benefits.

**b. Descendants**

A person's descendants shall include all of his or her lineal descendants through all generations.

A descendant in gestation who is later born alive shall be considered a descendant in being throughout the period of gestation.

An adopted person, and all persons who are the descendants by blood or by legal adoption while under the age of 18 years of such adopted person, shall be considered descendants of the adopting parents as well as the adopting parents' ancestors.

**c. Per Stirpes Distributions**

Whenever a distribution is to be made to a person's descendants, per stirpes:

The distributable assets are to be divided into as many shares as there are then living children of such person and deceased children of such person who left then living descendants.

Each then living child shall receive one share and the share of each deceased child shall be divided among such child's then living descendants in the same manner.

**d. Education**

As used in this trust, "education" shall include:

Any course of study or instruction at an accredited college or university granting undergraduate or graduate degrees.

Any course of study or instruction at any institution for specialized, vocational, or professional training.

Any curriculum offered by any institution that is recognized for purposes of receiving financial assistance from any state or federal agency or program.

Any course of study or instruction which may be useful in preparing a beneficiary for any vocation consistent with the beneficiary's abilities and interests.

Distributions for education may include tuition, fees, books, supplies, living expenses, travel, and spending money to the extent that they are reasonable.

e. Personal Representative

For the purposes of this agreement, the term "personal representative" shall include an executor, administrator, guardian, custodian, conservator, Trustee, or any other form of personal representative.

f. Disability

Except as otherwise provided in this agreement, any individual may be treated as disabled, incompetent, or legally incapacitated if:

The individual has been declared or adjudicated as such by a court of competent jurisdiction, or

A guardian, conservator, or other personal representative of such individual's person or estate has been appointed by a court of competent jurisdiction, or

The individual has been certified as such in writing by at least two licensed physicians, or

The individual has disappeared or is absent for unexplained reasons, or the individual is being detained

under duress where the individual is unable to effectively manage his or her property or financial affairs, or

The individual suffers from a drug, alcohol, chemical, gambling or other dependency addiction, as certified in writing by our Trustee and at least one licensed physician. If the disability of a Trustee is in question, that individual Trustee shall not participate in the decision.

g. Independent Trustee

As used in this agreement, an "independent" Trustee must be one or more persons other than me, no more than half of whom are "Related or Subordinate Parties", as defined in Section 672(c) of the Code, who are subservient to my wishes within the meaning of Section 674(c) of the Code.

h. Duress or Legal Compulsion

A person shall be deemed to be acting under "duress or legal compulsion" if that person has been compelled by legal process to take an action, or if such person has been threatened with legal sanctions or liability if such person fails to take an action.

i. Immediate Family

*Immediate Family* means Beatrice B. Davis, Christopher D. Davis and Caroline D. Davis, their spouses, other than a spouse who is legally separated from the person under a decree of divorce or separate maintenance, and their descendants.

j. Spouses

An individual is a "spouse" if such individual is the then current spouse of a child of mine on the signing date of this trust. If an individual enters into a valid marital union, as defined in paragraph a. of this section, with a child of mine or a beneficiary of mine following the signing date of this trust, then such individual may qualify as a "spouse" if that if the marital union exists continuously for a period of ten years, and that individual is not legally separated from the person under a decree of divorce or separate maintenance.

## Section 2. The Rule Against Perpetuities

It is my intent and desire that the trust shares created in this agreement shall last in perpetuity for the benefit of my descendants.

The trust shares created in my trust shall exist in perpetuity to the fullest extent permitted by Alaska law. If the situs of this trust is changed to another jurisdiction, the trust share created in my trust shall exist in perpetuity to the fullest extent permitted by the law of the trust situs. My trust or any trust share created in my trust that is deemed to be subject to a Rule Against Perpetuities or similar rule in any jurisdiction which limits the period during which property can be held in trust shall terminate upon the expiration of the longest period that property may be held under the law of such jurisdiction. This restriction shall not apply to a trust created by any exercise of a power of appointment conferred in my trust that effectively commences a new rule against perpetuities period consistent with the law of that jurisdiction.

This period shall include any applicable period in gross, (such as 21 years, 90 years or 110 years). However, if the jurisdiction has a Rule Against Perpetuities or similar rule which applies only to certain types of property, such as real property, the provisions of this Section shall apply only to such property.

If under the law of such jurisdiction the longest period under which property may be held in trust is determined or is alternatively determined with reference to the death of the last survivor of a group of individuals living on the date my trust was created, each trust created in this agreement shall terminate twenty-one years after the death of the last survivor of the group composed of me, the descendants of my grandparents and the descendants of his late majesty King George VI living on the date this trust is created. At that time, the property held in trust shall be discharged of any further trust, and shall immediately vest in and be distributed to those persons entitled to receive or have the benefit of the income from the respective trust.

For purposes of distributions under this Section only, it shall be presumed that any person then entitled to receive any discretionary payments of the income of a separate trust is entitled to receive all of the income, and it shall be presumed that any class of persons entitled to receive discretionary payments of income is entitled to receive all of such income.

### Section 3. Protective Clause

The Trustmaker intends that the trusts created under this Agreement are described in Alaska Statutes (AS) 34.40.110, 13.36.035(a) and (c) and shall at all times meet the requirements of such trusts, except on transfer to another permitted situs.

The Trustee, within the meaning of AS 34.40.110(a) shall not either voluntarily or involuntarily transfer a beneficiary's interest, including the Grantor, of any trust hereunder before the payment or delivery of the interest to the beneficiary. No beneficial interest in any trust created hereunder, whether in income or in principal, shall be subject to anticipation, assignment, pledge, sale or transfer in any manner. No beneficiary of any such trust or other person interested therein shall have the power to anticipate, encumber or charge his or her interest therein, and no trust estate created hereunder shall be liable for or subject to the debts, contracts, obligations, liabilities, or torts of any beneficiary of any such trust or other person interested therein. Nothing contained herein shall be construed as preventing any beneficiary from making a qualified disclaimer within the meaning of Section 2518 of the Internal Revenue Code of 1986, as amended, with respect to interests herein.

To the fullest extent permitted by Alaska law, the interests of all the beneficiaries in the various trusts and trust property subject to this agreement shall not be alienated, pledged, anticipated, assigned, or encumbered unless specifically authorized by the terms of this agreement.

Such interests shall not be subject to legal process or to the claims of any creditors while such interests remain trust property.

Notwithstanding any other provisions of this Trust Agreement, if the Trustee, in the Trustee's sole discretion, determines any part, or all of the Trust property, may be subject to loss in contravention of this section, the Trustee may appoint a Trustee in another jurisdiction, either in or outside the United States, and resign as Trustee, so long as doing so will not terminate the Trust.

### Section 4. Maintaining Property in Trust

If, on the termination of any separate trust created under this agreement, a final distribution is to be made to a beneficiary for whom my Trustee holds a



trust created under this agreement, such distributions shall be added to such trust rather than being distributed.

The property that is added to the trust shall be treated for purposes of administration as though it had been an original part of the trust.

#### Section 5. Contest Clause

If any person, including a beneficiary, shall in any manner, directly or indirectly, attempt to contest or oppose the validity of this agreement, or commences or prosecutes any legal proceedings to set this agreement aside, then in such event such person shall forfeit his or her share, cease to have any right or interest in the trust property, and shall be deemed to have predeceased me.

Should any person disclaim his or her interest, in whole or in part, in any trust created for his or her benefit in this trust agreement the result of which would be for that person to receive trust property free of trust earlier than provided by the terms of the trust, then the disclaiming person shall forfeit his or her interest in the trust, shall cease to have any right or interest in the trust property, and shall be deemed to have predeceased me.

#### Section 6. Changing the Trust Situs

Except as expressly provided herein, the situs of this agreement or any subtrust established hereunder may be changed by the unanimous consent of all of the beneficiaries then eligible to receive mandatory or discretionary distributions of net income under this agreement or such subtrust, with the consent of any then-acting Protector and the Trustee thereof, which shall be given only after Trustee has obtained advice from counsel as to the tax and other consequences of a change in situs.

Upon a change of situs, the Trust Protector may amend this instrument by its written action to change the references to Alaska or Alaska law to references to such new situs or the law of such new situs, and take such action as may be required to conform the terms of this agreement to the terms of law of such situs in order to achieve the purposes for which this trust was created. During the life of the Trustmaker, the situs may not be changed unless my Trustee has obtained an opinion of legal counsel to the effect that the change in situs will not impact adversely on the spendthrift provisions of this Trust or

cause inclusion of the assets held in this trust in the taxable estate of the Trustmaker or any beneficiary hereof.

In making the determination to change the situs of this trust or of any subtrust created hereunder, I encourage my beneficiaries to consider whether or not any proposed trust situs has a rule against perpetuities which would require the distribution of the corpus of this trust sooner than would otherwise be required in the then current situs.

The situs may be changed to a jurisdiction within or without the United States. If the situs is so changed, this Trust shall then, at the election of the Trustee, be administered exclusively under the laws of such jurisdiction, no acts of administration or investment need be conducted in Alaska, and any requirement for a Trustee to be a qualified person under Alaska law shall, instead, be deemed to be a requirement that the Trustee be a person who is qualified to serve as a Trustee of a trust governed by the laws of such jurisdiction, or as may be required for the trust to be so governed.

If such consent is obtained, the beneficiaries shall notify my Trustee in writing of such change of trust situs, and shall if necessary designate a successor corporate fiduciary in the new situs. This notice shall constitute removal of the current Trustee if appropriate, and any successor corporate Trustee shall assume its duties as provided under this agreement. A change in situs under this Section shall be final and binding, and shall not be subject to judicial review.

## Section 7. General Matters

The following general matters of construction shall apply to the provisions of this agreement:

### a. Construction

Unless the context requires otherwise, words denoting the singular may be construed as denoting the plural, and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as is appropriate within such context.

b. Headings of Articles, Sections, and Paragraphs

The headings of Articles, Sections, and Paragraphs used within this agreement are included solely for the convenience and reference of the reader. They shall have no significance in the interpretation or construction of this agreement.

c. Notices

All notices required to be given in this agreement shall be made in writing by either:

Personally delivering notice to the party requiring it, and securing a written receipt, or

Mailing notice by certified United States mail, return receipt requested, to the last known address of the party requiring notice.

The effective date of the notice shall be the date of the written receipt or the date of the return receipt, if received, or if not, the date it would have normally been received via certified mail, provided there is evidence of mailing.

d. Delivery

For purposes of this agreement "delivery" shall mean:

Personal delivery to any party, or

Delivery by certified United States mail, return receipt requested to the party making delivery.

The effective date of delivery shall be the date of personal delivery or the date of the return receipt, if received, or if not, the date it would have normally been received via certified mail, provided there is evidence of mailing.

e. Applicable State Law

The validity of this trust shall be determined by reference to the laws of the State of Alaska.

Questions with regard to the construction and administration of the various trusts contained in this agreement shall be determined by reference to the laws of the state in which the trust is then currently being administered.

**f. Duplicate Originals**

This agreement may be executed in several counterparts; each counterpart shall be considered a duplicate original agreement.

**g. Severability**

If any provision of this agreement is declared by a court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions of this agreement. The remaining provisions shall be fully severable, and this agreement shall be construed and enforced as if the invalid provision had never been included in this agreement.

**h. Disclaimers**

Any beneficiary hereunder may disclaim all or any portion of any interest in property or power with respect to property passing to or for the benefit of such beneficiary under this trust within the time and under the conditions permitted by law with regard to disclaimers.

Such disclaimers may be exercised by delivering an irrevocable and unqualified refusal to accept all or any portion of such interest or power to my Trustee.

**Section 8. Actions for a Minor or Incapacitated Beneficiary**

In the case of any action taken pursuant to this Agreement on behalf of a minor or incapacitated beneficiary, the parent(s), guardian(s), conservator(s) or committee of each minor or incompetent child or descendant of the Trustmaker collectively shall have only one vote. In addition: (i) both parents together shall act on behalf of a minor beneficiary, unless the parents are divorced or legally separated in which case the parent which is a descendant of the Trustmaker, or if none, the custodial parent within the

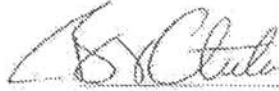
meaning of Section 1(g) of the Code shall act; unless a legal guardian (whether of the person or of the property) has been appointed for a minor beneficiary in which case the following subsection (ii) shall apply; (ii) if a legal guardian (whether of the person or of the property) has been appointed for a minor beneficiary or for an incompetent beneficiary, such legal guardian shall act on behalf of the minor or incompetent beneficiary, but if no legal guardian has been appointed, the following subsection (iii) shall apply; (iii) if a conservator has been appointed for an incompetent beneficiary, such conservator shall act on behalf of the incompetent beneficiary, but if no conservator has been appointed, the following subsection (iv) shall apply; (iv) if a committee has been appointed for an incompetent beneficiary, such committee shall act on behalf of the incompetent beneficiary, but if no committee has been appointed, the following subsection (v) shall apply; and (v) under this subsection (v), the oldest then living adult and competent descendant of the lineal ancestor of the minor or incompetent beneficiary of the closest degree of consanguinity to the minor or incompetent beneficiary which ancestor is a descendant of the Trustmaker or which ancestor is the Trustmaker shall act on behalf of the minor or incompetent beneficiary.

I have executed this agreement the day and year first written above.

I certify that I have read my foregoing irrevocable trust agreement, and that it correctly states the terms and conditions under which the trust property is to be held, managed, and disposed of by my Trustees. I approve this irrevocable trust in all particulars, and request my Trustees to execute it.

  
BEATRICE DAVIS, Trustmaker

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ALASKA TRUST COMPANY, Trustee

BRANDON J. CINTULA  
*Vice President & Trust Officer*



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STATE OF MISSOURI  
COUNTY OF JACKSON

)  
) ss.  
)

The foregoing irrevocable trust agreement was acknowledged before me on  
July 28, 2000, by BEATRICE DAVIS, as Trustmaker.

Witness my hand and official seal.

My commission expires:

12/19/2003

  
NOTARY PUBLIC

KARL G. KRAUSS  
Notary Public -- State of Missouri  
County of Clay  
My Commission Expires Dec 19, 2003



STATE OF ALASKA  
THIRD JUDICIAL DISTRICT

)  
) ss.  
)

The foregoing irrevocable trust agreement was acknowledged before me on the 22<sup>nd</sup> day of August, 2000, by ALASKA TRUST COMPANY, as Trustee.

Witness my hand and official seal.

My commission expires:

5/8/2004

*Catherine Johnson*  
NOTARY PUBLIC

Catherine Johnson, Notary Public  
State of Alaska  
My Commission Expires 5/8/2004



## Schedule A

### Initial Funding

Ten dollars, the receipt of which is acknowledged.

## Schedule B

### Investment Policy

#### General Investment Rules

My Trustee shall, in determining the proper asset allocation for investing Trust corpus, take into account the following instructions:

##### 1. Definition of Asset Classes

For purposes of this subparagraph a., the following asset classes shall apply:

Class I—Tradable Liquid Securities. Class I assets shall consist of stocks, bonds, derivatives, and other types of securities, regularly traded for investment purposes on any stock exchange.

Class II—Illiquid Passive Investments. Class II assets shall include: real estate; limited partnerships holding real estate, oil and gas, mining interests, or agricultural interests; venture capital investments; leveraged buyouts; and all other non-operating business interests.

Class III—Actively Managed Businesses. Class III assets shall include all active business interests which are owned by the Trust and actively managed by the Trustee or my beneficiaries.

##### 2. Investment Allocation When Trust has Outstanding Obligations

During any period when my Trust shall have any outstanding financial obligations, my Trustee shall maintain the following investment allocation with respect to the amount of trust principal required to generate income sufficient to meet the obligation (the "base principal amount"): 90 percent in Class I, and no more than 10 percent, in the aggregate, of both Classes II and III. My trustee may follow the asset allocation in paragraph 3 below for any amounts of trust principal which exceeds the base principal amount.

### 3. Investment Allocation When My Trust Does Not Have Outstanding Obligations

During any period when my Trust does not have any outstanding financial obligations, my Trustee shall maintain the following investment allocation: 75 percent in Class I, and no more than 25 percent, in the aggregate, of both Classes II and III, with no more than 10 percent in Class III.

### 4. Requirement to Replenish Principal

With respect to Class III investments, I instruct that my Trustee shall have the discretion to counsel with my beneficiaries who show a desire to engage in an actively managed business, and to assist in the funding of such businesses with an investment of trust principal. In the event that such investment(s) do not demonstrate the potential to generate a positive return on the investment for a period of 12 months and/or require continual capital expenditures in excess of the investment's return aggregating to 150% the value of the initial investment, my Trustee shall not invest any additional trust principal in Class III until such time as the principal lost in the business venture is replenished to the level that existed prior to the investment in the failed business.

### 5. Asset Allocation within Class I

Specifically with respect to investments in Class I assets, my Trustee shall follow reasonably prudent asset allocation guidelines with respect to country classes (developed v. emerging), industry classes, and currency classes. In addition, my Trustee shall specifically limit all investments in futures, options and all other derivatives to no more than five (5%) percent of the total value of trust principal invested in Class I assets.

### 6. Base Principal Amount

The base principal amount shall be adjusted every five years. For purposes of adjusting the base principal amount the value shall be the value of the trust on the 31<sup>st</sup> day of December of the year in which the adjustment is required.

However, during any period when the Primary Beneficiary of a trust share serves as the sole trustee of his or her trust share, distributions to or for the benefit of such Primary Beneficiary (or to satisfy any support obligation of such Primary Beneficiary) shall be limited to distributions which satisfy the ascertainable standards of health care, education, maintenance, and support for the Primary Beneficiary except to the extent otherwise authorized by the provisions below concerning the Powers of an Interested Trustee.

c. Provisions Relating to the Payment of Debts of a Beneficiary

I do not desire that my Trustee use its discretion to pay debts incurred by a beneficiary (except debts incurred in the ordinary course of living for matters related to, and consistent with, the ascertainable standard referred to above and the principles of this section). Further, I do not desire that such discretion be used in a manner which enables the respective beneficiary to provide for persons other than the beneficiary's descendants or then living spouse, or which would cause the beneficiary's share to be included in the taxable estate of the beneficiary.

d. Distributions to a Primary Beneficiary's Spouse and Descendants

My Trustee may make distributions from the trust share of a Primary Beneficiary to or for the health, education, maintenance and support of the spouse of the Primary Beneficiary if the spouse is living with the Primary Beneficiary. My Trustee shall have the discretion to determine whether a spouse is living with the Primary Beneficiary at the time a distribution is made.

My Trustee may also make distributions from the trust share of a Primary Beneficiary to or for the benefit of a descendant of the Primary Beneficiary for the health, education, maintenance and support of such descendant.

Distributions shall only be made by my Trustee to a spouse or a descendant of the Primary Beneficiary after considering the needs of the Primary Beneficiary of the trust share. Distributions made pursuant to this provision may be made to the complete exclusion of the other beneficiaries of the trust share. These distributions may be

made to the Primary Beneficiary, the spouse of the Primary Beneficiary or the descendants of the Primary Beneficiary in equal or unequal amounts according to their respective needs. A distribution to or for the benefit of a beneficiary's needs shall be charged to the trust rather than against the beneficiary's ultimate share or the shares of those persons taking through such beneficiary upon the termination of the trust. However, a distribution for the purchase of a residence, the purchase or establishment of a business or professional practice, or for any other extraordinary opportunity or expense shall be charged to the beneficiary's ultimate share or the share of those persons taking through such beneficiary upon the termination of the trust.

e. **Distributions Should Encourage Beneficiaries to Live Meaningful Lives**

Until the Primary Beneficiary of a trust share attains the age of 35, I desire that distributions of property from the Primary Beneficiary's share be limited in such a manner as to encourage the Primary Beneficiary to fill a meaningful role in society and to conserve a reasonable amount of principal in order to provide security for the Primary Beneficiary's retirement. I do not desire that my Trustee use discretion so liberally as to remove any incentive for the Primary Beneficiary to fill a meaningful role in society.

To clarify my intent in this provision, when I use the phrase "a meaningful role in society", I would include any of the following activities conducted on a substantially full-time basis (full-time either individually, or in the combination in which they are pursued by the Primary Beneficiary): (i) paid employment; (ii) efforts to start, manage or operate a business; (iii) creation of literary works, works of art or craft work if the Primary Beneficiary shows a talent for such creation and such works appear to have sufficient commercial value or potential to earn funds to support at least a subsistence lifestyle for the Primary Beneficiary; (iv) education; (v) organized research; (vi) volunteer work for a bona fide charitable organization; (vii) public office; (viii) parenting; (ix) competitive athletics or sport; (x) artistic performance (such as dance, music, theater, *et cetera*); and (xi) any other activity that my Trustee concludes, in its sole discretion, furthers the Primary Beneficiary's self-esteem and sense of accomplishment.

My Trustee may, in its discretion, increase or decrease the amount of Trust assets paid to, or for, a Primary Beneficiary in order to encourage such Primary Beneficiary to take actions likely to fulfill his or her potential. In that regard, my Trustee may provide for bonus distributions, or increases in regular distributions, to the extent that the Primary Beneficiary meets performance targets set by my Trustee and communicated to the Primary Beneficiary.

My Trustee may use funds from the Primary Beneficiary's share to retain a suitable professional to meet with and counsel the Primary Beneficiary with regard to achieving self-esteem, or finding a suitable career, may set standards and targets based on the advice of such professional, and may rely upon reports from such professional. However, my Trustee need not retain such a professional unless my Trustee believes it would provide meaningful assistance to meet the goals set forth herein. For example, if the Primary Beneficiary is already pursuing an active professional career or business, my Trustee should not need the advice of a professional counselor.

During any period in which my Trustee concludes that the Primary Beneficiary is unable to otherwise fill a meaningful role in society due to any disability or illness, the Primary Beneficiary shall be deemed to fill a meaningful role in society, regardless of his or her activities

#### **F. Payment of Educational Expenses**

If the Primary Beneficiary is a full time student at an accredited college, university, vocational school or similar institution and maintains a grade point average equivalent to "C" or better, my Trustee shall, in its sole and absolute discretion, pay for the Primary Beneficiary's reasonable educational costs. As used in this Paragraph, the term "educational costs" includes tuition, books, fees, supplies, transportation (including the cost of an automobile, maintenance and repairs; and air fare in connection with travel to and from school or with respect to school functions) and reasonable living expenses. The Trustee shall have the absolute discretion to determine the reasonableness and duration of all educational costs.

g.           Payment to Guardians

If any Primary Beneficiary is a minor or incapacitated and placed in the home of a relative or guardian, my Trustee shall furnish from the share for such Primary Beneficiary those trust funds which my Trustee deems, in its sole and absolute discretion, to be necessary or advisable to assist the guardian or relative in providing adequate care and housing for the Primary Beneficiary.

My Trustee may make funds available to any such guardian or relative who is caring for a Primary Beneficiary in order to:

Improve the guardian's or the relative's home;

Purchase a more suitable home for the guardian or the relative

Purchase personal property, appliances, or any other appurtenances needed to provide adequate care and housing for the beneficiaries.

Notwithstanding anything in this agreement to the contrary, if a guardian is also serving as a Trustee under this agreement and a corporate fiduciary is not acting as a Co-Trustee, then no payments to or for the benefit of that guardian shall be made pursuant to this Section unless approved by a Co-Trustee who meets the requirements to be a Independent Special Trustee in relation to the guardian, and the guardian may, if no such person is serving as a Co-Trustee, appoint a person to serve as the Independent Special Trustee with regard thereto. In lieu of providing funds to the guardian for the purposes specified above, my Trustee may make property acquired by this Trust available for use by the guardian to meet the purposes of these provisions.

h.           Provisions Governing When One Beneficiary Causes the Death of Another Beneficiary

Any beneficiary who intentionally causes the death of another beneficiary shall forfeit all rights and benefits whatsoever to any interest in this Trust if:



- i. the beneficiary is convicted of a felony in connection with the death of the deceased beneficiary; or
- ii. the beneficiary is found liable in a civil wrongful death action in connection with the death of the other beneficiary

The forfeiture of benefits and rights shall include the forfeiture of the right to exercise any power of appointment or any right to serve in any fiduciary or representative capacity, including trustee, executor, personal representative, or agent. In addition, the beneficiary that causes the death of the other beneficiary as well as all of the beneficiary's descendants shall be deemed to have predeceased the deceased beneficiary. The trust interest of the deceased beneficiary shall be distributed to those persons or trusts that would have succeeded to the interest had the beneficiary that caused the death of the other beneficiary predeceased the deceased beneficiary.

My Trustee shall have the broadest possible discretion and authority to investigate the death of any beneficiary if my Trustee has reason to suspect that another beneficiary wrongfully caused the death of the deceased beneficiary. My Trustee shall investigate the death to determine whether the other beneficiary caused the death of the deceased beneficiary. I expressly authorize my Trustee to expend trust funds for legal, forensic, and investigative experts to assist my Trustee in pursuing such an investigation. My Trustee shall provide the information gained from any investigation to those persons that would have standing to bring a criminal action or a civil wrongful death action against the beneficiary that my Trustee believes wrongfully caused the death of the other beneficiary.

If, following a diligent inquiry, my Trustee determines that there is a substantial likelihood that a beneficiary has wrongfully caused the death of a deceased beneficiary of this trust, then my Trustee may, in its sole and absolute discretion, withhold trust distributions to that beneficiary until any civil or criminal action relating to the death of the beneficiary has been finally adjudicated. If a court of competent jurisdiction determines that the beneficiary is civilly or criminally liable, my Trustee may also bring any action to recover from the beneficiary any distributions made to the beneficiary following the date of death of the deceased beneficiary.

If no civil or criminal action is brought after a five year period following the date of the death of the deceased beneficiary, or if such action is brought and the defendant beneficiary is acquitted of both civil and criminal liability, my Trustee shall reinstate the defendant beneficiary as a beneficiary of this trust and pay over to the defendant beneficiary any specific benefits that were expressly withheld during the pendency of the civil or criminal proceeding or during the five year period if no civil or criminal action is brought.

I understand that the nature of the discretion and authority given to my Trustee by this paragraph may subject my Trustee to litigation by a beneficiary whose rights are affected under this paragraph. If any legal or equitable action is brought against my Trustee in connection with my Trustee's action taken under this paragraph, I authorize my Trustee to expend such funds from the separate trust share of the deceased beneficiary as my Trustee determines are necessary to provide for my Trustee's defense, including costs and attorneys fees. My Trustee shall be indemnified and held harmless by such separate trust share from any loss, claim or damage in connection with any claim arising out of this provision which my Trustee shall incur as a result of any action taken in good faith by my Trustee, regardless of the ultimate outcome of the matter.

#### **i. Use of Assets**

Rather than making distributions to a beneficiary which the beneficiary may use to purchase assets in his or her own name, I encourage, but do not require, my Trustee to acquire trust assets for the use of a beneficiary, or to otherwise make trust assets available for use by the beneficiary, in situations in which the ownership by the trust would be beneficial to the beneficiary's overall tax objectives and would not, in the opinion of the Trustee, expose the trust to unreasonable and unnecessary risks.

#### **j. Prohibitions Against Certain Distributions**

Notwithstanding any other provision of this trust agreement, in no event shall the aggregate distributions to all beneficiaries made pursuant to the provisions of this Article Eight exceed eight (8%) percent of the value of the trust in any calendar year. For purposes of valuing the trust for determining the amount that can be

distributed under this provision, the value shall be the value of the trust on the 31<sup>st</sup> day of December of the year prior to the year in which the subject distribution is made.

#### **Section 4. Distribution of Trust Shares for My Beneficiaries**

The share of each Primary Beneficiary who survives me shall be distributed as follows:

a. **Distribution of Trust Share for CAROLINE D. DAVIS**

The trust share for CAROLINE D. DAVIS shall be held in trust and administered and distributed as follows:

1. **Distributions of Net Income**

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of, CAROLINE D. DAVIS and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the net income from her trust share as my Trustee in its sole and absolute discretion shall determine.

2. **Distributions of Principal**

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of, CAROLINE D. DAVIS and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the principal from her trust as my Trustee in its sole and absolute discretion shall determine.

3. **Guidelines for Discretionary Distributions**

To the extent that I have given my Trustee any discretionary authority over the distribution of income or principal to CAROLINE D. DAVIS, it is my desire that my Trustee be liberal in exercising such discretion and that

distributions be made in accordance with the general guidelines I have outlined in Section 3 of this Article.

#### 4. Distribution on the Death of CAROLINE D. DAVIS

Upon the death of CAROLINE D. DAVIS, any property remaining in her trust share shall be divided and allocated to the then living descendants of CAROLINE D. DAVIS, per stirpes, to be held and administered in separate trust shares for each of such descendants upon the same terms and provisions set forth that govern the trust share for CAROLINE D. DAVIS during her lifetime.

If CAROLINE D. DAVIS has no then living descendants, any property in her trust share shall be distributed to my descendants, per stirpes. Each such share shall be added to any existing trust share held by my Trustee for that beneficiary. If no separate trust share then exists for that beneficiary, the trust share shall be held and administered in separate trust share for that beneficiary upon the same terms and provisions that govern the separate trust share for CAROLINE D. DAVIS during her lifetime.

If I have no descendants then living, my Trustee shall distribute the trust property as provided in Article Nine of this agreement.

#### 5. Continuation of Trust Shares for Descendants

Upon the death of any beneficiary for whom a trust share shall have been established pursuant to subparagraph 4, any property in such beneficiary's trust share shall be divided and allocated to the beneficiary's then living descendants, per stirpes, to be held and administered in separate trust shares for each of the descendants of such beneficiary upon the same terms and provisions that govern the trust share for the deceased beneficiary during his or her lifetime.

Upon the death of the descendants of a beneficiary for whom a trust share shall have been established, and likewise upon the death of their descendants for whom a

trust share shall have been established, a separate trust share shall be established for the descendants of a deceased beneficiary, per stirpes, and held and administered pursuant to the provisions of this subparagraph 5 from generation to generation until the expiration of the Rule Against Perpetuities period described in Article Fourteen of this agreement. Upon the expiration of the Rule Against Perpetuities period, such shares shall be distributed as therein provided.

If any beneficiary of a trust share has no descendants living at his or her death, any property in the trust share of such beneficiary shall be divided and allocated to the then living descendants, per stirpes, of the marriage of the most immediate ancestor of such beneficiary that is my descendant and has descendants then living. Such property shall be held and administered in separate trust shares for each such beneficiary upon the same terms and provisions that governed the trust share for the deceased beneficiary during his or her lifetime.

If there are no then living descendants of the marriage of any ancestor of such beneficiary that is my descendant, then my Trustee shall distribute such trust property as provided in Article Nine of this agreement.

b.       Distribution of Trust Share for CHRISTOPHER D. DAVIS

The trust share for CHRISTOPHER D. DAVIS shall be held in trust and administered and distributed as follows:

1.   Distributions of Net Income

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of, CHRISTOPHER D. DAVIS and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the net income from his trust share as my Trustee in its sole and absolute discretion shall determine.

## 2. Distributions of Principal

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of, CHRISTOPHER D. DAVIS and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the principal from his trust as my Trustee in its sole and absolute discretion shall determine.

## 3. Guidelines for Discretionary Distributions

To the extent that I have given my Trustee any discretionary authority over the distribution of income or principal to CHRISTOPHER D. DAVIS, it is my desire that my Trustee be liberal in exercising such discretion and that distributions be made in accordance with the general guidelines I have outlined in Section 3 of this Article.

## 4. Distribution on the Death of CHRISTOPHER D. DAVIS

Upon the death of CHRISTOPHER D. DAVIS, any property remaining in his trust share shall be divided and allocated to the then living descendants of CHRISTOPHER D. DAVIS, per stirpes, to be held and administered in separate trust shares for each of such descendants upon the same terms and provisions set forth that govern the trust share for CHRISTOPHER D. DAVIS during his lifetime.

If CHRISTOPHER D. DAVIS has no then living descendants, any property in his trust share shall be distributed to my then living descendants, per stirpes. Each such share shall be added to any existing trust share held by my Trustee for that beneficiary. If no separate trust share then exists for that beneficiary, the trust share shall be held and administered in separate trust share for that beneficiary upon the same terms and provisions that govern the separate trust share for CHRISTOPHER D. DAVIS during his lifetime.

If I have no descendants then living, my Trustee shall distribute the trust property as provided in Article Nine of this agreement.

5. Continuation of Trust Shares for Descendants

Upon the death of any beneficiary for whom a trust share shall have been established pursuant to subparagraph 4, any property in such beneficiary's trust share shall be divided and allocated to the beneficiary's then living descendants, per stirpes, to be held and administered in separate trust shares for each of the descendants of such beneficiary upon the same terms and provisions that govern the trust share for the deceased beneficiary during his or her lifetime.

Upon the death of the descendants of a beneficiary for whom a trust share shall have been established, and likewise upon the death of their descendants for whom a trust share shall have been established, a separate trust share shall be established for the descendants of a deceased beneficiary, per stirpes, and held and administered pursuant to the provisions of this subparagraph 5 from generation to generation until the expiration of the Rule Against Perpetuities period described in Article Fourteen of this agreement. Upon the expiration of the Rule Against Perpetuities period, such shares shall be distributed as therein provided.

If any beneficiary of a trust share has no descendants living at his or her death, any property in the trust share of such beneficiary shall be divided and allocated to the then living descendants, per stirpes, of the marriage of the most immediate ancestor of such beneficiary that is my descendant and has descendants then living. Such property shall be held and administered in separate trust shares for each such beneficiary upon the same terms and provisions that governed the trust share for the deceased beneficiary during his or her lifetime.

If there are no then living descendants of the marriage of any ancestor of such beneficiary that is my descendant,

then my Trustee shall distribute such trust property as provided in Article Nine of this agreement.

c. Distribution of Trust Share for Afterborn Beneficiaries

The trust share for any beneficiary of mine born after the creation of this trust agreement shall be held in trust and administered and distributed as follows:

1. Distributions of Net Income

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of such afterborn beneficiary and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the net income from his or her trust share as my Trustee in its sole and absolute discretion shall determine.

2. Distributions of Principal

My Trustee, in its sole and absolute discretion, shall apply to, or for the benefit of the afterborn beneficiary and such other beneficiaries to whom distributions are authorized in Section 3 of this Article as much of the principal from his or her trust as my Trustee in its sole and absolute discretion shall determine.

3. Guidelines for Discretionary Distributions

To the extent that I have given my Trustee any discretionary authority over the distribution of income or principal to the afterborn beneficiary, it is my desire that my Trustee be liberal in exercising such discretion and that distributions be made in accordance with the general guidelines I have outlined in Section 3 of this Article.



#### 4. Distribution on the Death of the Afterborn Beneficiary

Upon the death of the afterborn beneficiary, any property remaining in his or her trust share shall be distributed to the then living descendants of the afterborn beneficiary, per stirpes, to be held and administered in separate trust shares for each of such descendants upon the same terms and provisions set forth that govern the trust share for the afterborn beneficiary during his or her lifetime.

If the afterborn beneficiary has no then living descendants, any property in his or her trust share shall be distributed to my then living descendants, per stirpes. Each such share shall be added to any existing trust share held by my Trustee for that beneficiary. If no separate trust share then exists for that beneficiary, the trust share shall be held and administered in separate trust share for that beneficiary upon the same terms and provisions that govern the separate trust share for the afterborn beneficiary during his or her lifetime.

If I have no descendants then living, my Trustee shall distribute the trust property as provided in Article Nine of this agreement.

#### 5. Continuation of Trust Shares for Descendants

Upon the death of any beneficiary for whom a trust share shall have been established pursuant to subparagraph 4, any property in such beneficiary's trust share shall be divided and allocated to the beneficiary's then living descendants, per stirpes, to be held and administered in separate trust shares for each of the descendants of such beneficiary upon the same terms and provisions that govern the trust share for the deceased beneficiary during his or her lifetime.

Upon the death of the descendants of a beneficiary for whom a trust share shall have been established, and likewise upon the death of their descendants for whom a trust share shall have been established, a separate trust share shall be established for the descendants of a

deceased beneficiary, per stirpes, and held and administered pursuant to the provisions of this subparagraph 5 from generation to generation until the expiration of the Rule Against Perpetuities period described in Article Fourteen of this agreement. Upon the expiration of the Rule Against Perpetuities period, such shares shall be distributed as therein provided.

If any beneficiary of a trust share has no descendants living at his or her death, any property in the trust share of such beneficiary shall be divided and allocated to the then living descendants, per stirpes, of the marriage of the most immediate ancestor of such beneficiary that is my descendant and has descendants then living. Such property shall be held and administered in separate trust shares for each such beneficiary upon the same terms and provisions that governed the trust share for the deceased beneficiary during his or her lifetime.

If there are no then living descendants of the marriage of any ancestor of such beneficiary that is my descendant, then my Trustee shall distribute such trust property as provided in Article Nine of this agreement.

#### **Section 5. Share of a Descendant of a Deceased Beneficiary**

Each share set aside for a deceased beneficiary, if any, which has then living descendants shall be divided, administered, and distributed as follows:

**a. Division into Separate Shares**

Each share set aside for a deceased beneficiary who has then living descendants shall be divided into as many equal shares as shall be necessary to create one equal share for such deceased beneficiary's descendants, per stirpes.

**b. Distribution of Shares for Descendants**

Any share established for a then living descendant of a deceased beneficiary of mine pursuant to Paragraph a. of this Section 5 shall

be held and administered upon the same terms and provisions set forth in Section 4 (c) of this Article that governs the separate shares created for afterborn beneficiaries.

## Article Nine

### Ultimate Distribution Pattern

If at any time there is no person, corporation, or other entity entitled to receive all or any part of my trust property, then all of the trust property shall be distributed to the Ilus W. Davis Foundation.

If the Ilus W. Davis Foundation is not then in existence, my Trustee shall distribute such property to the Kansas City Community Foundation to be held and administered in a separate fund in the name of Ilus and Beatrice Davis. This fund shall be used to carry out the charitable purposes which are as similar as possible to the mission and purpose of the Ilus W. Davis Foundation.

**Article Ten**  
**Methods of Distribution and Trust**  
**Administration with Regard to**  
**Minor and Disabled Beneficiaries**

**Section 1. General Guidelines for Distribution**

Whenever a distribution is authorized or required to be made by a provision of this agreement to any beneficiary who is disabled or incapacitated, such distribution may be made by my Trustee:

Without continuing court supervision or the intervention of a guardian, conservator, or any other legal representative.

Without giving or requiring any bond or surety on bond.

Pursuant to any of the methods authorized under this Article.

In making distributions under this Article, disability or incapacity shall include adjudicated mental incapacity by a court of competent jurisdiction, or incapacity because of age, illness, injury or any other cause as determined pursuant to the terms of this Agreement.

Before making any distributions to beneficiaries under this Article, it is my desire that my Trustee, to the extent that it is both reasonable and possible:

Inquire into the ultimate disposition of the distributed funds.

Take into consideration the behavior of trust beneficiaries with regard to their disposition of prior distributions of trust property.

My Trustee shall obtain a receipt from the person, corporation, or other entity receiving any distribution called for in this Article.

## Section 2. Methods of Payment

My Trustee may make the distributions called for in this Article in any one or more of the following ways:

Directly to a beneficiary.

To persons, corporations, or other entities for the use and benefit of the beneficiary.

To an account in a commercial bank or savings institution in the name of the beneficiary, or in a form reserving the title, management, and custody of the account to a suitable person, corporation, or other entity for the use and benefit of the beneficiary.

In any prudent form of annuity purchased for the use and benefit of the beneficiary.

To any person or duly licensed financial institution, including my Trustee, as a custodian under the Uniform Transfers to Minors Act, or any similar act, of any state, or in any manner allowed by any state statute dealing with gifts or distributions to minors or other individuals under a legal disability.

To any agent under a valid power of attorney.

To any guardian, or other person deemed by my Trustee to be responsible, and who has assumed the responsibility of caring for the beneficiary.

## Section 3. Special Instructions for Beneficiaries Disabled Due to Addictive Situations

Prior to making any distribution authorized under this Agreement, or as a condition for further distributions, my Trustee may require that any beneficiary that has been determined to be disabled as provided in this Section due to a drug, alcohol, gambling, chemical or other dependency disorder, participate in or complete a rehabilitation program aimed at combating the dependency problem.

If my Trustee suspects that a beneficiary has a dependency problem, my Trustee shall advise my Protector, and together they shall name a panel of three individuals who have expertise in the suspected dependency. If the three-member panel selected advise the Trustee that the beneficiary is disabled by reason of a dependency problem, or if the beneficiary refuses to cooperate with the three-member panel in the process of making the determination, my Trustee may consider the beneficiary to be disabled for purposes of this provision.

If a beneficiary is disabled by reason of drug, alcohol, gambling, chemical or other dependency disorder, my Trustee may condition further distributions, or the amount of distributions, upon participation in, or satisfactory completion of, a rehabilitation program for the problem involved, and/or upon appropriate medical, chemical or psychological tests to establish that the problem has been controlled and remains under control.

My Trustee, in its sole and absolute discretion, may determine the nature and extent of the rehabilitative program, including follow up requirements. I direct that my Trustee consult with the three member panel selected to evaluate the matter of the beneficiary's dependency as well as counselors from rehabilitative programs selected by my beneficiary's medical doctors in order to best design an individualized program for the affected beneficiary.

I specifically authorize and direct my Trustee to pay the expenses of rehabilitation for the affected beneficiary from that beneficiary's trust property.

If any of my beneficiaries are incarcerated, I authorize my Trustee to withhold or limit distributions to such beneficiary during the period of such incarceration and, thereafter, to condition some or all of such distributions on participation by the beneficiary in counseling or therapy intended to reduce the likelihood of recidivism.

## Article Eleven

### The Resignation, Replacement, and Succession of My Trustee and the Protector

#### Section 1. The Resignation of a Trustee

Any Trustee may resign by giving thirty days' written notice to me or to my legal representative. If I am not living, the notice shall be delivered to my Trustees, if any, and to all of the beneficiaries then eligible to receive mandatory or discretionary distributions of net income from any trust created under this agreement.

If a beneficiary is a minor or is legally incapacitated, the notice shall be delivered to that beneficiary's guardian or other legal representative.

#### Section 2. The Removal of a Trustee

Any Trustee may be removed as follows:

a. No Removal by Me

I shall have no right to remove any Trustee.

b. Removal by My Protector

During my lifetime, any Trustee may be removed by my Protector, unless my Protector is acting under duress or legal compulsion.

c. Removal by Other Beneficiaries After My Death

After my death, a majority of the beneficiaries then eligible to receive mandatory or discretionary distributions of net income under this agreement may remove any Trustee.



d. No Cause for Removal Needed

No person having a right to remove a Trustee need give any Trustee being removed a reason, cause, or ground for such removal.

e. Notice of Removal

Notice of removal shall be effective when made in writing by either:

Personally delivering notice to the Trustee and securing a written receipt, or

Mailing notice in the United States mail to the last known address of the Trustee by certified mail, return receipt requested.

### Section 3. Replacement of Individual Trustees

If an individual Trustee is removed, dies, resigns, becomes legally incapacitated, or is otherwise unable or unwilling to serve, that Trustee shall be replaced as follows:

a. Replacement By Me

I shall have no right to replace any Trustee.

b. Replacement by Others During My Lifetime

While I am living, if a Trustee dies, resigns, is removed or is unable or unwilling to continue serving as a Trustee of this trust, my Trustee shall be replaced by one or more successor Qualified Trustees selected by the Protector.

If the Protector fails to act within a reasonable period of time but in any event delays longer than 30 days to fill a vacancy in Trusteeship, a successor Trustee may be appointed by my surviving children but only if they both agree. If both of my children are incapacitated, deceased or otherwise fail to act within a reasonable time but in any event delay longer than 30 days, a majority in interest of the beneficiaries who are my descendants and who are then eligible for

distributions of income or principal from this trust shall have the right to name a Qualified Trustee.

The authority of any beneficiary who is not of legal age or otherwise suffers from a lack of legal incapacity shall be exercised by his or her legal or natural guardian or conservator, as the case may be.

c. **Replacement After My Death**

After my death, my Trustee shall be replaced by one or more successor Qualified Trustees selected by the Protector.

If the Protector fails to act within a reasonable period but in any event delays longer than 30 days, a successor Trustee may be appointed by my children, but only if they both agree. If both of my children are incapacitated, deceased or otherwise fail to act within a reasonable period of time but in any event delay longer than 30 days, a majority in interest of the beneficiaries who are my descendants and who are then eligible for distributions of income or principal from this trust shall have the right to name a Qualified Trustee.

The authority of any beneficiary who is not of legal age or otherwise suffers from a lack of legal incapacity shall be exercised by his or her legal or natural guardian or conservator, as the case may be.

**Section 4. Replacement of Corporate Trustees**

If a corporate Trustee is removed, resigns, or is otherwise unable or unwilling to serve, that Trustee shall be replaced in the same manner as any other Trustee.

**Section 5. Qualified Trustee**

A "Qualified Trustee" shall mean a corporate fiduciary that satisfies the requirements of Section 6 of this Article or an individual fiduciary acceptable to my Protector. If the person authorized to appoint a successor Trustee fails to designate a Qualified Trustee, any beneficiary (including a contingent beneficiary) may petition a court of competent jurisdiction, ex parte, to designate a Qualified Trustee to serve as a Trustee.

The court that designates the successor Trustee shall not acquire any jurisdiction over any trust created under this agreement, except to the extent necessary to name a Qualified Trustee as a successor Trustee

#### **Section 6. Corporate Fiduciaries**

Any corporate fiduciary named in this trust agreement or appointed by a court of competent jurisdiction as a Trustee must be a bank or trust company situated anywhere in the world having trust powers under applicable law.

Such corporate fiduciary shall:

- a. have a combined capital and surplus of at least 5 million dollars; or
- b. maintain in force a policy of insurance with policy limits of not less than 5 million dollars covering the errors and omissions of the Trustee with a solvent insurance carrier licensed to do business in the jurisdiction in which the Trustee has its corporate headquarters.

#### **Section 7. Powers and Liabilities of Successor Trustees**

Any successor Trustee, whether corporate or individual, shall have all of the rights, powers, and privileges, and be subject to all of the obligations and duties, both discretionary and ministerial, as given to the original Trustee.

Any successor Trustee shall be subject to any restrictions imposed on the original Trustees. No successor Trustee shall be required to examine the accounts, records, and acts of any previous Trustees.

No successor Trustee shall in any way be responsible for any act or omission to act on the part of any previous Trustee.

#### **Section 8. The Protector**

If the initial Protector or any subsequent Protector is unable or unwilling to serve or to continue to serve in that capacity, the successor Protector shall be

an individual designated in writing by the previously serving Protector as provided in this Section. If a Protector dies, resigns, becomes incapacitated and has not named a successor Protector, the then serving Protector shall be replaced by the following individuals who shall serve as Protector in the order in which their names appear:

First, STEPHEN K. LEHNARDT, my Protector

Second, an individual person who is designated in a written instrument given by CHRISTOPHER D. DAVIS and CAROLINE D. DAVIS, or the survivor of them.

If at any time there is no Protector designated herein who is acting as to any trust hereunder, the Protector of such trust shall be such individual as the last serving Protector has designated in an instrument in writing.

In the absence of any such designation, the Protector shall be an individual person (other than me) selected by a court of competent jurisdiction in Alaska. I request that any individual named by my children, the last serving Protector or any court be an individual with mature judgment who has the interests of myself and my beneficiaries as his or her primary concern. A Protector may resign in the same manner as a Trustee may resign.

I have appointed the Trust Protector to give advice to the Trustee and to ensure that the Trustee properly fulfills its duties. Trustmakers often rely on their trustees to exercise broad discretion, and rely on such trustees to make determinations that would be consistent with the Trustmakers' desires. However, my Trustee hereunder may not know me and my family well enough to be able to do this well. Therefore, I have selected persons to act as Trust Protector whom I believe know me and can determine what I would have desired with regard to my family better than my Trustee. I do not wish or expect my Trust Protector to be subservient to my desires, or to consult me with regard to the advice my Trust Protector gives and the actions my Trust Protector takes.

Some of the persons selected as Trust Protector or successor Trust Protector may have other personal or professional relationships which may impose or imply fiduciary or other duties to me. I hereby fully relieve such Trust Protector from any such duties to the extent the Trust Protector is acting as Trust Protector. I instruct the Trust Protector to make independent decisions regarding what my Trust Protector believes would best serve my family and the broad objectives for my family expressed in this instrument.

The actions of my Trust Protector shall not be subject to any review or supervision by any court. My Trust Protector may act, or refrain from acting, free of any duty, fiduciary or otherwise, to me or any member of my family. Instead, I direct my Trust Protector to act freely and independently, taking my broad objectives into account only to the extent that my Trust Protector believes they are important, and without consultation with, or influence by, me.

The Protector shall be invested with the following authority:

a. **Power Respecting Trustees**

During my life, the Protector is authorized, in the exercise of sole and absolute discretion, in accordance with the provisions of Article Eleven hereof, to designate successor Trustees and to remove any and all Trustees acting hereunder and appoint successor Trustees in their place; provided, however, that no Protector may appoint me, himself or herself, any person who is married to the Protector or who is related to the Protector or his or her spouse within the third degree of consanguinity, or who is a partner or fellow shareholder of the Protector in any enterprise in which the Protector holds a ten percent (10%) interest or to which he devotes on an average more than 10 hours per week, or who is any subsequent spouse of mine, or any spouse of any descendant of mine.

b. **Power to Advise Regarding Distributions**

The Protector may advise the Trustee with regard to distributions that the Protector believes would carry out the intentions of the Trustmaker and which the Protector believes would be in the best interests of the beneficiaries. However, the Trustee shall have no legal or moral obligation whatsoever to act in accordance with any such advice.

This agreement does not impose any fiduciary responsibility on the Protector to monitor the acts of the Trustees. The Protector shall not be liable for failing to remove any Trustee even if such Trustee may be guilty of a gross violation of his or her fiduciary duties hereunder.

c. Power to Add Beneficiaries During My Lifetime

The Protector shall have the authority to appoint the following persons or classes of persons as additional discretionary beneficiaries under Article Three of this agreement:

- i. Myself
- ii. Any descendant of my grandparents;
- iii. The spouse of any beneficiary identified in Article Three of this agreement

Such appointment may identify the added beneficiary generally or may limit the distribution discretion of my Trustee to an amount specified in the written instrument exercising this power delivered to my Trustee. My Trustee shall have discretion to make distributions to, or for the benefit of, such appointee subject to the other limitations of Section 9 of Article Three.

The Trust Protector shall not exercise this power at any time that this Trust holds real property in a jurisdiction where the holding of such real property would impact adversely on the spendthrift restrictions hereof or on the ability to maintain a perpetual trust after such exercise. My Trustee shall have no obligation to distribute to any such appointee the amounts specified in such instruments. My Trustee shall have discretion to make distributions (limited by the aggregate amounts specified in such appointments) to, or for the benefit of, such appointee subject to the other limitations of Section 9 of Article Three.

d. Power to Allow Beneficiaries to Purchase Property from the Trust on Favorable Terms.

The Protector shall have the authority to allow any beneficiary of this trust (other than a beneficiary added by my Protector under the preceding clause), without the approval or consent of any adverse party, to purchase, exchange, or otherwise deal with or dispose of any portion of the principal or the income of this trust for less than an adequate consideration in money or money's worth, but in no event for less than 90% of the fair market value of such portion of the principal or income from this trust.

e.        Limitation on Exercise of Powers of the Protector

No action of the Protector shall have any force or effect unless accompanied by a representation, warranty and declaration by the Protector that its action is not made under duress or legal compulsion.

## Article Twelve

### General Matters and Instructions

#### with Regard to my Trustee

##### Section 1. Use of "Trustee" Nomenclature

As used throughout this agreement, the word "Trustee" shall refer to the initial Trustee as well as any single, additional, or successor Trustee. It shall also refer to any individual, corporation, or other entity acting as a replacement, substitute, or added Trustee.

##### Section 2. No Requirement to Furnish Bond or Registration

My Trustee shall not be required to furnish any bond for the faithful performance of its duties. This trust shall be registered with the State of Alaska in the manner required by Alaska law.

If a bond is required by any law or court of competent jurisdiction, it is my desire that no surety be required on such bond.

##### Section 3. Court Supervision Not Required

All trusts created under this agreement shall be administered free from the active supervision of any court.

Any proceedings to seek judicial instructions or a judicial determination shall be initiated by my Trustee in the appropriate state court having original jurisdiction of those matters relating to the construction and administration of trusts.



#### Section 4. My Trustee's Responsibility to Make Information Available to Beneficiaries

During my lifetime, my Trustee shall report at least semi-annually to my Protector and to my children or to the survivor of them. After the death of my children, my Trustee shall report, at least semiannually, to the beneficiaries then eligible to receive mandatory or discretionary distributions of the net income from the various trusts created in this agreement and all of the receipts, disbursements, and distributions occurring during the reporting period along with a complete statement of the trust property.

With respect to any trust asset that is not cash or marketable securities, my Trustee shall only have the duty to report to the beneficiaries the information that is provided to my Trustee. My Trustee shall be indemnified and held harmless by the assets in the trust from any loss, claim or damage [including costs and attorney's fees] incurred by my Trustee arising out of any claim by a beneficiary relating to my Trustee's duty to report information relating to any non-marketable securities held by my Trustee.

The trust's books and records along with all trust documentation shall be available and open at all reasonable times to the inspection of the trust beneficiaries and their representatives.

My Trustee shall not be required to furnish trust records or documentation to any individual, corporation, or other entity that is not a beneficiary, does not have the express written approval of a beneficiary, or is not requesting such pursuant to a court order.

#### Section 5. Delegation Among the Trustees

Any Trustee may delegate to any other Trustee the power to exercise any or all powers granted my Trustee in this agreement, including those that are discretionary, if allowed by law.

My delegating Trustee may revoke any such delegation at will.

The delegation of any such power, as well as the revocation of any such delegation, shall be evidenced by an instrument in writing executed by the delegating Trustee.

As long as any such delegation is in effect, any of the delegated powers may be exercised by the Trustee receiving such delegation with the same force

and effect as if the delegating Trustee had personally joined in the exercise of such power.

#### Section 6. Utilization of Substitute Trustee

If any Trustee is unwilling or unable to act as to any trust property, my Trustee shall designate, in writing, an individual, bank trust department, or trust company to act as a substitute Trustee with regard to such property.

The property being administered by the substitute Trustee, as well as the net income therefrom, shall be distributed or remitted as directed by the delegating Trustee consistent with the terms of this agreement.

Each substitute Trustee shall exercise all of the fiduciary powers granted by this agreement unless expressly limited by the delegating Trustee in the instrument appointing such substitute Trustee, or by any provision within this Section.

Any substitute Trustee may resign at any time by delivering written notice to my Trustee to that effect.

Following my death, a Qualified Trustee may appoint any of my descendants, or the spouse of any of my descendants, as a special Substitute Trustee of this trust, or any subtrust created hereby, whose sole responsibility shall be to determine the amount to be distributed in any period to the beneficiaries of this trust, or any such subtrust. Such Substitute Trustee shall have no authority to exercise any discretion with regard to distributions to, or for the benefit of, such Substitute Trustee and, if such Substitute Trustee has been delegated the power to determine the amount of any distributions to or for the Substitute Trustee's benefit, his/her authority shall be limited by an ascertainable standard only to distributions reasonably necessary for his/her health, education, maintenance and support. The actions of any Substitute Trustee shall be limited by the provisions of the agreement with regard to the actions of an Interested Trustee. Notwithstanding anything to the contrary in this instrument, in the event that the Qualified Trustee delegates to such a Substitute Trustee the responsibility to determine the amount to be distributed in any period to the beneficiaries of this trust, or any such subtrust, the Substitute Trustee shall have all the powers of the Trustees hereof with regard to such distributions, and no other Trustee, including the Qualified Trustee which appointed such Substitute Trustee, shall have any responsibility to determine appropriate distributions under the terms of this Trust.

## Section 7. Indemnification of the Trustee

I recognize that some persons may be hesitant to serve as Trustee of this trust agreement because of a concern about potential liability, particularly with respect to the management of assets in closely held corporations or partnerships. Therefore I direct that my Trustee shall not incur any liability by reason of any error of judgment, mistake of law, or action of any kind taken or omitted to be taken in connection with respect to the management of any non-marketable securities held by my trust. My Trustee shall be fully indemnified by the trust estate against any claim or demand by any trust beneficiary or trust creditor arising out of any claim relating to the management of such assets, except for any claim or demand based on my Trustee's own willful misconduct or gross negligence proved by clear and convincing evidence. Expenses incurred by my Trustee in defending any such claim or demand shall be paid by the trust estate in advance of the final disposition of such claim or demand, upon receipt of an undertaking by or on behalf of such Trustee to repay such amount, if it shall ultimately be determined that such Trustee is not entitled to be indemnified as authorized in this Section.

My Trustee shall not incur liability to the trust nor to the trust beneficiaries for a decision to invest or to retain an investment of all or any part of the trust property in a partnership, limited partnership, limited liability company, or other entity which provides additional protection of the assets of the trust or which provides for the convenient management of jointly owned family property (including property held by one or more trusts for members of the family), even if restrictions on transfer and liquidation may cause the ownership interest to have a fair market value which is less than the fair market value of the assets contributed to the entity, or if the lack of control over the interests (or lack of diversification of investments as a result thereof) have an adverse impact on the value of the assets hereof.

## Section 8. Trustee's Fee

My Trustee shall be entitled to fair and reasonable compensation for the services it renders as a fiduciary. The amount of compensation shall be an amount equal to the customary and prevailing charges for services of a similar nature during the same period of time and in the same geographic locale.

My Trustee shall be reimbursed for the reasonable costs and expenses incurred in connection with its fiduciary duties under this agreement.

### Section 9. A Majority of Trustees Required to Control

Except as otherwise provided herein, when more than two Trustees are acting, the concurrence and joinder of a majority of my Trustees shall control in all matters pertaining to the administration of any trust created under this agreement, except as to matters properly delegated to one of them.

Except as otherwise provided herein, if only two Trustees are acting, the concurrence and joinder of both shall be required, except as to matters properly delegated to one of them.

As to any matter where my Trustees cannot attain the concurrence or joinder of a majority of Trustees, my Trustees may designate by agreement of all of my Trustees a third party to determine such matter, and my Trustees shall abide by the decision of such third party, or, if they cannot agree on a third party, may seek the instructions of a court of competent jurisdiction.

Any dissenting or abstaining Trustee may be absolved from personal liability by registering a written dissent or abstention with the records of the trust. The dissenting Trustee shall thereafter act with the other Trustees in any manner necessary or appropriate to effectuate the decision of the majority.

### Section 10. Successor Corporate Fiduciaries

If any bank or trust company ever succeeds to the trust business of any corporate fiduciary serving as a Trustee under this agreement, whether because of a name change or any other form of reorganization, or if such corporate fiduciary ever transfers all of its existing business to any other bank or trust company, the successor shall thereupon, without any action being required, succeed to the trusteeship as if originally named.

### Section 11. Early Termination of Trusts Based on Cost

Notwithstanding any other provision of this trust, if at any time after my death, any trust created in this trust is reduced to an amount which the Trustee, in the Trustee's sole and absolute discretion, determines that the trust is no longer economically feasible (which shall not be at any time when the reasonably anticipated annual costs of operating the trust do not exceed the greater of 15 percent of anticipated annual trust income or one and one-half percent of the trust's assets), the Trustee may, in the Trustee's sole discretion, either:

terminate such trust and distribute the trust property to the person(s) then entitled to the income or to receive or to have the benefit of the income therefrom or to the legal representative of such person. If there is more than one income beneficiary, the distribution to such income beneficiaries shall be made in the proportion in which they are beneficiaries or if no proportion is designated, in equal shares to such beneficiaries; or

purchase and deliver to the income beneficiary(ies) restrictive savings accounts, certificates of deposit, annuities, endowments, or comparable investments which the Trustee deems proper; or

distribute the trust assets to a custodian for the beneficiary(ies) under the applicable Uniform Transfers (or Gifts) to Minors Act.

## Section 12. Generation-Skipping Tax Provisions

In order to minimize the impact of any generation-skipping tax that may be applied to any of the trusts created by this agreement or their beneficiaries, my Trustee, in its sole and absolute discretion, is authorized to take the following actions:

### a. Division into Exempt and Nonexempt Trusts

If any trust created under this agreement would be partially exempt from generation-skipping tax by reason of an allocation of a generation-skipping tax exemption to it, prior to such allocation my Trustee shall divide the total trust assets into two separate trust shares of equal or unequal value, to permit allocation of the exemption solely to one trust share (the "exempt trust").

The exempt trust shall consist of a fractional interest of the total trust assets in an amount necessary to cause the exempt trust to be entirely exempt from generation-skipping tax. The other trust share (the "nonexempt trust") shall consist of the remaining fractional interest of the total trust assets.

My Trustee shall have complete authority to make allocations of trust property between the Exempt Shares and the Non-Exempt

Shares established in this Section. Property conveyed or assigned in kind to the Exempt Shares shall be valued at its value as finally determined for federal estate tax purposes. However, if specific property is allocated to these shares, the division of assets shall be made in a manner that fairly reflects net appreciation or depreciation in the value of the assets measured from the valuation date for federal estate tax purposes to the date of funding. My Trustee shall maintain separate accounts for the exempt trust and the nonexempt trust.

Any exempt trust or nonexempt trust and any exempt share or nonexempt share established under this agreement may be referred to by such name as may be designated by my Trustee.

b. Additions to a Separate Trust

If a trust under this agreement, whether created under this Section or not, is entirely exempt or nonexempt from generation-skipping tax and adding property to it would partially subject the trust to generation-skipping tax, my Trustee may hold that property in a separate trust in lieu of making the addition.

c. Terms of the Trusts

If my Trustee divides a trust into two separate trust shares or creates a separate trust for additions, the trusts or trust shares that result shall have the same terms and conditions as the original trust.

My Trustee shall not make discretionary distributions from the income or principal of an exempt trust to beneficiaries who are non-skip persons as long as any readily marketable assets remain in a nonexempt trust for such beneficiaries.

To the extent possible, my Trustee shall make discretionary distributions to beneficiaries who are skip persons from an exempt trust for such beneficiaries.

d. Allocation from an Exempt Trust First

Upon division or distribution of an exempt trust and a nonexempt trust, my Trustee may allocate property from the exempt trust first

to a share from which a generation-skipping transfer is more likely to occur.

e. Taxable Distributions

If my Trustee considers that any distribution from a trust under this agreement, other than pursuant to a power to withdraw or appoint, is a taxable distribution subject to a generation-skipping tax payable by the beneficiary, my Trustee shall augment the distribution by an amount which my Trustee estimates to be sufficient to pay the tax and shall charge the same against the trust to which the tax relates.

f. Taxable Terminations

If my Trustee considers that any termination of an interest in trust property is a taxable termination subject to a generation-skipping tax, my Trustee shall pay the tax from the portion of the trust property to which the tax relates, without adjustment of the relative interests of the beneficiaries.

g. No Duty to Make Generation Skipping Allocations

No provision of this Section 12 or any other provision of this trust shall impose or imply any affirmative duty on my Trustee to make any allocation of my generation skipping exemption unless my Trustee is expressly requested in writing to make such allocation and is provided the information necessary to properly make the allocation.

### Section 13. My Beneficiary's General Power of Appointment

The beneficiary of any separate trust share created in this trust agreement shall have the unlimited and unrestricted testamentary general power to appoint by a valid last will and testament, by a valid living trust agreement or by any other written instrument which expressly refers to this power any property remaining in the trust share the distribution of which would otherwise constitute a taxable generation-skipping transfer. In exercising this general power of appointment, my Primary Beneficiary shall specifically refer to this power. The Primary Beneficiary of the trust share shall have the sole and exclusive right to exercise this general power of appointment.

This general power of appointment specifically grants to my Primary Beneficiary the right to appoint property to his or her own estate. It also specifically grants to my Primary Beneficiary the right to appoint the property among persons, corporations, or other entities in equal or unequal proportions, and on such terms and conditions, whether outright or in trust, as the Primary Beneficiary may elect.

Any property in the trust share which is not distributed pursuant to the exercise of the general power of appointment or is not subject to such power because it is not taxable as a generation-skipping transfer shall be distributed under the lapse and other provisions of the beneficiary's trust share.

This provision shall apply to all trust shares created for a beneficiary under this trust agreement unless the provisions of the separate trust share, by reference to this provision, provides otherwise.



## Article Thirteen

### My Trustee's Administrative and Investment Powers

#### Section 1. Introduction to Trustee's Powers

Except as otherwise provided in this agreement, my Trustee shall have both the administrative and investment powers enumerated under this Article and any other powers granted by law with respect to the various trusts created by this agreement.

My Trustee shall also have the express power to employ attorneys, accountants, agents, auditors, trust departments and officers and other financial advisors (including brokers, financial planners, professional money managers, and registered investment advisors) in order to assist in carrying out the responsibilities of the position of Trustee.

Unless otherwise specifically provided in this Agreement, the decision to employ such assistants, as well as determining the terms and conditions of such employment (including the decision to terminate such assistant) is at the sole and absolute discretion of my Trustee.

So long as a Trust Protector serves with regard to this Trust, my Trustee may delegate the investment powers with regard to the assets hereof to such persons or entities as are designated by my Trust Protector in a written instrument. However, my Trustee is authorized, without approval from the Trust Protector, to establish one or more bank accounts or transactional accounts with a broker dealer, for the purpose of holding not more than \$10,000 on a long term basis, or through which funds may be transferred between investments or to beneficiaries. My Trustee is further authorized, without approval from my Trust Protector, to invest Trust assets, or incur liabilities on account of the Trust, for the purpose of acquiring any asset from me, a beneficiary of this Trust or a trust for my benefit or that of any beneficiary hereof.

## Section 2. Powers to Be Exercised in the Best Interests of the Beneficiaries

My Trustee shall exercise the following administrative and investment powers without the order of any court, as my Trustee determines in its sole and absolute discretion to be in the best interests of the beneficiaries.

Despite any conflicting provision in my trust, my Trustee shall not exercise any power in a manner inconsistent with the beneficiaries' right to the beneficial enjoyment of the trust property in accordance with the general principles of the law of trusts.

### a. Waiver of Prudent Investor Rule

In addition to the investment powers conferred in this Trust, the Trustee is authorized (but not directed) to acquire and retain investments not regarded as traditional for trusts, including investments that would be forbidden or would be regarded as imprudent, improper or unlawful by the "prudent person" rule, "prudent investor" rule, or any other rule or law which restricts a fiduciary's capacity to invest. The Trustee, in the exercise of sole and absolute discretion, may invest in any type of property, wherever located, including any type of life insurance policy, security or option, improved or unimproved real property, and tangible or intangible personal property, and in any manner, including direct purchase, joint ventures, partnerships, limited partnerships, limited liability companies, corporations, mutual funds, business trusts or any other form of participation or ownership whatsoever. In making investments, the Trustee may disregard any or all of the following factors:

Whether a particular investment, or the trust investments collectively, will produce a reasonable rate of return or result in the preservation of principal.

Whether the acquisition or retention of a particular investment or the trust investments collectively are consistent with any duty of impartiality as to the different beneficiaries. The Trustmaker intends that no such duty shall exist.

Whether the trust is diversified. The Trustmaker intends that no duty to diversify shall exist.

Whether any or all of the trust investments would traditionally be classified as too risky or speculative for trusts. The entire trust may be so invested. The Trustmaker intends the Trustee to have sole and absolute discretion in determining what constitutes acceptable risk and what constitutes proper investment strategy.

The Trustmaker's purpose in granting the foregoing authority is to modify the "prudent person" rule, "prudent investor" rule, or any other rule or law which restricts a fiduciary's ability to invest insofar as any such rule or law would prohibit an investment or investments because of one or more factors listed above, or any other factor relating to the nature of the investment itself. The Trustmaker does this because the Trustmaker believes it is in the best interests of the beneficiaries of the trusts created hereunder to give the Trustee broad discretion in managing the assets of the trusts created hereunder.

b. Investment Policy

I have attached, as Schedule B, a suggested set of investment rules and guidelines in the form of a written investment policy. I desire that my Trustee follow the investment policy when making investment and management decisions affecting trust assets.

Notwithstanding any investment policy contained in Schedule B, my Trustee is expressly authorized to acquire and retain any interest in any insurance policy insuring the life of any member of my immediate family other than myself. Likewise, my Trustee is authorized to acquire and retain any interest in a business entity in which a majority of the equity interest is owned by me, members of my immediate family or by trusts established for their benefit.

In the event my Trustee determines that the investment policy should be modified, my Trustee shall submit the proposed modification(s) to the then current beneficiaries of my Trust for review. The proposed modifications shall become effective only upon the consent of 85% of the then current beneficiaries of my Trust. If the requisite consent is not obtained, the then existing policy shall remain in effect.

c.       Fiduciary Capacity

Every act done, power exercised or obligation assumed by a Trustee pursuant to the provisions of this Agreement shall be held to be done, exercised or assumed, as the case may be, by the Trustee acting in a fiduciary capacity and not otherwise, and every person, firm, corporation or other entity contracting or otherwise dealing with the Trustee shall look only to the funds and property of the trust estate for payment under such contract or payment of any money that may become due or payable under any obligation arising under this Agreement, in whole or in part, and the Trustee shall not be individually liable therefor even though the Trustee did not exempt himself, herself or itself from individual liability when entering into any contract, obligation or transaction in connection with or growing out of the trust estate.

Section 3.   Administrative and Investment Powers

My Trustee is hereby granted the following administrative and investment powers:

a.       Agricultural Powers

My Trustee may retain, sell, acquire, and continue any farm or ranching operation whether as a sole proprietorship, partnership, or corporation.

My Trustee may engage in the production, harvesting, and marketing of both farm and ranch products either by operating directly or with management agencies, hired labor, tenants, or sharecroppers.

My Trustee may engage and participate in any government farm program, whether state or federally sponsored.

My Trustee may purchase or rent machinery, equipment, livestock, poultry, feed, and seed.

My Trustee may improve and repair all farm and ranch properties, construct buildings, fences, and drainage facilities; acquire, retain, improve, and dispose of wells, water rights, ditch rights, and priorities of any nature.

1  
2 **IN THE SUPREME COURT OF THE STATE OF NEVADA**

3 CHRISTOPHER D. DAVIS,

4  
5 Petitioner

6 vs.

7  
8 THE EIGHTH JUDICIAL DISTRICT  
9 COURT OF THE STATE OF NEVADA,  
10 IN AND FOR THE COUNTY OF CLARK,  
11 AND THE HONORABLE JUDGE  
GLORIA J. STURMAN,

12 Respondent

13 and

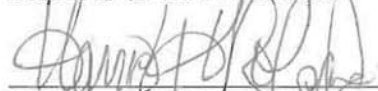
14 CAROLINE DAVIS,

15 Real Party in Interest

Case No. **Electronically Filed**  
**Oct 08 2015 01:49 p.m.**  
District Court Case No. **Tracie K. Lindeman**  
**Clerk of Supreme Court**  
P-15-083867-1

16 **PETITIONER'S APPENDIX**  
17 **VOLUME IV**

18  
19 Respectfully Submitted,  
20 ROLAND LAW FIRM

21 

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**ALPHABETICAL**  
**TABLE OF CONTENTS**

Volume Number	Exhibit Number	Title of Document	Page Numbers
VIII	33	Addendum to and Withdrawal of Certain Statements Referenced in the: (1)Objection to Petition for Reconsideration of the Order dated May 19, 2015 Re: Petition to Assume Jurisdiction Over the Beatrice B. Davis Family Heritage Trust dated July 28, 2000, as Amended on February 24, 2014, to Assume Jurisdiction Over Christopher D. Davis as Investment Trust Advisor, Stephen K. Lehnardt as Distribution Trust Advisor, to Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D. Davis; and Counterpetition for Sanctions; (2)Amendment and Supplement to Counterpetition for Sanctions; and (3)Motion to Amend or Modify Order Pursuant to NRCP 60(b)(3)	001322-001357
V	16	Amendment and Supplement to Counter Petition for Sanctions	000780-000794
V	14	Case Appeal Statement	000684-000700
VIII	26	Christopher D. Davis' Motion for Protective Order and to Modify or Quash the Subpoena	001185-001221
II	2	Christopher D. Davis' Motion To Dismiss Pursuant To NRCP (12)(b) And NRCP 19 and Errata	000283-000308
VII	25	Christopher D. Davis' Opposition to Caroline Davis' Motion to Amend or Modify Order Pursuant to NRCP 60(b)(3)	001139-001184
VIII	37	Christopher D. Davis' Opposition to Caroline Davis' Motion to Strike Christopher D. Davis' Arguments and Requests for Relief in his Reply to Caroline D. Davis' Objection to Petition for Reconsideration in Excess of Thirty (30) Pages as	001373-001390

1			the Reply Violates EDCR 2.20 and Countermotion	
2			for Leave to File a Reply in Excess of Thirty (30)	
3			Pages	
4	VII	23	Christopher D. Davis' Reply to Caroline Davis'	000987-
5			Objection to Petition for Reconsideration of the	001118
6			Order Dated May 19, 2015 re: Petition to Assume	
7			Jurisdiction over the Beatrice B. Davis Family	
8			Heritage Trust Dated July 28, 2000, as Amended	
9			on February 24	
10	VIII	31	Christopher D. Davis' Reply to Caroline Davis'	001307-
11			Opposition to His Motion for a Protective Order	001313
12			and to Quash or Modify Subpoena	
13	III	6	Christopher D. Davis' Reply to Caroline Davis'	000350-
14			Opposition to his Motion to Dismiss Pursuant to	000375
15			NRCP (12)(b) and NRCP 19	
16	IX	42	Court Minutes dated September 16, 2015	001539-
17				001541
18	IX	43	Court Minutes dated September 30, 2015	001542-
19				001543
20	VI	21	Declaration Of Christopher D. Davis	000977-
21				000979
22	V	11	Declaration of Tarja Davis	000478-
23				000483
24	IX	45	Email from Anthony L. Barney, Esq. dated	0001549-
25			October 7, 2015	0001551
26	VIII	36	Errata to Christopher D. Davis' Petition to Stay	001368-
27			Discovery Until the August 19, 2015 Hearing on	001372
28			Motion for Reconsideration or in the Alternative,	
			Petition for Protective Order from Discovery by	
			Subpoena	
	VI	22	Errata To Petition For Reconsideration Of The	000980-
			Order Dated May 19, 2015 To Assume	000986
			Jurisdiction Over The Beatrice B. Davis Family	
			Heritage Trust, Dated July 28, 2000, As Amended	
			On February 24, 2014, To Assume Jurisdiction	
			Over Christopher D. Davis As Investment Trust	
			Advisor, Stephen K. Lehnardt As Distribution	
			Trust Advisor, To Confirm Dunham Trust	
			Company As Directed Trustee, And For	

1			Immediate Disclosure Of Documents And	
2			Information From Christopher D. Davis	
3	V	17	Motion to Amend or Modify Order Pursuant to	000795-
4			NRCP 60(b)(3)	000836
5	IX	39	Motion to Compel Attendance at Deposition and	001477-
6			Motion for Sanctions	001520
7	VI	20	Motion to Compel Harriet Roland, Esq., to	000897-
8			Produce Documents Responsive to Subpoena	000976
9			Duces Tecum; and for Attorneys' Fees and Costs	
10	VI	19	Motion to Hold Christopher D. Davis in Contempt	000871-
11			and for Attorneys' Fees and Costs	000896
12	VIII	30	Motion to Strike Christopher D Davis' Arguments	001300-
13			and Requests for Relief in his Reply to Caroline D	001306
14			Davis' Objection to Petition for Reconsideration in	
15			Excess of Thirty (30) Pages as the Reply Violates	
16			EDCR 2.20	
17	V	13	Notice of Appeal	000679-
18				000683
19	III	9	Notice of Entry of Order	000440-
20				000445
21	VIII	34	Notice of Non-Appearance of Christopher D.	001358-
22			Davis	001363
23	VIII	35	Notice of Partial Withdrawal of Petition and	001364-
24			Partial Withdrawal of Petition to Stay Discovery	001367
25			until the August 19th, 2015 Hearing on Motion for	
26			Reconsideration or in the Alternative, Petition for	
27			Protective Order from Discovery by Subpoena	
28	IV	10	Notice of Petition and Petition for Reconsideration	000446-
			of the Order Dated May 19, 2015 Re: Petition to	000477
			Assume Jurisdiction over the Beatrice B Davis	
			Family Heritage Trust Dated July 28, 2000, as	
			Amended on February 24, 2014, to Assume	
			Jurisdiction over Christopher D Davis as	
			Investment Trust Advisor, Stephen K. Lehnardt as	
			Distribution Trust Advisor, to Confirm Dunham	
			Trust Company as Directed Trustee, and for	
			Immediate Disclosure of Documents and	
			Information from Christopher D Davis	
	V	18	Notice of Petition and Petition to Stay Discovery	000837-



1			until the August 19, 2015 Hearing on Motion for	000870
2			Reconsideration	
3	V	15	Objection to Petition for Reconsideration of the	000701-
4			Order Dated May 19, 2015 Re: Petition to Assume	000779
5			Jurisdiction Over the Beatrice B. Davis Family	
6			Heritage Trust Dated July 28, 2000, as Amended	
7			on February 24, 2014, to Assume Jurisdiction	
8			Over Christopher D. Davis an Investment Trust	
9			Advisor, Stephen K. Lehnardt as Distribution	
10			Trust Advisor to Confirm Dunham Trust Company	
11			as Directed Trustee and for Immediate Disclosure	
12			of Documents and Information from Christopher	
13			D. Davis; AND Counter Petition for Sanctions	
14	VIII	27	Objection to Petition to Stay Discovery Until the	001222-
15			August 19, 2015 Hearing on Motion for	001238
16			Reconsideration or in the Alternative, Petition for	
17			Protective Order From Discovery by Subpoena	
18	VIII	28	Opposition to Caroline Davis' Motion to Compel	001239-
19			Harriet H. Roland, Esq. to Produce Documents	001285
20			Responsive to Subpoena Duces Tecum; Counter	
21			Motion to Quash	
22	VII	24	Opposition to Caroline Davis' Motion to Hold	001119-
23			Christopher D. Davis in Contempt and for	001138
24			Attorney's Fees and Costs	
25	VIII	29	Opposition to Christopher D. Davis' Motion for a	001286-
26			Protective Order and to Quash or Modify	001299
27			Subpoena	
28	II	3	Opposition to Christopher D. Davis' Motion to	000309-
			Dismiss Pursuant to NRCP(12)(b) and NRCP 19	000321
	II	4	Opposition to Petition to Assume Jurisdiction over	000322-
			the Beatrice B. Davis Family Heritage Trust, dated	000325
			July 28, 2000, as Amended on February 24, 2014;	
			to Assume Jurisdiction over Christopher D. Davis	
			as Investment Trust Advisor and Stephen K.	
			Lehnardt as Distribution Trust Advisor; to	
			Confirm Dunham Trust Company as Directed	
			Trustee; and for Immediate Disclosure of	
			Documents and Information from Christopher D.	
			Davis, and Limited Joinder to Christopher D.	

1			Davis's Motion to Dismiss Pursuant to NRCP 12(b) and NRCP 19	
2	III	8	Order	000435-
3				000439
4	I and II	1 (pts 1 and 2)	Petition to Assume Jurisdiction over the Beatrice B. Davis Family Heritage Trust Dated July 28 2000 as Amended on February 24, 2014; to Assume Jurisdiction Over Christopher D Davis As Investment Trust Advisor and Stephen K Lehnardt as Distribution Trust Advisor; to Confirm Dunham Trust Company as Directed Trustee; and for Immediate Disclosure of Documents and Information from Christopher D Davis	000001-
5				000282
6				
7				
8				
9				
10	IX	44	Proposed Order Regarding September 30, 2015 Hearing	001544-
11				001548
12	IX	41	Reply to Christopher D. Davis Opposition to Caroline Davis' Motion to Hold Christopher D. Davis in Contempt and for Attorneys' Fees and Costs	001533-
13				001538
14				
15	II	5	Reply to Opposition to Petition to Assume Jurisdiction Over the Beatrice B. Davis Family Heritage Trust, Dated July 28, 2000, as Amended on February 24, 2014; to Assume Jurisdiction Over Christopher D. Davis as Investment Trust Advisor and Stephen K. Lehnardt as Distribution Trust Advisor; to Confirm Dunham Trust Company as Directed Trustee; and for Immediate Disclosure of Documents and Information from Christopher D. Davis and Limited Joinder to Christopher D. Davis's Motion to Dismiss Pursuant to NRCP12(b) and NRCP 19	000326-
16				000349
17				
18				
19				
20				
21				
22				
23	V	12	Response to Petition for Reconsideration	000484-
24				000678
25	VIII	32	Supplement to Objection to Petition for Reconsideration of the Order Dated May 19 2015 RE: Petition to Assume Jurisdiction over the Beatrice B Davis Family Heritage Trust Dated July 28, 2000 as Amended on February 24, 2014 to Assume Jurisdiction Over Christopher D. Davis	001314-
26				001321
27				
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		as investment trust advisor, Stephen K. Lehnardt as Distribution Trust Advisor to Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D. Davis and Counter Petition for Sanctions	
IX	40	Supplement to Opposition to Caroline Davis' Motion to Hold Christopher D. Davis in Contempt and for Attorney's Fees and Costs	001521-0001532
IX	38	Transcript of Proceedings All Pending Motions, September 2, 2015	001391-001476
III	7	Transcript of Proceedings Motion to Dismiss: Motion on Christopher Davis' Motion to Dismiss Pursuant to NRCP 12(B) and NRCP 19; Petition to Assume Jurisdiction over the Beatrice B. Davis Family Trust, Assume Jurisdiction over Christopher David as Investment Trust Advisor and Stephen K. Lehnardt as Distribution Trust Advisor, to Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D. Davis April 22, 2015	000376-000434

**CHRONOLOGICAL**  
**TABLE OF CONTENTS**

Volume Number	Exhibit Number	Title of Document	Page Numbers
I and II	1 (pts 1 and 2)	Petition to Assume Jurisdiction over the Beatrice B. Davis Family Heritage Trust Dated July 28 2000 as Amended on February 24, 2014; to Assume Jurisdiction Over Christopher D Davis As Investment Trust Advisor and Stephen K Lehnardt as Distribution Trust Advisor; to Confirm Dunham Trust Company as Directed Trustee; and for Immediate Disclosure of Documents and Information from Christopher D Davis	000001-000282
II	2	Christopher D. Davis' Motion To Dismiss Pursuant To NRCP (12)(b) And NRCP 19 and Errata	000283-000308
II	3	Opposition to Christopher D. Davis' Motion to Dismiss Pursuant to NRCP(12)(b) and NRCP 19	000309-000321
II	4	Opposition to Petition to Assume Jurisdiction over the Beatrice B. Davis Family Heritage Trust, dated July 28, 2000, as Amended on February 24, 2014; to Assume Jurisdiction over Christopher D. Davis as Investment Trust Advisor and Stephen K. Lehnardt as Distribution Trust Advisor; to Confirm Dunham Trust Company as Directed Trustee; and for Immediate Disclosure of Documents and Information from Christopher D. Davis, and Limited Joinder to Christopher D. Davis's Motion to Dismiss Pursuant to NRCP 12(b) and NRCP 19	000322-000325
II	5	Reply to Opposition to Petition to Assume Jurisdiction Over the Beatrice B. Davis Family Heritage Trust, Dated July 28, 2000, as Amended on February 24, 2014; to Assume Jurisdiction Over Christopher D. Davis as Investment Trust Advisor and Stephen K. Lehnardt as Distribution Trust Advisor; to Confirm Dunham Trust Company as Directed Trustee; and for Immediate Disclosure of Documents and Information from	000326-000349

1			Christopher D. Davis and Limited Joinder to	
2			Christopher D. Davis's Motion to Dismiss	
3			Pursuant to NRCP12(b) and NRCP 19	
4	III	6	Christopher D. Davis' Reply to Caroline Davis' Opposition to his Motion to Dismiss Pursuant to NRCP (12)(b) and NRCP 19	000350-000375
5	III	7	Transcript of Proceedings Motion to Dismiss: Motion on Christopher Davis' Motion to Dismiss Pursuant to NRCP 12(B) and NRCP 19; Petition to Assume Jurisdiction over the Beatrice B. Davis Family Trust, Assume Jurisdiction over Christopher David as Investment Trust Advisor and Stephen K. Lehnardt as Distribution Trust Advisor, to Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D. Davis April 22, 2015	000376-000434
13	III	8	Order	000435-000439
15	III	9	Notice of Entry of Order	000440-000445
16	IV	10	Notice of Petition and Petition for Reconsideration of the Order Dated May 19, 2015 Re: Petition to Assume Jurisdiction over the Beatrice B Davis Family Heritage Trust Dated July 28, 2000, as Amended on February 24, 2014, to Assume Jurisdiction over Christopher D Davis as Investment Trust Advisor, Stephen K. Lehnardt as Distribution Trust Advisor, to Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D Davis	000446-000477
24	V	11	Declaration of Tarja Davis	000478-000483
25	V	12	Response to Petition for Reconsideration	000484-000678
27	V	13	Notice of Appeal	000679-000683
28	V	14	Case Appeal Statement	000684-

1				000700
2	V	15	Objection to Petition for Reconsideration of the Order Dated May 19, 2015 Re: Petition to Assume Jurisdiction Over the Beatrice B. Davis Family Heritage Trust Dated July 28, 2000, as Amended on February 24, 2014, to Assume Jurisdiction Over Christopher D. Davis as Investment Trust Advisor, Stephen K. Lehnardt as Distribution Trust Advisor to Confirm Dunham Trust Company as Directed Trustee and for Immediate Disclosure of Documents and Information from Christopher D. Davis; AND Counter Petition for Sanctions	000701-000779
3				
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10	V	16	Amendment and Supplement to Counter Petition for Sanctions	000780-000794
11	V	17	Motion to Amend or Modify Order Pursuant to NRCp 60(b)(3)	000795-000836
12				
13	V	18	Notice of Petition and Petition to Stay Discovery until the August 19, 2015 Hearing on Motion for Reconsideration	000837-000870
14				
15	VI	19	Motion to Hold Christopher D. Davis in Contempt and for Attorneys' Fees and Costs	000871-000896
16	VI	20	Motion to Compel Harriet Roland, Esq., to Produce Documents Responsive to Subpoena Duces Tecum; and for Attorneys' Fees and Costs	000897-000976
17				
18	VI	21	Declaration Of Christopher D. Davis	000977-000979
19				
20	VI	22	Errata To Petition For Reconsideration Of The Order Dated May 19, 2015 To Assume Jurisdiction Over The Beatrice B. Davis Family Heritage Trust, Dated July 28, 2000, As Amended On February 24, 2014, To Assume Jurisdiction Over Christopher D. Davis As Investment Trust Advisor, Stephen K. Lehnardt As Distribution Trust Advisor, To Confirm Dunham Trust Company As Directed Trustee, And For Immediate Disclosure Of Documents And Information From Christopher D. Davis	000980-000986
21				
22				
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28	VII	23	Christopher D. Davis' Reply to Caroline Davis' Objection to Petition for Reconsideration of the	000987-001118

1			Order Dated May 19, 2015 re: Petition to Assume	
2			Jurisdiction over the Beatrice B. Davis Family	
3			Heritage Trust Dated July 28, 2000, as Amended	
4			on February 24	
5	VII	24	Opposition to Caroline Davis' Motion to Hold	001119-
6			Christopher D. Davis in Contempt and for	001138
7			Attorney's Fees and Costs	
8	VII	25	Christopher D. Davis' Opposition to Caroline	001139-
9			Davis' Motion to Amend or Modify Order	001184
10			Pursuant to NRCP 60(b)(3)	
11	VIII	26	Christopher D. Davis' Motion for Protective Order	001185-
12			and to Modify or Quash the Subpoena	001221
13	VIII	27	Objection to Petition to Stay Discovery Until the	001222-
14			August 19, 2015 Hearing on Motion for	001238
15			Reconsideration or in the Alternative, Petition for	
16			Protective Order From Discovery by Subpoena	
17	VIII	28	Opposition to Caroline Davis' Motion to Compel	001239-
18			Harriet H. Roland, Esq. to Produce Documents	001285
19			Responsive to Subpoena Duces Tecum; Counter	
20			Motion to Quash	
21	VIII	29	Opposition to Christopher D. Davis' Motion for a	001286-
22			Protective Order and to Quash or Modify	001299
23			Subpoena	
24	VIII	30	Motion to Strike Christopher D Davis' Arguments	001300-
25			and Requests for Relief in his Reply to Caroline D	001306
26			Davis' Objection to Petition for Reconsideration in	
27			Excess of Thirty (30) Pages as the Reply Violates	
28			EDCR 2.20	
	VIII	31	Christopher D. Davis' Reply to Caroline Davis'	001307-
			Opposition to His Motion for a Protective Order	001313
			and to Quash or Modify Subpoena	
	VIII	32	Supplement to Objection to Petition for	001314-
			Reconsideration of the Order Dated May 19 2015	001321
			RE: Petition to Assume Jurisdiction over the	
			Beatrice B Davis Family Heritage Trust Dated	
			July 28, 2000 as Amended on February 24, 2014	
			to Assume Jurisdiction Over Christopher D. Davis	
			as investment trust advisor, Stephen K. Lehnardt	
			as Distribution Trust Advisor to Confirm Dunham	



1			Trust Company as Directed Trustee, and for	
2			Immediate Disclosure of Documents and	
3			Information from Christopher D. Davis and	
4	VIII	33	Addendum to and Withdrawal of Certain	001322-
5			Statements Referenced in the: (1)Objection to	001357
6			Petition for Reconsideration of the Order dated	
7			May 19, 2015 Re: Petition to Assume Jurisdiction	
8			Over the Beatrice B. Davis Family Heritage Trust	
9			dated July 28, 2000, as Amended on February 24,	
10			2014, to Assume Jurisdiction Over Christopher D.	
11			Davis as Investment Trust Advisor, Stephen K.	
12			Lehnardt as Distribution Trust Advisor, to	
13			Confirm Dunham Trust Company as Directed	
14			Trustee, and for Immediate Disclosure of	
15			Documents and Information from Christopher D.	
16			Davis; and Counterpetition for Sanctions;	
17			(2)Amendment and Supplement to Counterpetition	
18			for Sanctions; and (3)Motion to Amend or Modify	
19			Order Pursuant to NRCP 60(b)(3)	
20	VIII	34	Notice of Non-Appearance of Christopher D.	001358-
21			Davis	001363
22	VIII	35	Notice of Partial Withdrawal of Petition and	001364-
23			Partial Withdrawal of Petition to Stay Discovery	001367
24			until the August 19th, 2015 Hearing on Motion for	
25			Reconsideration or in the Alternative, Petition for	
26			Protective Order from Discovery by Subpoena	
27	VIII	36	Errata to Christopher D. Davis' Petition to Stay	001368-
28			Discovery Until the August 19, 2015 Hearing on	001372
			Motion for Reconsideration or in the Alternative,	
			Petition for Protective Order from Discovery by	
			Subpoena	
	VIII	37	Christopher D. Davis' Opposition to Caroline	001373-
			Davis' Motion to Strike Christopher D. Davis'	001390
			Arguments and Requests for Relief in his Reply to	
			Caroline D. Davis' Objection to Petition for	
			Reconsideration in Excess of Thirty (30) Pages as	
			the Reply Violates EDCR 2.20 and Countermotion	
			for Leave to File a Reply in Excess of Thirty (30)	
			Pages	



1	IX	38	Transcript of Proceedings All Pending Motions, September 2, 2015	001391-001476
2	IX	39	Motion to Compel Attendance at Deposition and Motion for Sanctions	001477-001520
3	IX	40	Supplement to Opposition to Caroline Davis' Motion to Hold Christopher D. Davis in Contempt and for Attorney's Fees and Costs	001521-001532
4	IX	41	Reply to Christopher D. Davis Opposition to Caroline Davis' Motion to Hold Christopher D. Davis in Contempt and for Attorneys' Fees and Costs	001533-001538
5	IX	42	Court Minutes dated September 16, 2015	001539-001541
6	IX	43	Court Minutes dated September 30, 2015	001542-001543
7	IX	44	Proposed Order Regarding September 30, 2015 Hearing	001544-001548
8	IX	45	Email from Anthony L. Barney, Esq. dated October 7, 2015	0001549-0001551
9				
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Cheryl Davis  
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3 a Nevada Limited Liability Company  
4 4625 West Nevso Drive, Suite 2  
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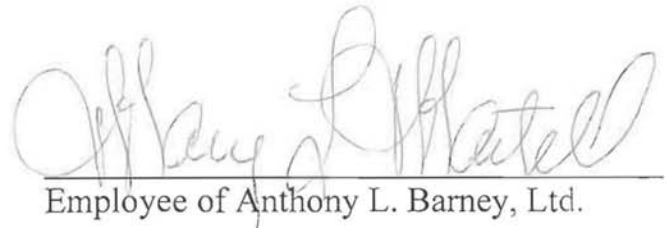
5 JONATHAN W. BARLOW, ESQ. Hand Delivered  
6 CLEAR COUNSEL LAW GROUP  
7 50 Stephanie Street, Suite 101  
8 Henderson, Nevada 89012  
9 Jonathan@clearcounsel.com  
Attorneys for Stephen K. Lenhardt

10 Mark Solomon, Esq. Hand Delivered  
11 Joshua Hood, Esq.  
12 **SOLOMON DWIGGINS & FREER, LTD.**  
13 9060 W. Cheyenne Ave.  
14 Las Vegas, NV 89129  
*Attorney for Petitioner Caroline Davis*

15 DUNHAM TRUST COMPANY Hand Delivered  
16 SHANNA CORESSAL, CTFA  
17 c/o Charlene Renwick, Esq.  
18 Lee, Hernandez, Landrum & Garofalo  
19 7575 Vegas Drive, #150  
Las Vegas, Nevada 89128

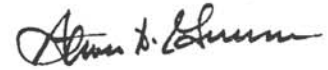
20 Honorable Judge Sturman Hand Delivered  
21 Dept. 26, Eighth Judicial Dist. Court  
22 Regional Justice Center  
23 200 Lewis Ave.  
Las Vegas, NV 89101

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Employee of Anthony L. Barney, Ltd.



# EXHIBIT 12



CLERK OF THE COURT

1 RESP  
2 DAVID S. LEE, ESQ.  
3 Nevada Bar No. 6033  
4 CHARLENE N. RENWICK, ESQ.  
5 Nevada Bar No. 10165  
6 LEE, HERNANDEZ, LANDRUM  
7 & GAROFALO  
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DISTRICT COURT  
CLARK COUNTY, NEVADA

10 In the Matter of:

11 The BEATRICE B. DAVIS FAMILY  
12 HERITAGE TRUST, dated July 28, 2000, as  
13 amended on February 24, 2014

CASE NO.: P-15-083867-T  
DEPT. NO.: 26

RESPONSE TO PETITION FOR  
RECONSIDERATION

Date of Hearing:  
Time of Hearing:


15 COMES NOW Directed Trustee, DUNHAM TRUST COMPANY ("DTC"), and hereby  
16 submits its response to Christopher D. Davis' Petition for Reconsideration of the Order Dated  
17 May 19, 2015.

18 This Response is based upon the pleadings and papers on file with this Court, the  
19 following points and authorities and any oral argument that this Honorable Court may wish to  
20 entertain at the time of hearing.

21 DATED this 29<sup>th</sup> day of July, 2015.

LEE, HERNANDEZ, LANDRUM  
& GAROFALO, A.P.C.

24 By:

23   
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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I.

3 **FACTUAL BACKGROUND**

4 As this Court is aware, Beatrice B. Davis ("Grantor"), a Missouri resident, created the  
5 Beatrice B. Davis Family Heritage Trust, dated July 28, 2000 ("Trust"). Pursuant to the terms of  
6 said trust, Grantor's children, Christopher Davis and Caroline Davis, are the named beneficiaries  
7 of the Trust, and their respective spouses and descendants are also included as discretionary  
8 beneficiaries of the Trust.<sup>1</sup> Further, per Grantor's appointment, Stephen Lehnardt was appointed  
9 as the Trust Protector and Alaska Trust Company was named as the initial Trustee of the Trust.<sup>2</sup>  
10 Upon information and belief, on or about August 2, 2011, Mr. Lehnardt removed Alaska Trust  
11 Company as Trustee and replaced the same with Alaska USA Trust Company.

12 Subsequent to Grantor's death, on or about February 24, 2015, Mr. Lehnardt, acting in his  
13 capacity as Trust Protector of the Trust, sought to change the Trust situs from Alaska to Nevada,  
14 pursuant to Article 14, Section 6 of the Trust, by way of the First Amendment to the Beatrice B.  
15 Davis Family Heritage Trust, dated February 24, 2014 ("Amendment"). By way of the  
16 Amendment, Mr. Lehnardt removed Alaska USA Trust Company, and replaced the same with  
17 Dunham Trust Company.<sup>3</sup> Further, pursuant to Section 1.04 of the Amendment, Mr. Lehnardt  
18 represented that,

19 The Trust Protector certifies that he has read this Amendment to trust, and that it  
20 correctly states the changes the Trust Protector desires to make to the trust, and  
21 that all required notices and consents have been made and received in writing.

22 DTC, relying in good faith on the representations made in the Amendment, accepted its  
23 appointment as Trustee, and executed the Amendment on or about March 19, 2014.

24 ///

25  
26  
27 <sup>1</sup> See Exhibit 1, *Beatrice B. Davis Family Heritage Trust, dated July 28, 2000*, page 8-1, Article Eight, Section 1 and page 8-4,  
Article 8, Section 3.d. (July 28, 2000).

28 <sup>2</sup> Id. at page 1-1, Article One, Section 1.

<sup>3</sup> See Exhibit 2, *First Amendment to Beatrice B. Davis Family Heritage Trust, dated February 24, 2014* (February 24, 2014).

On or about July 28, 2015, Tarja Davis, wife of Christopher Davis, filed a Declaration in this matter asserting that she was not informed of the Amendment, nor did she approve the change in Trust situs.<sup>4</sup>

## II. ARGUMENT

In light of Tarja Davis' recently filed Declaration, it appears that the prerequisite consent of all beneficiaries of the Trust was not obtained by the Trust Protector in his effort to change the Trust situs from Alaska to Nevada. While DTC takes no position on Mr. Davis' pending Petition for Reconsideration, in the event that this Honorable Court is willing to grant said Petition for Reconsideration, DTC respectfully requests that the Court include a specific finding in its Order reiterating its prior finding that DTC has acted in good faith with respect to the First Amendment to the Beatrice B. Davis Family Heritage Trust, dated February 24, 2014, and any actions taken by DTC thereunder.<sup>5</sup>

As noted herein, and as previously acknowledged by this Court, DTC has acted in good faith as the Directed Trustee of the Trust. As part of its Trustee duties, DTC has paid the reasonable expenses attributable to the administration of Trust, pursuant to Article Thirteen, Section 3.f., which include the Trust Protector's professional fees. In light of the current jurisdictional dispute between the beneficiaries of the Trust, and Mr. Davis position that the Trust Protector did not properly change the Trust situs from Alaska to Nevada, DTC seeks an Order from this Court clarifying what actions, if any, it may take under the Trust as the Directed Trustee. Specifically, DTC seeks clarification on whether DTC may pay the legal expenses of the Trust Protector and Distribution Advisor, and the legal expenses of DTC as the Directed Trustee,

<sup>4</sup> See Exhibit 3, Declaration of Tarja Davis (July 24, 2015)

<sup>5</sup> See Exhibit 4, Transcript of Proceedings for Motion to Dismiss; Motion on Christopher Davis' Motion to Dismiss Pursuant to NRCP 12(b) and NRCP 19; Petition to Assume Jurisdiction Over the Beatrice B. Davis Family Trust, Assume Jurisdiction Over Christopher Davis as Investment Trust Advisor and Stephen K. Lehnardt As Distribution Trust Advisor, Re Confirm Dunham Trust Company as Directed Trustee, and for Immediate Disclosure of Documents and Information from Christopher D. Davis, page 54, lines 5-8 (April 22, 2015).

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1 which arise as a result of the current dispute, under the Trust and Amendment.<sup>6</sup> Based on the  
2 pending Petition for Reconsideration, if this Court determines that DTC may no longer act as the  
3 Directed Trustee of the Trust, DTC requests an Order reflecting the same.

4 **III.**

5 **CONCLUSION**

6 Based on the foregoing, in the event that this Court grants the pending Petition for  
7 Reconsideration, DTC respectfully requests that the Court include a specific finding in its Order  
8 stating that DTC has acted in good faith with respect to the First Amendment to the Beatrice B.  
9 Davis Family Heritage Trust, dated February 24, 2014, and any actions it has taken thereunder.  
10 Further, DTC requests that this Court clarify by Order whether payment of the Trust Protector's,  
11 Distribution Advisor's and DTC's legal expenses, which arise from the instant dispute, are  
12 permissible by DTC under the Trust and Amendment, or whether DTC may no longer act as  
13 Directed Trustee of the Trust.

14 DATED this 29<sup>th</sup> day of July, 2015.

15 LEE, HERNANDEZ, LANDRUM  
16 & GAROFALO, A.P.C.

17  
18 By: 

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26  
27  
28

<sup>6</sup> See Exhibit 1, page 13-8, Article Thirteen, Section 3.f. and Exhibit 3, page 4, Article 13, Section 2.d., paragraphs Fourth and Fifth.



# EXHIBIT “1”

This  
FAMILY HERITAGE TRUST

prepared for  
BEATRICE B. DAVIS

by

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Lehnardt & Lehnardt, LLC  
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## Table of Contents

### The BEATRICE B. DAVIS Family Heritage Trust

#### Introduction

Article One .....Creation of My Trust

Article Two .....Funding My Trust

#### Providing for My Beneficiaries During My Lifetime

Article Three .....Administration of My Trust  
During My Life

Article Four .....Life Insurance and Administrative  
Powers

#### Providing for My Beneficiaries upon My Death

Article Five .....Administration of My Trust on My  
Death

Article Six.....The Family Trust

Article Seven.....The Common Trust

Article Eight .....Distribution of My Trust Property

Article Nine .....Ultimate Distribution Pattern

Article Ten.....	Methods of Distribution and Trust Administration with Regard to Minor and Disabled Beneficiaries
------------------	--

### Provisions Regarding My Trustee and Others

Article Eleven.....	The Resignation, Replacement, and Succession of My Trustee and the Protector
Article Twelve.....	General Matters and Instructions with Regard to the Trusteeship

### General and Administrative Provisions

Article Thirteen.....	My Trustee's Administrative and Investment Powers
Article Fourteen.....	Definitions and General Provisions
Schedule A.....	Initial Funding

**The BEATRICE B. DAVIS  
Family Heritage Trust**

**Article One**

**Creation of My Trust**

**Section 1. My Trust**

This is my irrevocable trust, dated July 28, 2000. I, BEATRICE B. DAVIS, am the Trustmaker.

The following is my initial Trustee:

ALASKA TRUST COMPANY

The following is my initial Protector :

STEPHEN K. LEHNARDT

All references to "my trust" or "trust" in this document, unless otherwise stated, shall refer to this irrevocable trust and the trusts created in it. All references to "Trustee" shall refer to my initial Trustees or their successor or successors in trust.

When the term "Trustmaker" is used in my trust, it shall have the same legal meaning as "Grantor," "Settlor," "Trustor," or any other term referring to the maker of a trust.

I desire to give my Trustee broad discretion with respect to the management, distribution and investment of my trust, so as to benefit trust beneficiaries. Specific goals of my trust include, but are not limited to, the following:

Minimizing the extent to which the trust estate is subject to the claims of creditors; and

Minimizing the income and wealth transfer taxes which beneficiaries may face on their trust shares; and

In order to maximize the protection of the trust estate or estates from creditor's claims of the Trustmaker and to minimize all wealth transfer taxes, I have provided that the various trusts created hereunder may last in perpetuity as permitted under Alaska law.

## Section 2. Application of Alaska Trust Law

I intend that this trust and the trusts created under this Agreement are trusts described in Alaska Statutes (AS) 34.40.110, 13.36.035(a) and (c). Accordingly, unless the Trustee moves the situs of this trust or any trust created hereunder to another jurisdiction, I direct that

At all times at least one trustee of each trust shall be a "qualified person" under AS 13.36.390(1); and

The duties of that trustee shall include the duty and responsibility to maintain books and records of the trust in Alaska and to prepare or to arrange for the preparation of the tax returns of the trust; and

At least some assets of the trust shall be deposited in Alaska within the meaning of AS 13.36.035(c)(1); and

At least part of the administration of the trust shall occur in Alaska within the meaning of AS 13.36.035(c)(4).

## Section 3. The Name of My Trust

For convenience, my irrevocable trust shall be known as the:

BEATRICE B. DAVIS FHT,  
dated July 28, 2000

For purposes of beneficiary designations, transfers directly to my trust, and formal correspondence, my trust shall be referred to as:

ALASKA TRUST COMPANY, Trustee, or its successors in trust,  
under the BEATRICE B. DAVIS FAMILY HERITAGE TRUST,  
dated July 28, 2000.

In addition to the above descriptions, any description for referring to my trust shall be effective to transfer title to my trust or to designate my trust as a beneficiary as long as that description includes the date of my trust, the name of at least one initial or successor Trustee, and any reference that indicates that assets are to be held in a fiduciary capacity.

#### **Section 4. An Irrevocable Trust**

This trust is irrevocable, and I shall have no power to control and direct payments, remove trust property, or alter, amend, revoke, or terminate this trust, either in whole or in part. In all events, this Agreement shall be interpreted in a manner consistent with the provisions of this paragraph, notwithstanding any contrary provision of this Agreement.

#### **Section 5. I Have No Rights in This Trust**

After the execution of this trust agreement, I shall have no right in the income or principal of this trust. Neither I nor my estate shall have any reversionary or similar interest in this trust or the property contained in it.

#### **Section 6. Guidance in Interpreting My Intent**

This Agreement shall be interpreted in a manner consistent with the provisions of this Article, notwithstanding any contrary provision of this Agreement.

## Article Two

### Funding My Trust

#### Section 1. Initial Funding

My trust will be initially funded with \$10 and such other property as I transfer to it by gift.

#### Section 2. Additional Funding

My trust may be additionally funded by me or any other person in any manner with property interests of all kinds. All property interests transferred, assigned, conveyed, or delivered to my Trustee in trust shall be absolute and irrevocable and must be acceptable to my Trustee.

All property interests transferred, assigned, conveyed, or delivered to my Trustee shall be subject to all of the terms and conditions set forth in this agreement.



## Article Three

### Administration of My Trust During My Life

#### Section 1. My Lifetime Beneficiaries

I am the widow of Ilus W. Davis.

The names of my children are:

CHRISTOPHER D. DAVIS

CAROLINE D. DAVIS

All references to my children in this agreement are to these children.

During my lifetime, except as otherwise provided in this instrument, the beneficiaries of this trust shall be my children, my children's spouses, my children's descendants, and any other natural person added as a beneficiary pursuant to other provisions of this agreement which permits such persons to be added as beneficiaries.

#### Section 2. A Beneficiary's Withdrawal Right

While I am living, in each calendar year in which any property is given or deemed to be given to the trust by a direct or an indirect transfer of property to the trust, each living beneficiary under this Article, other than myself, shall have only the withdrawal rights set out in this Section.

##### a. Beneficiaries Shall Have Withdrawal Rights

If no contrary intention is expressed by the donor, and subject to the other limitations imposed under this Article, each living beneficiary (other than myself, if I should be added as a beneficiary by the Protector) under Section 1 shall have the right to withdraw that beneficiary's portion of the property contributed to this trust. The person or persons contributing funds to this trust may, however, specify in writing to the Trustee at the time the funds are

contributed that any one or more of the beneficiaries shall not have the withdrawal rights which are set forth in this Article, or may specify in writing to the Trustee that no contributions made to the Trustee subsequent to the writing shall be subject to withdrawal rights, except to the extent subsequently specified in writing to the Trustee.

**b. Each Beneficiary's Share**

Unless a donor provides otherwise, each lifetime beneficiary of this trust shall be entitled to an equal, pro-rata share of the contributed property.

**c. Value of Contributed Property**

The contribution value of a gift shall be used for purposes of determining the value of the withdrawal rights.

The withdrawal right shall be subject to the limitations and qualifications as provided in subsequent provisions of this Article.

**Section 3. The Annual Limit on Withdrawals**

In no event shall the amount withdrawable by a beneficiary by reason of a direct or indirect gift to this trust by a donor in any one calendar year exceed the gift tax annual exclusion, or twice that amount if all of the following apply: (i) the donor is married at the time the contribution is made, (ii) the gift is eligible to be "split" for federal gift tax purposes between the spouses, and (iii) no separate contribution is made by the donor's spouse during the calendar year. This annual limit on withdrawals shall apply separately to annual gifts from each donor, and the annual exclusion shall not limit the cumulative amount of annual withdrawals for all donors.

The gift tax annual exclusion shall be as provided under Section 2503(b) of the Internal Revenue code of 1986, as amended, or any other corresponding provisions of any subsequent federal tax law in effect at the time of the addition to this trust.

#### **Section 4. Exercise of Withdrawal Rights by My Beneficiaries**

A beneficiary's withdrawal right shall be vested as of the date of the transfer to the trust that results in the withdrawal right. Subject to Subsection d. below, withdrawals may be made at any time from the date of the transfer to the trust through a date which is 30 days after the date on which the beneficiary (or person who has the authority to act for the beneficiary) has notice of the contribution.

##### **a. Withdrawal Rights Are Cumulative, But Subject to Lapse**

The amount withdrawable by a beneficiary as a result of successive additions shall be cumulative, but, to the extent that the withdrawal rights have not been exercised, the cumulative amount withdrawable shall lapse at the end of each calendar year by an amount equal to the greater of the amounts specified in Section 2514(e)(1) and (2) of the Internal Revenue Code (currently \$5,000 or 5% of the aggregate value of the property out of which the exercise of such power could be satisfied at the time of such lapse, with such amounts to be adjusted to reflect any subsequent amendments to such Sections) reduced by the amount of any such lapses which occurred previously in the same calendar year under this or other instruments. Any unexpired portion of such withdrawal right shall be carried forward into succeeding years and lapse on January 1st of each succeeding year, but only to the extent provided above.

##### **b. Method for Exercising Withdrawal Rights**

A withdrawal right beneficiary shall exercise a withdrawal right by delivering a written request to my Trustee prior to the date that the right lapses.

##### **c. The Death of a Beneficiary**

A beneficiary's vested withdrawal right shall not terminate by reason of his or her death. The personal representative of the beneficiary's estate shall then have the right to exercise the vested withdrawal right on behalf of the beneficiary's estate.

If the personal representative of a deceased beneficiary does not exercise the beneficiary's withdrawal right and also does not make a

timely filing to properly allocate a portion of the deceased beneficiary's available generation skipping transfer exemption against the beneficiary's unexpired vested withdrawal amount, my Trustee shall promptly distribute to the personal representative of the beneficiary cash in an amount equal to the deceased beneficiary's unexpired vested withdrawal amount.

**d. Withdrawal rights which have not lapsed**

Withdrawal rights which are not exercised during the 30-day period provided in Subsection a. of this Section 4 may only be exercised during the first 30 days of each succeeding calendar year, and then only to the extent such rights have not otherwise lapsed under the terms of this instrument.

**Section 5. Notice by My Trustee of the Right to Withdraw**

For each calendar year of the trust in which a direct or indirect transfer is made to the trust, my Trustee, within 15 days following the initial transfer of property to the trust for that calendar year, shall provide written notice to each beneficiary then entitled to a withdrawal right that property has been transferred to the trust. The notice shall be delivered by hand or by mail to the last known address of the beneficiary and shall inform the beneficiary of the right of the beneficiary to withdraw.

**a. Notice for Indirect Transfers**

If an indirect transfer is made to the trust which is the initial transfer made to the trust for the calendar year, my Trustee, within fifteen days of my Trustee's actual notice of such indirect transfer, shall provide written notice to each beneficiary then entitled to a right to withdraw that property has been transferred to the trust. The notice shall be delivered by hand or by mail to the last known address of the beneficiary and shall inform the beneficiary of the right of the beneficiary to withdraw.

**b. Notice to Additional Beneficiaries**

If additional individuals subsequently become qualified to be beneficiaries of the trust as a result of being born or adopted after

this trust is signed, my Trustee shall give written notice to or on behalf of that beneficiary within a reasonable time after being informed of the additional beneficiary. This shall in no manner be deemed to permit me to add beneficiaries or expand the class of individuals to be beneficiaries.

#### **Section 6. Minor or Disabled Beneficiaries**

If a beneficiary entitled to make a withdrawal is a minor or under any other form of legal disability during all or part of any withdrawal period, the beneficiary's legal or natural guardian, conservator, or other personal representative shall be informed of, and may exercise, the withdrawal right on behalf of the beneficiary.

#### **Section 7. Trustee Duties as to a Withdrawal Right**

My Trustee shall retain sufficient liquid trust property or other trust property which is transferable in order to satisfy the withdrawal rights which are then outstanding, except to the extent that my Trustee believes it can borrow against other assets in order to satisfy a withdrawal right.

My Trustee may distribute trust property in cash or in kind, including insurance policies held in the trust or interests in those policies, to a beneficiary making a withdrawal. My Trustee is authorized to borrow, upon such terms as are reasonable and necessary, in order to provide for payment of amounts required by any exercise of withdrawal rights by a beneficiary.

#### **Section 8. Indirect Transfers**

The amount of any payment made directly to an insurance company by any party other than my Trustee of all or any part of a premium on a life insurance policy owned by the trust on my life shall be considered a transfer to the trust.

The date of the transfer shall be the date of the premium payment to the extent that the payment is deemed to be a gift from me to the beneficiaries for federal gift tax purposes.

Any such indirect transfer shall create withdrawal rights in an amount equal to the value of the deemed gift.

#### Section 9. Amounts Not Withdrawn

During my lifetime, all property held by my Trustee under this trust agreement, except any principal amount which is subject to a pending withdrawal right, shall be retained in trust and shall be held, administered and distributed as follows:

a. Discretionary Distribution of Income and Principal to My Children and Their Descendants

During my lifetime, my Trustee may distribute to or for the benefit of my children and their descendants, and any other person who has been made a beneficiary hereof pursuant to the terms of this instrument, so much of the income and principal of this trust as my Trustee, in its sole and absolute discretion, shall determine. However, my Trustee shall not distribute to a beneficiary who has been appointed as a beneficiary by the Protector, an aggregate amount in excess of the aggregate amounts so appointed. Except as otherwise provided herein, my Trustee, in its sole and absolute discretion, shall determine the amount and timing of any and all distributions of income or principal to the beneficiaries hereof.

A distribution to or for the benefit of a beneficiary shall be charged to the trust as a whole rather than against the beneficiary's ultimate share.

Any net income not distributed by my Trustee shall be accumulated and added to the principal of the trust.

b. Distributions to or for My Benefit

If I am at any time a beneficiary of this trust during my lifetime, my Trustee may also distribute to or for my benefit so much of the income and principal of this trust as my Trustee, in its sole and absolute discretion, shall determine. I do not intend to limit the sole and absolute discretion of my Trustee in any way, nor to impose any fiduciary duty other than as expressly stated in my trust.

My Trustee shall have no obligation to make any distribution whatsoever to me under any circumstances. I do not anticipate that my other resources will ever be insufficient to maintain my lifestyle as it exists at the time of creation of this trust. However, if my circumstances should change, and if the Protector shall appoint me as an additional beneficiary of this trust, my Trustee, in its sole and absolute discretion, may make distributions to or for my benefit during my lifetime to allow me to maintain my lifestyle as it exists at the time of creation of my trust. My Trustee may (but need not) rely on a certificate signed by the Protector, without further investigation, in making its determination regarding the sufficiency, or lack thereof, of my other resources, and my Trustee shall have no liability for actions taken in reliance on such a certificate.

c. **Additional Restrictions, Guidelines and Requirements for Discretionary Distributions**

In making distributions pursuant to this Section, my Trustee shall take into consideration, to the extent that my Trustee deems advisable, in its sole and absolute discretion, any income or other resources which are available to my beneficiaries outside of the trust and are known to my Trustee.

In making distributions under this provision, my Trustee shall also take into account the general guidelines I have established in Section 3. of Article Eight.

Without limiting the discretion of my Trustee, I request that:

My Trustee shall emphasize conservation of principal and growth of the trust estate in determining the appropriate amounts of any distributions, other than distributions to myself (to the extent, if any, that I may be a beneficiary hereof); and

My Trustee shall be especially mindful of any outstanding obligations that my Trustee has, and distributions shall not be made which impair my Trustee's ability to satisfy those obligations.

Distributions to beneficiaries other than myself (to the extent that I may be a beneficiary hereof) shall generally be made on an equitable basis, so that the family of one of

my descendants does not receive substantially more than the family of another descendant at the same level of consanguinity.

My Trustee shall have no liability whatsoever for distributions which are authorized by this instrument to any beneficiary or beneficiaries if such distributions are consistent with written advice from the Protector, so long as my Trustee does not believe in good faith that such advice was given under duress or legal compulsion. In the event of any doubt regarding an instruction or advice from the Protector, I encourage and authorize my Trustee to require the Protector to certify, under penalty of perjury, that my Protector has not given such advice or instruction under duress or legal compulsion. In any event, at least ten days before making any distributions permitted by this Section to any person my Trustee shall advise the Protector in writing of my Trustee's intention to make the proposed distribution and the amount proposed to be distributed, unless the Protector has waived notice of such distribution.

My Trustee, in evaluating the extent to which distributions may be appropriate to a beneficiary, may take into account all obligations, including tax obligations, of the beneficiary. However, my Trustee shall not be obligated to make any distributions in amounts which compensate any beneficiary for any income or other tax imposed on a beneficiary as a result of the income of this Trust, or which satisfy any such obligation. I prefer that any distributions made to assist a beneficiary to meet its tax or other obligations be made only if the failure to provide such reimbursement would cause an economic hardship to the beneficiary and the beneficiary could not comfortably pay such tax or other obligation from other resources.

**d. Prohibitions Against Certain Distributions**

Notwithstanding any other provision of this trust agreement, no distribution shall be made by my Trustee to satisfy any legal support obligation which I have, nor shall any such distribution be made to my estate or to any creditor of my estate.

Likewise, in no event shall the aggregate distributions to all beneficiaries during my lifetime, other than to me if I have been added as a beneficiary, pursuant to the provisions of this Section 9 exceed one and one half (1.5%) percent of the value of the trust in any calendar year. For purposes of valuing the trust for determining



the amount that can be distributed under this provision, the value shall be the value of the trust on the 31<sup>st</sup> day of December of the year prior to the year in which the subject distribution is made.

#### **Section 10. Limited Power of Appointment**

During my lifetime, my Trustee shall have the limited power to appoint the principal of the trust to any persons, or corporations or other entities, in whole or in part, or in equal or unequal proportions, subject to the following provisions:

**a. Successor Trustees**

If my Trustee resigns, is terminated, or cannot serve for any other reason, then my Trustee's successors in trust shall have the right to exercise this limited power of appointment.

**b. Qualifications on the Limited Power of Appointment**

The power shall only be exercisable by the holder of the power, and shall not be exercised in favor of the holder, the holder's estate, the holder's creditors, or the creditors of the holder's estate. It may only be exercised in favor of persons who are beneficiaries of this trust or in favor of trusts for the benefit of persons who are beneficiaries hereof.

The power shall not be exercised by the holder in any manner that would result in an economic benefit to the holder or that would in any manner discharge or reduce any legal obligation of the holder.

My Trustee shall have no right to exercise this power of appointment with respect to any portion of the trust property which is subject to a continuing withdrawal right of a beneficiary.

No exercise of this power of appointment may be made, or shall be valid, until 30 calendar days after notice of the intended exercise of the power of appointment, including the exact text of the instrument to be used to exercise the power, has been delivered to me, the Protector and the attorney(s) whose names are shown on the cover page hereof (except to the extent any of them are deceased or the Trustee cannot locate them in the exercise of reasonable diligence).

No exercise of this power shall be valid if my Trustee is acting under duress or legal compulsion. The instrument exercising such power shall not be valid unless my Trustee represents, warrants and declares in writing, under penalty of perjury, therein that my Trustee is not acting under any duress or legal compulsion with regard to such exercise and that my Trustee has given the notice required hereunder prior to such exercise.

#### Section 11. Termination of the Lifetime Trust

This lifetime trust shall terminate upon the death of the Trustmaker, and the principal and any accrued and undistributed net income shall be distributed under the Articles that follow.

**Article Four**  
**Life Insurance**  
**and**  
**Administrative Powers Provisions**

**Section 1. Purchase of Life Insurance Generally**

My Trustee may purchase and hold as trust property a policy or policies of insurance on my life, the life of any trust beneficiary, or on the life of any person in whom any trust beneficiary has an insurable interest. My Trustee shall have no obligation to purchase life insurance in this trust. My Trustee may, however acquire such insurance to meet traditional insurance needs or as a vehicle for holding investment assets in a manner that allows from growth in values free of income taxes, in its discretion.

My Trustee may also receive any such policies made as a gift to the trust, and thereafter may hold and deal with the policies as the owner.

My Trustee shall have the following powers, which may be exercised by it in its sole and absolute discretion, in addition to all other powers granted a policy owner:

**a. Automatic Premium Loans**

My Trustee shall have the power to execute or cancel any automatic premium loan agreement with respect to any policy, and shall have the power to elect or cancel any automatic premium loan provision in a life insurance policy.

**b. Borrow for Premium Payments**

My Trustee may borrow money with which to pay premiums due on any policy either from the company issuing the policy or from any other source. My Trustee may assign any such policy as security for the loan.

c. Exercise Option on a Policy

My Trustee shall have the power to exercise any option contained in a policy with regard to any dividend or share of surplus apportioned to the policy.

d. Reduce or Convert a Policy

My Trustee may reduce the amount of a policy or convert or exchange the policy.

e. Surrender a Policy

My Trustee may surrender a policy at any time for its cash value.

f. Elect Paid-Up Insurance

My Trustee may elect any paid-up insurance or any extended-term insurance nonforfeiture option contained in a policy.

g. Sell Policies

My Trustee shall have the power to sell policies at their fair market value to the insured or to anyone having an insurable interest in the policy.

h. Exercise All Other Rights, Options, or Benefits

My Trustee shall have the right to exercise any other right, option, or benefit contained in a policy or permitted by the insurance company issuing that policy.

i. Rights upon Termination of the Trust

Upon termination of the trust, my Trustee shall have the power to transfer and assign the policies held by the trust as a distribution of trust property.

My Trustee shall make every effort to transfer any policy insuring a beneficiary's life to that beneficiary as part of that beneficiary's distributive share.

## **Section 2. Rights and Duties of Trustees with respect to Life Insurance Policies**

The provisions of this Section shall supersede the principles of trust law generally with respect to my Trustee's duties and obligations relating to any life insurance policies owned or acquired by my trust.

### **a. Right of Trustees to Accept and Retain Life Insurance Policies Without Liability**

My Trustees may, without liability, accept and retain policies of insurance on my life or on the life of any other person in whose life my Trustees have an insurable interest. My Trustees shall have no duty at any time during the term of any trust created hereunder to diversify with respect to such policies or to inquire into the suitability of any insurance policy or the financial condition of any insurer.

### **b. Right of Trustees to Purchase Life Insurance Without Any Duty to Diversify; Limited Liability**

My Trustees may purchase insurance on my life or on the life of any other person in whose life I or my Trustee has an insurable interest. Such purchase and payment of subsequent premiums may utilize all or any part of trust assets without any duty to diversify the investments of the trust in assets other than life insurance. My Trustee may purchase all insurance held hereunder from one or more insurers without any duty to diversify the types of policies or to purchase policies from more than one insurer.

My Trustee may, without incurring any liability to any person, purchase such policies upon the recommendation of an experienced insurance advisor or my Protector. My Trustee shall be under no liability at any time during the term of any trust hereunder to any person for any loss suffered as a result of the financial condition, including insolvency, of any insurer.

The Trustmaker considers life insurance policies, including policies issued by companies approved by the Protector or any entity or entities succeeding to the business of said company, as proper investments of the trust capital and income.

So long as the assets that represent the cash values of such policy, are held in a segregated asset account that is not subject to claims by the creditors of such insurer, my Trustee need not be concerned with the financial strength of the insurer. My Trustee is authorized to invest or retain indefinitely, any insurance policy that holds or acquires an interest in any entity or asset held by me or members of my family, or Trusts created by any of us. My Trustee shall have no duty, responsibility or liability to monitor the investments or the investment performance of any partnership owned by this Trust or by an insurance policy owned by this Trust.

The trustee shall have no duty, responsibility or liability to monitor the investments or the investment performance of any investment inside any separate account within any life insurance policy owned by this trust if the investments in that separate account are comprised primarily of closely held business interests managed by members of my family.

The sole duty of the trustee with respect to such insurance policy or policies shall be to hold the policy and pay premiums.

c. **My Trustee May Rely on My Protector's Directives**

Upon the written direction of the Protector, my Trustee shall appoint an "Ancillary Insurance Trustee" specified by the Protector. Such Ancillary Insurance Trustee shall have the authority to act for this Trust with regard to the purchase of one or more policies of life insurance; provided, however, that such Ancillary Insurance Trustee shall have such authority only for the time period specified in the written direction of the Protector, and only with regard to the purchase of policies approved by the Protector. The authority of the Ancillary Insurance Trustee shall cease upon the date specified by the Protector in its written direction to the Trustees, and the appointment shall specify the date on which such authority ceases. In the alternative, my Trustee may establish a subtrust under the laws of any jurisdiction with the Ancillary Insurance Trustee as the

Trustee thereof, and this Trust as the beneficiary thereof, or a company (in which the Ancillary Insurance Trustee exercises discretion with regard to the purchase of insurance) in an appropriate jurisdiction, in order to facilitate the purchase of such insurance.

My Trustee shall have no duty or responsibility to inquire into the suitability of any insurance policy or the financial condition of any insurer issuing any policy purchased by, or at the direction of, the Ancillary Insurance Trustee. My Trustee shall, without discretion, pay such premiums as may be required under the terms of any insurance policy purchased at the direction of the Ancillary Insurance Trustee, except to the extent otherwise directed in writing by the Protector, or transfer sufficient funds to pay such premiums to the subtrust or other entity established to facilitate the purchase of such insurance.

**d. Payment of Life Insurance Premiums**

My Trustee may pay premiums on life insurance policies and may utilize all or any part of trust assets to do so without any duty to diversify the investments of the trust in assets other than life insurance and without incurring any liability to any person who is a beneficiary of this trust.

**Section 3. The Death of an Insured**

Upon the death of an insured, my Trustee shall make all appropriate after-death elections with respect to insurance policies on the life of the insured then held by the trust.

**a. Collection of Insurance Proceeds**

Upon the death of an insured, my Trustee shall make every effort to collect all sums made payable to the trust or my Trustee.

My Trustee may, in its sole and absolute discretion, exercise any of the settlement options that may be available under the terms of a policy held by the trust. My Trustee shall not be liable to any beneficiary for the settlement option ultimately selected.

b. Collection Proceedings

My Trustee may institute proceedings, whether in law or equity, administrative or otherwise, to enforce payment of such proceeds.

My Trustee need not, except at its option, enter into or maintain any litigation or take action to enforce any payment until it has been indemnified to its satisfaction for all expenses and liabilities to which it, in its sole judgment, may be subjected.

My Trustee is expressly authorized, in its sole and absolute discretion, to adjust, settle, and compromise any and all claims that may arise from the collection of any death proceeds. The decisions of my Trustee shall be binding and conclusive on all beneficiaries.

c. Liability of Payor

No person or entity that pays insurance proceeds to my Trustee, as beneficiary shall be required to inquire into any of the provisions of this trust or to see to the application of any such proceeds by my Trustee.

The receipt of the proceeds by my Trustee shall relieve the payor of any further liability as a result of making such payment.

Section 4. Intent to Create a Grantor Trust

I intend that this trust be a grantor trust for federal income tax purposes. I understand that the powers granted and reserved in this trust will cause the income of the trust to be taxed to me under the provisions of Sections 671-677 of the Internal Revenue Code of 1986.



## Article Five

### Administration of My Trust on My Death

#### Section 1. Purchase of Assets and Loans

My Trustee is authorized to purchase and retain in the form received, as an addition to the trust, any property that is a part of my probate or trust estate. In addition, my Trustee may make loans, with or without security, to my probate or trust estate. My Trustee shall not be liable for any loss suffered by the trust as a result of the exercise of the powers granted in this Section.

Notwithstanding anything in this agreement to the contrary, my Trustee shall not have the power to use any trust property for the benefit of my estate as defined in Section 20.2042-1(b) of Title 26 of the Code of Federal Regulations, unless such property otherwise is included in my gross estate for federal estate tax purposes.

#### Section 2. Distributions of Amounts Included in My Estate

My Trustee shall distribute an amount equal to the value of any asset of this trust that is includible in my gross estate for federal estate tax purposes to my revocable living trust.

The amount so distributed shall be added to the property of my living trust and disposed of in accordance with its terms.

If I die and my living trust is not in existence, my Trustee shall distribute the amount called for under this Section to my descendants, per stirpes.

#### Section 3. Administration of the Balance of the Trust Property

The balance of the trust property not disposed of under the prior provisions of this trust agreement shall be administered as provided in the Articles that follow.

## Article Six

### The Family Trust

It is not my desire to create a Family Trust for the benefit of my beneficiaries. All of the trust property that has not been distributed under prior provisions of this agreement shall be divided, administered, and distributed under the provisions of the Articles that follow.

## Article Seven

### The Common Trust

It is not my desire to create a Common Trust for the benefit of my beneficiaries. All of the trust property that has not been distributed under prior provisions of this agreement shall be divided, administered, and distributed under the provisions of the Articles that follow.

## Article Eight

### Distribution of My Trust Property

#### Section 1. Division into Separate Shares

All trust property not previously distributed under the terms of my trust agreement shall be divided into equal separate shares so as to create one equal share for each of my then living children, and one equal share for each of my deceased children that has descendants then living.

These separate trust shares shall also be held, administered, and distributed in accordance with the provisions of this Article and the Articles that follow.

#### Section 2. Creation of Exempt and Nonexempt Shares for Beneficiaries

If any portion of any trust share created for any beneficiary in Section 1 would not be exempt from the Generation Skipping Transfer Tax, then my Trustee shall divide the trust property constituting the trust share for that beneficiary into two separate shares. One share shall be designated the "Exempt Share." The second share shall be designated the "Nonexempt Share." My Trustee shall allocate trust property to fund such shares as follows:

My Trustee shall allocate to each beneficiary's Exempt Share such beneficiary's proportionate share (as determined in Section 1 of this Article) of trust property that is fully exempt from the generation-skipping tax.

My Trustee shall allocate to each beneficiary's Nonexempt Share such beneficiary's proportionate share (as determined in Section 1 of this Article) of the remaining trust property.

My Trustee shall have complete authority to make allocations of trust property between the Exempt Shares and the Non-Exempt Shares established in this Section. Property conveyed or assigned in kind to the Exempt Shares shall be valued at its value as finally determined for federal

estate tax purposes. However, if specific property is allocated to these shares, the division of assets shall be made in a manner that fairly reflects net appreciation or depreciation in the value of the assets measured from the valuation date for federal estate tax purposes to the date of funding.

The Exempt Shares and Non-Exempt Shares shall be held and administered as separate and distinct trusts. The terms and provisions of each beneficiary's Exempt Share and Non-Exempt Share shall be the trust provisions established for that beneficiary in Section 4 of this Article. However, the Non-Exempt Share shall be subject to the general power of appointment provisions of Section 13 of Article Twelve.

### Section 3. Guidelines Applicable to Separate Trust Shares

Except to the extent, if any, otherwise provided by more restrictive provisions contained in subsequent sections of this Article with respect to a particular trust share, each trust share created for a beneficiary pursuant to Section 1 of this Article shall be held, administered, and distributed in accordance with the following directives. During the lifetime of the named beneficiary of any share, such named beneficiary shall be the Primary Beneficiary of such share; thereafter, if the share is subdivided into separate shares for my descendants or otherwise, the person for whom the separate share is established shall be the Primary Beneficiary thereof.

#### a. Preservation of Exempt Property for Future Generations

Except as otherwise permitted herein, my Trustee shall hold the trust property of each Exempt Share for the benefit of my beneficiaries as provided in this agreement. Although my Trustee, in its discretion, may distribute the property of a trust share which is exempt from the Generation Skipping Transfer Tax pursuant to the terms of this agreement for the benefit of my beneficiaries, I request that my Trustee, before making distributions to a beneficiary from the Exempt Share, inform the beneficiary about the long-term advantages of retaining assets in trust to avoid estate tax liability and generation-skipping tax liability for generations.

I request that any discretionary distributions be made first from any Non-Exempt Share held for a beneficiary and only thereafter from the beneficiary's Exempt Share.

b. Provide for My Beneficiaries' Lifestyle Needs

I desire that my Trustee provide the respective beneficiary of each such share with funds (paid to, or for the benefit of, such Primary Beneficiary) sufficient to provide for the beneficiary's health, education, maintenance, support and welfare, and to provide the beneficiary with sufficient funds to maintain a modest, conservative lifestyle. I also desire that my Trustee give assistance to the respective beneficiary of each such share for:

The purchase of a residence which is modest and commensurate with the Primary Beneficiary's lifestyle.

The purchase or establishment of a business or professional practice.

Any other extraordinary opportunity or expense deemed by my Trustee to be in the best interests of the beneficiary.

I have previously made significant gifts to my children, and those gifts are fully available to them to use in any way they choose. My purpose in creating this trust is to provide a financial resource base that will support and protect my family for generations to come. While my children or their descendants may choose to make charitable contributions from their independent resources [including those resources which they received as gifts from me] I do not regard this trust as an appropriate source for charitable giving. Accordingly, my Trustee shall not make distributions to any beneficiary from this trust if my Trustee believes or suspects that the distributed funds will be used to make any kind of charitable contribution. I envision that these resources will be maintained to provide for the specific needs of my children and their descendants. Accordingly, in making discretionary distributions to a beneficiary, my Trustee shall be mindful of, and take into consideration to the extent it deems necessary, any additional sources of income and principal available to the beneficiary which arise outside of this agreement and are known to my Trustee. It is also my express desire that my Trustee take into consideration the future probable needs of a beneficiary prior to making any discretionary distributions hereunder.