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# Section 1: DFAN14A

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

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FIRST UNITED CORPORATION

(Name of Registrant as Specified in Its Charter)

DRIVER MANAGEMENT COMPANY LLC  
DRIVER OPPORTUNITY PARTNERS I LP  
J. ABBOTT R. COOPER  
MICHAEL J. DRISCOLL, ED.D  
ETHAN C. ELZEN  
LISA NARRELL-MEAD

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(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Driver Management Company LLC, together with the other participants named herein (collectively, "Driver"), intends to file a preliminary proxy statement and accompanying WHITE proxy card with the Securities and Exchange Commission to be used to solicit votes for the election of its slate of director nominees at the upcoming annual meeting of shareholders of First United Corporation, a Maryland corporation (the "Company").

On December 16, 2019, Driver issued the following press release:

**Driver Management Sends Letter to the Independent Directors of First United Corporation**

*Calls on First United to Demonstrate Respect for Corporate Democracy by Immediately Adopting a Plurality Voting Standard in Contested Elections*

*Believes Shareholders and Proxy Advisory Firms Will View Any Refusal to Adopt Plurality Voting as a Blatant Entrenchment Tactic by the Current Board*

*Questions Why the Board Remains Opposed to Exploring a Value-Maximizing Sale Despite Growing Shareholder Support for a Strategic Alternatives Process*

NEW YORK--(BUSINESS WIRE)-- Driver Management Company LLC ("Driver" or "we"), the manager of an investment partnership that holds more than 5% of the outstanding shares of First United Corporation ("First United" or the "Company") (NASDAQ: FUNC), today made public a letter sent to the independent members of First United's Board of Directors (the "Board") on Friday, December, 13. A copy of the letter and information regarding Driver's case for change is available at [www.RenovateMyBank.com](http://www.RenovateMyBank.com).

Below is the full text of the letter sent to the independent directors last week.

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First United Corporation  
19 South Second Street  
Oakland, MD 21150

Attn: Mmes. Kathryn Burkey, Elaine McDonald and Marisa Shockley, and Messrs. John Barr, Brian Boal, Robert Kurtz, Gary Ruddell, Robert Rudy and Andrew Walls

Ladies and Gentlemen,

We are writing to each of you in your capacities as "independent" members of the Board of Directors (the "Board") of First United Corporation ("First United")—other than John McCullough, whose independence and qualifications to serve as "Lead Director" we seriously call into question in light of his 15 years of service on the Board. It is also very concerning to us that Mr. McCullough refuses to speak with any of the now three (3) shareholders publicly calling for First United to explore a sale.

Regardless of First United's characterization of each of you as an "independent" director, for many of you—whether due to lengthy tenure, family relationships with other directors, business relationships with First United, or other circumstances—this designation is suspect. It appears that the combination of compromised objectivity and inappropriate interconnectivity could be leading the Board to irrationally dismiss growing, vocal support amongst investors for a sale process. Nevertheless, there is an opportunity for you to begin to exercise some degree of independence by displaying your respect for shareholder rights and sound corporate governance.

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There is one particularly troublesome corporate governance practice at First United that requires your immediate attention and correction: the lack of a plurality carve-out from the majority voting standard in contested elections. A majority voting standard in contested elections is widely viewed as a potential entrenchment device for boards (including by Institutional Shareholder Services<sup>1</sup>) for the following reasons:

1. **A plurality voting standard in a proxy contest ensures that the director nominees receiving the most votes are duly elected to the Board, which is an essential feature of corporate democracy.** Consistent with the voting guidelines of institutional shareholders and proxy advisory firms such as Institutional Shareholder Services and Glass Lewis, a plurality voting standard in contested elections is widely viewed as a “best practice” in good corporate governance because it enables shareholders to have their voices heard and their votes counted when director candidates who receive the largest number of votes are duly elected to serve on the Board.
2. **A majority voting standard is not appropriate in a contested election because the threshold is too high and protects incumbency.** Contested director elections should be decided based on which candidates receive the highest number of “for” votes. In any election of directors in which there are more director nominees than there are seats available, assuming there is a quorum, the highest vote getters for the number of seats available should be the ones elected. Requiring that a dissident’s nominees not only obtain more votes than the Company’s candidates, but also that they achieve at least a majority of the votes cast, tilts the playing field in favor of the current Board and unfairly changes the dynamics in any election contest. The very fact that a dissident’s nominees could receive more votes than incumbent directors but still fail to be elected, while such incumbent directors continue serving on the Board as holdovers, is as clear a subversion of the shareholder franchise as any of which we are aware.
3. **A majority voting standard unduly restricts the ability of shareholders to elect their choice of directors in a contested election.** It is possible that none of the director candidates up for election at First United’s 2020 Annual Meeting of Shareholders will be elected under the current majority voting standard due to the potential impact of abstentions and “against” votes in a contested election. Further, it is quite possible that fewer directors than the number up for election will receive the requisite majority of votes to be elected, resulting in a “failed election” in which First United’s incumbent directors continue to serve as holdovers, or causing vacancies on the Board that could only be filled by Board members instead of by shareholders. This would serve to entrench any such incumbent holdovers and undermine corporate democracy by overriding the vote of First United shareholders.

We are calling on you, as independent directors of First United with fiduciary duties to act in the best interest of all shareholders, to remedy this affront to the shareholder franchise by immediately amending First United’s Bylaws to provide for a plurality voting standard in contested elections. Any failure to do so will demonstrate your clear disregard for the fundamental right of shareholders to elect directors of their choosing.

We should note that the Maryland General Corporation Law provides, by default, for a plurality voting standard in §2-404. What this means is that the Board had to specifically amend the Bylaws to include such an entrenchment-minded majority voting standard without a plurality carve-out for contested elections. Since the Board is able to unilaterally amend the Bylaws without first obtaining shareholder approval, you should implement this necessary change immediately and without delay.

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<sup>1</sup> <https://www.issgovernance.com/majority-voting-potential-entrenchment-device/>

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Please indicate as soon as possible, but in any event prior to **December 16, 2019**, whether you will indeed respect shareholders' rights by rectifying this glaring corporate governance deficiency. If we do not hear from you by then, we will assume that you intend to preserve this mechanism to further entrench the Board, and we will take such actions as necessary to preserve the corporate franchise and protect the rights of all shareholders.

J. Abbott R. Cooper  
Managing Member  
Driver Management Company LLC

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#### **About Driver Management Company**

Driver employs a valued-oriented, event-driven investment strategy that focuses exclusively on equities in the U.S. banking sector. The firm's leadership has decades of experience advising and engaging with bank management teams and boards of directors on strategies for enhancing shareholder value. For information, visit [www.drivermanagementcompany.com](http://www.drivermanagementcompany.com).

#### **CERTAIN INFORMATION CONCERNING THE PARTICIPANTS**

Driver Management Company LLC, together with the other participants named herein (collectively, "Driver"), intend to file a preliminary proxy statement and accompanying WHITE proxy card with the Securities and Exchange Commission ("SEC") to be used to solicit votes for the election of its slate of highly-qualified director nominees at the 2020 annual meeting of stockholders of First United Corporation, a Maryland corporation (the "Corporation").

DRIVER STRONGLY ADVISES ALL STOCKHOLDERS OF THE CORPORATION TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN THIS PROXY SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR.

#### **Participants in the Solicitation**

The participants in the proxy solicitation are anticipated to be Driver Management Company LLC ("Driver Management"), Driver Opportunity Partners I LP ("Driver Opportunity"), J. Abbott R. Cooper, Michael J. Driscoll, Ed.D, Lisa Narrell-Mead and Ethan C. Elzen.

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As of the date hereof, the participants in the proxy solicitation beneficially own in the aggregate 365,212 shares of Common Stock, par value \$0.01 per share, of the Corporation (the "Common Stock"). As of the date hereof, Driver Opportunity beneficially owns directly 360,637 shares of Common Stock. Driver Management, as the general partner of Driver Opportunity, may be deemed to beneficially own the shares of Common Stock directly beneficially owned by Driver Opportunity. Mr. Cooper, as the Managing Member of Driver Management, may be deemed to beneficially own the shares of Common Stock directly beneficially owned by Driver Opportunity. As of the date hereof, Dr. Driscoll directly beneficially owns 3,500 shares of Common Stock. As of the date hereof, Ms. Narrell-Mead directly beneficially owns 650 shares of Common Stock. As of the date hereof, Mr. Elzen directly beneficially owns 425 shares of Common Stock.

#### **Contacts**

##### **Investors:**

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