

# CAMARA & SIBLEY LLP

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JOE SIBLEY - SIBLEY@CAMARASIBLEY.COM - EXT. 3002

January 7, 2020

LIFE INSURANCE COMPANY OF ALABAMA  
c/o M. Lynn Lowe, Registered Agent  
302 Broad Street  
Gadsden, AL 35901

Sent via facsimile to (256)-399-0667

Sent via email to [mikehaney@bellsouth.net](mailto:mikehaney@bellsouth.net); [gwaldrop@lightfootlaw.com](mailto:gwaldrop@lightfootlaw.com);  
[cdauphin@dauphinparis.com](mailto:cdauphin@dauphinparis.com)

Re: Notice Of Request To Conduct Inspection Of Records Pursuant To AL CODE § 10A-2-16.02.

To Whom It May Concern:

As you know, my firm represents represents Trondheim Capital Partners LP (“Trondheim”) and MTP 401K Plan (“MTP”) who both maintain an ownership interest in Life Insurance Company of Alabama (“LICOA”) and have done so continuously for more than 180 days prior to this request. Henceforth, I will refer to these LICOA shareholders whom I represent as “Shareholders”.

By this demand letter, the Shareholders are hereby providing you notice that, pursuant to AL Code § 10A-2-16.02(b), they intend to conduct an inspection of LICOA's books, papers, records of account, minutes, and record of shareholders. If documents requested herein have been previously produced, you may identify said documents in lieu of producing them. Specifically, Shareholders demand the following records of LICOA:

- The minutes of the Audit Committee of the Board of Directors of LICOA (henceforth, the “Audit Committee”) for November 9, 2018 disclose that “a discussion was also held regarding the state examiners [sic] draft summary. It was recommended that continue [sic] efforts be made to turn responses to the examination issues into actions.” Shareholders demand a copy of the draft report mentioned, as well as copies of any other records pertaining to the “issues” mentioned, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand copies of any draft state examiners reports for the past 25 years, as well as any other records pertaining to any matter flagged (as an “issue” or

otherwise) by the regulators in the draft reports or in the final reports, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- The document titled “ERM –Mitigation Summary” provided in response to Shareholders' June 28th request category (g) discloses that “LICOA uses an outside audit firm to perform internal audits to review controls and make recommendations where issues may exist. These recommendations are reviewed by the audit committee, company and board, and procedures are implemented where necessary.” Shareholders demand all records pertaining to the internal control audits, including but not limited to the audit reports (draft and final), the recommendations given, the written procedures implemented (draft and final), and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- The document titled “ERM” provided in response to Shareholders' June 28th request category (g) discloses that “In 2017, LICOA began the process of establishing an Enterprise Risk Management program. The company drafted a framework that was approved by the board of directors and appointed J. Steven Keck, FSA, MAAA, as the Chief Risk Officer.” Shareholders demand all records associated with the drafting and adoption of the “framework” that was “approved” by the board, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand any other Enterprise Risk Management reports that were prepared either prior or subsequently to the undated one which they received.

- The minutes of the meeting of the Audit Committee for August 5, 2014 disclose that Willis, Boatner and Whiteside presented “suggestions” in “all of their audit reports to date.” Shareholders demand copies (both draft and final) of all of these audit reports, as well as any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand minutes of all “salary review meetings” that pertain to officers and family members of officers or directors.

- Shareholders demand all records of the compensation and “salary review” committees (to whatever extent they are different) including, but not limited to, all memoranda or correspondence written by management to these committees or vice versa. This would include, for example, memos like the one written by Clarence Daugette dated October 27, 2015 proposing a bonus for officers and employees of LICOA.

- The minutes of the Audit Committee for April 26, 2016 disclose that “a continuing comment from the auditors is in relation to travel and entertainment expenses.” Shareholders demand all records regarding this topic, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- The minutes of the Audit Committee for August 8, 2016 disclose that “Roger Boatner will be making a presentation to senior management in reference to travel and entertainment expenses.” Shareholders demand a copy of this presentation, as well as all records regarding this topic, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- The minutes of the Audit Committee for August 8, 2017 regarding “open internal audit items” disclose that “there has been progress on the payroll and travel issues.” Shareholders demand all records regarding this topic, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- The minutes of the Board of Directors meeting for August 14, 2017 disclose that “changes were made to the Travel and Expense policy to address the receipt issues raised by the auditors, and a new Salary Adjustment Procedure to address salary control issues raised by the auditors.” Shareholders demand copies of the original and revised Travel and Expense policy and Salary Adjustment Procedure, any drafts thereto, and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand any records pertaining to compensation levels set for officers and family members of officers or directors, including but not limited to any reports or analyses by compensation consultants, and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand any records pertaining to job descriptions of officers, including but not limited to draft and final versions of the job descriptions and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand any records pertaining to the promotion of Rosalie Renfrow and the salary raise given to her in 2018, including but not limited to information about the search process for a new Chief Investment Officer, salary budgeting for this position, and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand all records of LICOA's travel and entertainment expenses for the past 10 years, including a schedule showing each travel or entertainment event (such as LICOA's foreign trips or conventions) with the date, the amount spent on the event, and its business purpose; as well as a list of attendees of each event.

- Shareholders demand all records pertaining to “raises” and “bonuses” granted by LICOA to its officers, including but not limited to any communications,

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memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding these matters.

- Shareholders demand all records pertaining to the letter that was sent by LICOA to certain of its shareholders on November 5, 2019: including but not limited to the list of shareholders to whom it was sent, copies of any responses received from other LICOA shareholders, and any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding this matter.

- Shareholders demand copies of all correspondence received by LICOA (or its directors or officers) from other parties (including other shareholders) pertaining to any concerns including but not limited to profitability, capital allocation, share buybacks, nepotism, and conflicts of interest.

- Shareholders demand all records pertaining to review of enterprise risk management by Hanover Stone Solutions, including but not limited to any communications, memoranda, or correspondence by, to, or among LICOA and/or its employees or directors regarding this matter.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “1/8/2019 Desk Chair - Clarence - Presidential Wrenn Swivel pd via AMEX - Scully and Scully \$4,787.00”.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “6/8/2018 H/W Acquisition PAS-Hosting - paid ck 3184343 \$48,000.00”.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “1/25/2019 Ipad Pro 11" w/ pencil - Clarence Micro Excell Inv 21410 pd ck 3187845 \$2,419.94”.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “1/29/2019 900 GB Hard drive #1 Micro Excell Inv 21417 pd ck 3187845 \$1,066.94”.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “1/29/2019 900 GB Hard drive #2 Micro Excell Inv 21417 pd ck 3187845 \$1,066.95”.

- Shareholders demand a copy of the invoice(s) and any other records supporting the following capital expenditure: “6/13/2019 Apple Ipad pro 11 – Clarence Micro Excell inv 21655 pd ck 3188545 \$2,419.95”.

The purposes of the inspection by the Shareholders of the records demanded above are as follows:

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- Independently verifying and assessing whether the issues relating to nepotism and to compensation and expenses identified in the State of Alabama Department of Insurance examination report of LICOA are still ongoing or have been cured;
- Determining whether LICOA's business is being properly conducted;
- Determining whether LICOA's officers and/or directors have engaged in tortious conduct such as shareholder oppression, nepotism, waste, usurpation of corporate opportunities, or other breaches of fiduciary duty;
- Determining whether LICOA, its officers, and/or directors have engaged in securities fraud;
- Communicating with other LICOA shareholders regarding matters of corporate governance;
- Assessing the value of the Shareholders' shares in a scenario where the company cuts costs;
- Determining whether Shareholders should seek representation on the Board;
- Determining whether Shareholders should make one or more shareholder proposals on a platform that compares the status quo of LICOA with a sale of the company or with cost-cutting to improve performance; and
- Sharing with other LICOA shareholders the range of possible values realized depending on the path that the company chooses.

In addition to their own general partners and trustees, the Shareholders designate and authorize Camara & Sibley LLP and its attorneys and other employees, and any other persons designated by any of the foregoing, acting alone or in any combination, to conduct the inspection and copying requested by this letter.

Pursuant to AL Code § 10A-2-16.03, "The right to copy records under Section 10A-2-16.02 includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means."

Please provide the above-requested documents within five business days and provide us with a time and date for the inspection during regular business hours at a reasonable location within the state of Alabama. In the case of accounting records, if the records are maintained outside Alabama and copying within Alabama is impracticable, then you may specify a reasonable location outside of Alabama.

In the absence of prompt notice to the contrary, the Shareholders will assume that the LICOA agrees that this demand complies in all respects with the requirements of AL CODE § 10A-2-16.02. The Shareholders reserve the right to withdraw or modify this

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request at any time. If LICOA does not respond to this letter or fails to permit inspection and copying of the demanded materials as required by AL CODE § 10A-2-16.02, the Shareholders will seek appropriate relief to the fullest extent permitted under law.

Please contact me with any further questions.

Respectfully,

/s/ Joe Sibley

Joe Sibley