

June 5, 2020

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Commissioner Mark V. Afable
Wisconsin Insurance Department
125 Webster St.
Madison, WI 53703

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WISCONSIN COMMISSIONER
OF INSURANCE

Ref: (1) Western Fraternal Life and National Mutual Benefit Proposed Merger
(2) Seymour letter to the Wisconsin Insurance Department dated 3-27-20
(3) Craig Van Dyke/Todd Martin reply to Mr. Mancusi-Ungaro dated 4-14-20

Dear Commissioner Afable:

I had talked by phone with Mr. Mancusi-Ungaro several times in March 2020 regarding Western Fraternal Life members' concerns over the rushed presentation of this merger and the subsequent violations of WFL's Bylaws and breach of fiduciary duties of the CEO and Board of Directors of Western Fraternal Life Association.

It has become overwhelming the number of questionable actions taken by WFL's CEO and NMB's CEO in their handling of this merger. We were told that no company other than NMB was investigated for a possible merger and the CEO told the Directors that approval of the merger was recommended or WFL could go under. This is not true!

Regarding Craig Van Dyke's and Todd Martin's letter of reply to Mr. Mancusi-Ungaro stating I had misread Article VII(a)(1) of the proposed Articles of Incorporation. I did not misread anything – I questioned that a representative form of governing was effectively being eliminated by this merger and their Articles of Incorporation and Bylaws detailed a procedure that would be logistically improbable. **Also a newly elected director could be immediately removed by the CEO by vote of a simple majority of the board if not liked (ie without cause).** I feel the new governing system could even violate the non-profit fraternal status of the new company through the fact that **ONLY the Board of Directors and the CEO/President will have sole authority in business decisions (again by only a simple majority vote)!** There are no checks and balances!

In the April 14, 2020 letter from Van Dyke and Martin in their response, they state that "WFL's Board of Directors conducted many months of due diligence.." In our Zoom meeting with President Van Dyke, the Board of Directors, and the members of our District 7, the Chairman of the Board, Duane Jirik, said, when questioned, that the **Board of Directors did not do its responsibility and just accepted the information provided by Craig Van Dyke.** This was the first we had learned of this, as to that point, the Directors had advised all members they were unable to share any information about the merger, including the very facts that led them to their decision to recommend the merger to our Delegates. We were left without any information from the very people who were elected to represent us, and now we learned they did not perform their fiduciary responsibility regarding this merger since they did no independent investigation! In the Van Dyke/Martin response, they cite Article VII(a)(1) of the proposed Articles of Incorporation as proof that members "also have the right to vote in the corporate insurance affairs of the Society." Unfortunately, what they

fail to state is that according to their Articles of Incorporation and Bylaws, members lose their right to vote on all corporate and insurance affairs of the Society (see Articles VIII and IX. The only right retained by members is they vote for Directors, the name(s) of which will be furnished by those currently on the Board and supplied to the members. The only provision made for members to nominate a person for Director are found in Article III(c)(2) of the proposed bylaws and obviously involves an overwhelming and difficult process. **Since their Board of Directors can change anything in the bylaws or articles at any time, they can remove this right of the members to nominate someone for director. By simple majority vote, the Board could remove any director who was nominated by the members, and the members would have no recourse in such an occurrence.**

While they say the process for a member to nominate another member as a candidate for director is "not complicated," I disagree, as WFL members are spread over multiple states, and "a certificate" signed and acknowledged by **each Benefit Member** setting forth the full names and addresses of the candidate(s) nominated, the printed name, address and **signature of each Benefit Member** signing the certificate, the date each Benefit Member signed the certificate, and by filing with such certificate the nominee(s) named in such certificate is onerous, time-consuming and highly improbable!

There are multiple references in the Van Dyke/Martin letter inferring that WFL's current structure of Delegates and Conventions is not as representative as their "new form" of governance. What they fail to explain is that WFL's system of governance, in place for over 100 years, is very representative, similar to the U.S. representative government plus meets specifically the definition of a non-profit fraternal. WFL consists of lodges with lodge meetings held regularly across the country in each lodge. Both national and local lodge business are discussed in lodge meetings. Before a Convention, our Bylaws guide us as to the qualifications for Delegates, and each lodge is allowed one delegate per 100 members. Lodges elect Delegates at meetings pursuant to guidelines. Any proposed Bylaw changes must be published to all members well ahead of the convention, and they are discussed in lodge meetings to guide the delegates how to vote to represent their lodge. At conventions, the delegates, representing their lodge members, vote on any proposed Bylaw changes, vote on a Director to represent their geographic district for the next four years (between conventions), and vote for two people to represent their district on the Pre-Convention Committee (aka Bylaw Committee). Additionally, our Board of Directors nominate a President/CEO at the Convention to serve the next four years, but the Delegates are the people who vote for the President/CEO (or not). Between conventions, the board members handle the business of the association; however, they are under duty to be in regular contact with the members in the lodges within their district and discuss issues with them and seek their opinions on matters. As one can see, **WFL has a very member-involved organization functioning efficiently in this manner for over a century.** The merger's proposed bylaws and articles of incorporation definitely diminish member input into the functioning and affairs of the organization. Instead, all power and authority rests in a Board that will not even be tied to a geographic region representing a specific body of members. I differ from the Van Dyke/Martin interpretation of the proposed governance.

The threat to me in Van Dyke's and Martin's letter was very disrespectful. (I was sent a special delivery copy of that reply letter). Voicing my concerns and the concerns of

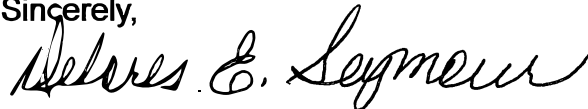
many of our members was well within my rights as a long-standing active member of WFL. Their reply letter also indicated I did not have a good grasp or knowledge of insurance and the importance of the merger. They also said they would "pursue any further false and libelous statements by this member." I did not make any false or libelous statements. That threat was uncalled for and meant to intimidate me to not voice any further concerns or questions about this merger! I am not easily intimidated and do understand conflict of interest, manipulation of directors, questionable and/or unethical actions and violation of WFL Bylaws!

The most important reason for my letter now is for alerting the Wisconsin Insurance Dept. of major discrepancies in actions and highly questionable wording in the proposed Articles of Incorporation and Bylaws of the merger. The voting by our Delegates appears to have been mishandled with some timely submitted ballots unrecorded. Members who mailed in their ballot even right after being received (a month prior to end of voting) were told their ballot was not received!

This merger should receive serious investigation by Wisconsin and Iowa!

Any advice or assistance to our members of WFL will certainly be appreciated.

Sincerely,



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cc: Amy Mahlm, Wisconsin Office of the Commissioner

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