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# Section 1: DEFA14A (FORM 8-K)

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

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 26, 2020

**First United Corporation**

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

0-14237  
(Commission file number)

52-1380770  
(IRS Employer  
Identification No.)

19 South Second Street, Oakland, Maryland 21550  
(Address of principal executive offices) (Zip Code)

(301) 334-9471  
(Registrant's telephone number, including area code)

N/A  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock	FUNC	Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## INFORMATION TO BE INCLUDED IN THE REPORT

### Item 8.01. Other Events.

On March 26, 2020, First United Corporation (the “Company”) issued a press release, a copy of which is filed herewith as Exhibit 99.1.

### Important Additional Information

The Company, its directors and certain of its executive officers will be deemed to be participants in the solicitation of proxies from the Company’s shareholders in connection with the Company’s 2020 Annual Meeting of Shareholders. The Company intends to file a definitive proxy statement and a proxy card with the Securities and Exchange Commission (the “SEC”) in connection with any such solicitation of proxies from the Company’s shareholders. SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Exhibit 99.2 to this report (“Exhibit 99.2”) contains information regarding the direct and indirect interests, by securities holdings or otherwise, of the Company’s directors and executive officers in the Company’s securities. If the holdings of the Company’s securities change from the amounts provided in Exhibit 99.2, such changes will be set forth in SEC filings on Forms 3, 4, and 5, which can be found through the Company’s website at <http://investors.mybank.com/> or through the SEC’s website at [www.sec.gov](http://www.sec.gov). Information can also be found in the Company’s other SEC filings, including its Annual Report on Form 10-K for the year ended December 31, 2018. Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the 2020 annual meeting. Shareholders will be able to obtain the definitive proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at the Company’s website at <http://investors.mybank.com/>.

### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The exhibits filed or furnished with this report are listed in the following Exhibit Index:

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u><a href="#">Press release dated March 26, 2020 (filed herewith)</a></u>
<u>99.2</u>	<u><a href="#">Security holdings of directors and executive officers (filed here with).</a></u>

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST UNITED CORPORATION

Dated: March 26, 2020

By: /s/ Tonya K. Sturm  
Tonya K. Sturm  
Senior Vice President & CFO

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## Section 2: EX-99.1 (EXHIBIT 99.1)

**Exhibit 99.1**

### **First United Issues Statement Regarding Recent Settlement Negotiations with Driver Management Company**

#### *Driver Refuses to Accept Reasonable Settlement Proposal*

OAKLAND, Md. – March 26, 2020 – First United Corporation (NASDAQ: FUNC), a bank holding company and the parent company of First United Bank & Trust (the "Company" or "First United"), today announced the conclusion of recent settlement talks with Driver Management Company LLC ("Driver").

First United has always respected the trusted nature of its conversations with shareholders. However, given Driver's deliberate efforts on multiple occasions to grossly mischaracterize its engagement with the board of directors (the "Board"), the Company wants to make clear to all stakeholders the terms of the most recent settlement offer turned down by Driver, which we believe are both reasonable and fair. We also want to make clear that we made the last true effort to avoid a costly and distracting proxy fight. Our recent settlement terms included:

- appointing two independent directors before the 2020 annual meeting of shareholders:
  - o the first selected by Driver from among independent director candidates identified by the Company who have no prior or current affiliation with First United; and
  - o one selected by the Company from among the nominees nominated by Driver.
- appointing a third independent director before the 2021 annual meeting of shareholders;
- the retirement of three incumbent directors from the Board — two before the 2020 annual meeting of shareholders and one before the 2021 annual meeting of shareholders;
- committee designations for each of the new directors designated by Driver;
- adopting more formal policies around the roles and responsibilities of the Lead Independent Director; and
- expense reimbursement to Driver of \$350,000.

This settlement construct would have given Driver direct input with respect to designating over 25% of the Board even though it owns less than 6% of the Company. In return, we requested customary non-disparagement, standstill (Driver voluntarily offered two years), and voting commitments, lasting this and next proxy season, even though the directors designated by Driver would be guaranteed to serve at least three years on the Board. Driver did not just reject the Board's settlement proposal — it again demanded a sale of First United, reiterating that Driver will run a proxy fight every year for the next three proxy seasons until it has complete control over the Board.

In the interest of shareholders, we also requested that Driver confirm that it is not currently under any regulatory investigation or review related to either its proposed solicitation at the Company's 2020 annual meeting of shareholders or ownership of stock in the Company. Driver took particular exception to the Company's request for this confirmation, which the Company found not only peculiar but deeply unsettling.

Despite the unprofessional comments and inappropriate rhetoric directed toward the Board, CEO and management team expressed by Driver over the past eight months since going public with its campaign, much of which was of a personal nature, we nonetheless continued to engage with

Driver and initiate settlement talks on several separate occasions. Unfortunately, Driver consistently refused to engage in good faith in any reasonable settlement discussions. Indeed, Driver has refused since November to let the Board meet with any of its director designees despite our many requests to interview them. By contrast, in the spirit of coming to a constructive agreement, we sent redacted resumés of the independent director candidates identified by the Board to Driver and made clear these candidates were available for interviews. Driver declined to speak with these candidates.

At this point, in fairness to the Company, its shareholders and customers, as well as the community in which it operates, we must proceed with our preparations for 2020 annual meeting of shareholders. We hope that Driver reconsiders the reasonableness of the Company's settlement proposal, and, in that respect, the Board of course will remain open to the possibility of settlement in the future. In the meantime, the Company will remain focused on constructive engagement with our shareholders as we execute on our plan to maximize long-term value.

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## **ABOUT FIRST UNITED CORPORATION**

First United Corporation is the parent company of First United Bank & Trust, a Maryland trust company with commercial banking powers (the "Bank"), and two statutory trusts that were used as financing vehicles. The Bank has four wholly-owned subsidiaries: OakFirst Loan Center, Inc., a West Virginia finance company; OakFirst Loan Center, LLC, a Maryland finance company; First OREO Trust, a Maryland statutory trust that holds and services real estate acquired by the Bank through foreclosure or by deed in lieu of foreclosure; and FUBT OREO I, LLC, a Maryland company that likewise holds and services real estate acquired by the Bank through foreclosure or by deed in lieu of foreclosure. The Bank also owns 99.9% of the limited partnership interests in Liberty Mews Limited Partnership; a Maryland limited partnership formed for the purpose of acquiring, developing and operating low-income housing units in Garrett County, Maryland. First United Corporation's website is [www.mybank.com](http://www.mybank.com).

## **FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements do not represent historical facts, but are statements about management's beliefs, plans and objectives about the future, as well as its assumptions and judgments concerning such beliefs, plans and objectives. These statements are evidenced by terms such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," and similar expressions. Although these statements reflect management's good faith beliefs and projections, they are not guarantees of future performance and they may not prove true. These projections involve risk and uncertainties that could cause actual results to differ materially from those addressed in the forward-looking statements. For a discussion of these risks and uncertainties, see the section of the periodic reports that First United Corporation files with the Securities and Exchange Commission (the "SEC") entitled "Risk Factors".

## **IMPORTANT ADDITIONAL INFORMATION**

First United, its directors and certain of its executive officers will be deemed to be participants in the solicitation of proxies from First United's shareholders in connection with First United's 2020 annual meeting of shareholders. First United intends to file a definitive proxy statement and a proxy card with the SEC in connection with any such solicitation of proxies from First United shareholders. **SHAREHOLDERS OF FIRST UNITED ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.** Exhibit 99.2 to First United's Current Report on Form 8-K, to be filed with the SEC on March 26, 2020 ("Exhibit 99.2") contains information regarding the direct and indirect interests, by securities holdings or otherwise, of First United's directors and executive officers in First United's securities. If the holdings of First United's securities change from the amounts provided in Exhibit 99.2, such changes will be set forth in SEC filings on Form 3, 4, and 5, which can be found through First United's website at <http://investors.mybank.com/> or through the SEC's website [www.sec.gov](http://www.sec.gov). Information can also be found in First United's other SEC filings, including its Annual Report on Form 10-K for the year ended December 31, 2019. Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the 2020 annual meeting of shareholders. Shareholders will be able to obtain the definitive proxy statement, any amendments or supplements to the proxy statement and other documents filed by First United with the SEC at no charge at the SEC's website [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at First United's website at <http://investors.mybank.com/>.

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**Section 3: EX-99.2 (EXHIBIT 99.2)****Exhibit 99.2**

The following table sets forth information as of March 26, 2020 relating to the beneficial ownership of the common stock, par value \$.01 per share, of the Corporation by each of its directors, director nominees and executive officers and each other person who may be deemed to be a “participant” in the solicitation of proxies by or on behalf of the Corporation’s Board of Directors.

<b>Name of Beneficial Owner</b>	<b>Shares Beneficially Owned<sup>(1)</sup></b>	<b>Percentage of Shares Beneficially Owned</b>
John F. Barr, <i>Director</i>	18,093	*
Brian R. Boal, <i>Director</i>	8,337	*
M. Kathryn Burkey, <i>Director</i>	43,675	*
Robert L. Fisher, II, <i>Senior Vice President &amp; Chief Revenue Officer</i>	5,563 (2)	*
Robert W. Kurtz, <i>Director</i>	10,521 (3)	*
John W. McCullough, <i>Director</i>	35,742	*
Elaine L. McDonald, <i>Director</i>	32,926 (4)	*
Carissa L. Rodeheaver, <i>Chairman of the Board, President &amp; CEO</i>	15,810 (5)	*
Gary R. Ruddell, <i>Director</i>	18,533 (6)	*
I. Robert Rudy, <i>Director</i>	40,368 (7)	*
Jason B. Rush, <i>Senior Vice President &amp; Chief Operating Officer</i>	11,083 (8)	*
Keith R. Sanders, <i>Senior Vice President &amp; Senior Trust Officer of First United Bank &amp; Trust</i>	7,962 (9)	*
Marisa A. Shockley, <i>Director</i>	16,213	*
Tonya K. Sturm, <i>Senior Vice President, CFO, Treasurer &amp; Secretary</i>	3,725 (10)	*
H. Andrew Walls, <i>Director</i>	57,106 (11)	*

**Notes:**

\* Less than 1.0%.

- Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number and percentage of shares of the Corporation’s common stock beneficially owned by a person, shares of the Corporation’s common stock subject to outstanding options, warrants, rights or conversion privileges held by that person that are currently exercisable or exercisable within 60 days of March 26, 2020 are deemed outstanding for computing the percentage ownership of the person holding such options, warrants, rights or conversion privileges but are not deemed to be outstanding for purposes of computing the percentage for any other person. As of March 26, 2020, a total of 6,982,923 shares of the Corporation’s common stock were issued and outstanding. The inclusion of any shares as deemed beneficially owned does not constitute an admission of beneficial ownership by the named shareholder.
- Includes 1,293 shares of phantom stock held in a deferred compensation plan account (“Phantom Stock”). Each share of Phantom Stock represents a deemed investment of deferred compensation funds in one share of Common Stock and gives the officer the right to receive one share of Common Stock or the cash value thereof following the officer’s separation from service with the Corporation. The officer may transfer the funds held in the plan account into an alternative deemed investment option at any time.
- Includes 3,027 shares owned jointly with spouse.
- Includes 7,506 shares held in trust of which Mrs. McDonald is a beneficiary.
- Includes 283 shares held jointly with spouse, 19 shares held by spouse for benefit of a minor child, and 790 shares held in a 401(k) plan

account.

- (6) Includes 520 shares owned by Ruddell, LLC of which Mr. Ruddell is owner.
  - (7) Includes 1,033 shares owned jointly with spouse, 6,837 shares owned by spouse, and 4,500 shares of Phantom Stock in a deferred compensation plan account.
  - (8) Includes 125 shares owned jointly with spouse.
  - (9) Includes 1,500 shares of Phantom Stock.
  - (10) Includes 526 shares owned jointly with spouse. Includes 2,850 shares of Phantom Stock.
  - (11) Includes 14,854 shares owned by Morgantown Printing and Binding, Inc. of which Mr. Walls is owner.
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