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On Feb 11, 2020, at 11:52 AM, Bulgin, Andrew D. <abulgin@gfrlaw.com> wrote:

CONFIDENTIAL SUPERVISORY INFORMATION

Dear Jedd,

This morning, First United Corporation issued a press release in which it announced its strategy of remaining independent. As expected, stockholders aligned with Driver Management Company have started to complain. I have attached an e-mail received from David Balistreri, who was discussed in our prior communications.

Separately, if your team would like to interview Carissa Rodeheaver as part of its investigation, please let me know how we should arrange that interview.

ANDY

ANDREW BULGIN, MEMBER

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----- Forwarded message -----

From: **Jedd Bellman -DLLR-** <jedd.bellman@maryland.gov>
Date: Wed, Jan 22, 2020 at 10:14 PM
Subject: First United
To: Dana Allen -DLLR- <dana.allen@maryland.gov>

Dana,

I received the following email below from outside counsel to the Bank. Please have an investigator review the information therein and the documents and compile a list of individuals/business entities and contact information for those who we would like to get documents and information from so that we can send subpoenas to them. Can discuss further tomorrow. This is a priority request as I would like to send the subpoenas out by Friday.

Also, the investigator should start compiling an investigative file.

Tony has opened up the office next to Michelle to house the documents associated with the investigation, we need to identify how that will work.

Regards,
Jedd

Package name

CONFIDENTIAL INVESTIGATORY INFORMATION: First United Corporation

Dear Jedd,

To Thank you for reaching out to me about the investigation by the Maryland

jedd.bellman@maryland.gov

Commissioner of
Financial Regulation

Subject into acquisitions of First United Corporation's common stock by Driver

CONFIDENTIAL INVESTIGATORY INFORMATION: First United Corporation

Opportunity
Partners I LP

From ("DOP"), Driver Management Company LLC and J. Abbott R. Cooper

Bulgin, Andrew D.

(collectively,
"Driver"). Subject

to any limitations imposed by applicable law, First United is willing to share any information in its possession that might assist you with the investigation. Pursuant to Section 2-114(a)(3) of the Financial Institutions Article of the Maryland Code (the "FI Article") and Section 4-351(a)(1), (b)(4) and (b)(6) of the General Provisions of the Maryland Code, we request that this communication and any information that we might share in the future with your office in furtherance of the investigation be deemed supervisory and/or investigatory information and, accordingly, be accorded confidential treatment.

DOP is the beneficial owner of the 360,637 shares of First United Common stock at issue. Driver Management LLC is the controlling person of DOP, and Mr. Cooper is the controlling person of Driver Management LLC. Based on Schedule I to Driver's Schedule 13D filed with the SEC on September 5, 2019, DOP acquired 100% of the shares between July 24, 2019 and August 30, 2019. However, you will see from Exhibit E to Driver's notice of intention to nominate directors for election sent to First United (attached), that a person connected to Driver but not part of the "group" acquired 104,000 shares between March 11, 2019 and July 22, 2019. We do not know the identity of that person, but it's possible that it was CT Opportunity Partners I LP, which is another Driver fund that was the stockholder through which Driver Management Company LLC conducted the campaign against DNB Financial. These shares must be the same 104,000 shares shown in Schedule I to Driver's Schedule 13D as being

contributed to DOP in exchange for partnership interests on August 1, 2019. We assume that these shares are those on which Driver relied to conduct its "withhold campaign" at First United's 2019 annual meeting of stockholders (in which it first publicly demanded a sale and urged stockholders to show support for that strategy by withholding their votes for the three director nominees). In any event, those shares were acquired by DOP on August 1, 2019.

I have attached everything that I previously sent to the Maryland Commissioner, along with some additional materials. My materials do not include all of Driver's SEC filings (which include its letters issued to stockholders and select letters sent to First United). You can access Driver's SEC filings at: <https://www.sec.gov/cgi-bin/browse-edgar?CIK=func&owner=exclude&action=getcompany>. My letter to Tony dated November 1, 2019 and my memoranda to Tony dated January 7, 2020 and January 17, 2020 should provide you with a clear picture of the situation.

Driver has established a website regarding its campaign at: www.renovatemybank.com <<http://www.renovatemybank.com>>. In the "News and Resources" page of that website, Driver has published various letters, news articles and other materials related to its campaign. Driver ran a full-page advertisement in the West Virginia State Journal and the Garrett County Republican, a copy of which is attached.

Mr. Cooper's podcast interview in which he discussed his (negative) views of banking regulators' actions against activists can be accessed at: <https://www.buzzsprout.com/210685/2173010-beyond-the-boardroom-with-driver-management-s-abbott-cooper-episode-28>.

In addition to DOP, Driver Management Company LLC and Mr. Cooper, we consider Driver's three director nominees - Michael J. Driscoll, Lisa Narrell-Mead and Ethan C. Elzen - to be part of the acquisition "group" for purposes of Section 3-314 of the FI Article. They joined in Driver's Schedule 13D (amendment filed on November 21, 2019), and they entered into a Joint Filing and Solicitation Agreement with Driver on November 19, 2019 pursuant to which they agreed, among other things, to form a group for the purpose of soliciting proxies in the upcoming 2020 annual meeting of stockholders. I've attached an excerpt from Driver's nomination notice, which provides information about the three nominees and their stock ownership. Mr. Driscoll owns 3,500 shares that he purchased between August 21, 2019 and September 12, 2019; Ms. Narrell-Mead owns 650 shares that she purchased on October 8, 2019; and Mr. Elzen owns 425 shares that he purchased on October 28, 2019.

Based on their communications to and about First United, we have reason to suspect that Driver has entered into arrangements regarding its campaign with David Balistreri and Quad Capital Management Advisors LLC (David is a portfolio manager at Quad), Chris DeMuth, Jr. of Rangeley Capital, and Ivonne Dersch and/or Matthew Roesser of Malatai Capital, all of whom are located in the New York City area and claim to be "significant investors" in First United. These persons have written to First United or issued public statements that mirror Driver's message and strategy. Mr. Balistreri has claimed to own or control varying amounts of shares. Based on the June 30, 2019 and September 30, 2019 Schedule 13F-HRs that Quad filed with the SEC, it appears that Quad purchased 151,165 shares of First United during the third quarter of 2019. Based on the Schedule 13F-HR filed for the quarter ended December 31, 2019, however, it appears that Quad sold its shares. Mr. Balistreri and Rangeley Capital have taken to Twitter to discuss Driver and First United, and Driver Management has re-tweeted certain of Mr. Balistreri's tweets. On January 1, 2020, Driver forwarded a disparaging tweet by Mr. Balistreri to certain directors of First United with the message "I hope you guys are enjoying this stuff as much as I am." Driver Management Company LLC and/or Mr. Cooper, Mr. Balistreri, Mr. DeMuth and Mr. Roesser "follow" each other on Twitter.

On January 6, 2020, another stockholder, Scott Hootman, sent an e-mail to First United in which he urged compliance with Driver's demands. His e-mail is attached (its subject line is, strangely, "Dear Mr. Moser"). Based on stock records that First United obtained (included in the attached e-mail chain, which shows his address), it appears that Mr. Hootman acquired his shares in the November 2019 timeframe.

Moments ago, Driver filed soliciting material with the SEC (attached) to which he attached copies of recent tweets regarding the campaign. The last tweet asserts that First United has not responded to Driver's request for stockholder records. That statement is false, as First United responded on January 17, 2020.

Please let me know if I can be of any further assistance or if you have any questions.

Andy

Andrew Bulgin, Member

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18 attachments

-  **11-20-2019 E-Mail David Balistreri.pdf**
183K
-  **Driver Email 11-25-2019.pdf**
203K
-  **12-6-2019 Letter from QUAD to FUNC.pdf**
481K
-  **Driver DFAN14A - 1-22-2020.pdf**
359K
-  **Driver E-mail to McCullough - 11-01-2019.pdf**
162K
-  **Driver Letter to First United Independent Directors (01-09-2020).pdf**
117K
-  **Driver Letter to First United Independent Directors (12-13-2019).pdf**
124K
-  **Driver Letter to First United Independent Directors (12-17-2019).pdf**
127K
-  **E-mail to J McCullough 11-4-2019.pdf**