

January 9, 2018

Board of Directors
NCIA
1410 Grant St. B301
Denver, CO 80203

Attention: Jaime Lewis, Chairman

Dear Members of the Board:

I wrote this letter on December 8, 2017. Then I decided to reach out to every board member to discuss the below findings and answer any questions each board member may have. I was asked by one board member not send the letter as it possibly would be leaked to the press, but that I should read the letter to the entire board so everyone knew exactly what was going on at NCIA. I respected that and was prepared to do just that. Then Jaime reached out to me and requested that I read the letter only to the review committee and I agreed to that. It is now a month later and I have not heard anything.

The above is why I decided to send this letter so there is no confusion, misinformation, or anything else that could be misinterpreted.

I am writing to express concerns regarding the conditions and situations that I experienced and observed while performing the Chief of Staff position at NCIA.

I have known Aaron Smith the Executive Director (ED) since 2011 when I joined NCIA with my first company. Since then, I have supported the growth of the organization in a number of ways.

I have participated in Lobby Days every year, purchased booth space and attended conferences, and remain extremely supportive of the organization's goals.

I was thrilled to be offered the Chief of Staff position by the ED, which seemed a natural extension of my skills and commitment to the organization. I started my position on Oct. 16, 2017 and was dismissed from the position Dec. 4, 2017. During that time, I experienced and witnessed situations that I perceived to be detrimental to the success of NCIA.

As a former employee and long-standing NCIA member, and despite my sudden departure, the situations were serious and I feel an ethical obligation to communicate these situations to the Board.

Human Resources Issues

A primary responsibility of the Chief of Staff is to manage employees. All employees are not being treated equally; the operational and institutional practice of favoritism has led to several individuals getting promoted based on personal relationships with the ED into positions for which they lacked appropriate qualifications. The ED is the most senior position at NCIA, and is a role that has ultimate authority over all staff. This has put NCIA in a position of significant legal exposure.

Issue #1: Wrongful Termination

Prior to my employment, the Membership Director was fired and is suing for wrongful termination due to disability. The ED disclosed this to me. The ED then promoted the Membership Manager to the director position; however, he has no previous experience that qualifies him to be a director. Since then, and in the absence of mentorship, membership has continued to suffer.

Issue #2:

The ED had a personal intimate relationship with a current employee while they both worked for NCIA. This employee has expressed her concerns that she will not be promoted at NCIA due to this relationship. As the Chief of Staff, I inquired about any paperwork that disclosed this relationship that was signed by both parties that provide NCIA protection from any claims or lawsuits. I was told papers were signed, however it appears that the paperwork has been misplaced or lost. The staff and members are aware of the relationship and discuss the consequences of relationships within the work place. This employee has expressed her desire to be promoted and did discuss this with the ED and myself. This ongoing situation presents significant risk for the organization.

Operational Issues

The Chief of Staff job duties were presented by the ED as the following:

- Manage staff in the Denver office.
- Bridge the gap between the Denver office and the DC office; due to constant tension between the offices.
- Work closely with GSMI (NCIA events partner) to repair the relationship between the two organizations.

One of my first tasks was to understand the work environment and isolate the cause of the tensions within the organization (and its external partners), so that I could develop a plan to begin to resolve issues. I reviewed 360 reports (two years of) reports which were compiled from questions asked by employees about other employees to help further their skill sets, success, and ability to work better together. I conducted in person meetings with staff about these reports, thoughts about their jobs, what is good and what could be better.

I identified several systemic problems:

- Lack of accountability in the association, poor morale.

- Deadlines are not being met.
- Absence of business hours.
- Can't get work done at the office due to absence of structure, poor working environment.
- CCIA relationship is problematic.
- Lack of cohesion and leadership; systemic favoritism.
 - No coordination between departments, all working separately, no association plan.
 - Employees getting special treatment from the ED, salary raises, cell phone expense.
 - Employees getting promotions with either no proper education or appropriate experience.
 - Getting intoxicated with direct reports.

Lack of fiduciary responsibility.

- Current salary levels are above market.
- Bonuses for employees for just doing their job.
- Spending significant amounts of money on software that isn't being used.
- Not evaluating ROI on projects that NCIA was doing and paying for.
- All employees carry an association credit card with no guidance for spending and no recourse for misusing.

Impact the above is making on NCIA and employees:

- Lack of trust.
- Lack of productivity.
- Lack of enthusiasm and teamwork.
- Low membership – the industry is growing at 60% and has the possibility of at least 20,000 members and currently there are around 1450 members with no real improvement and constant cancellations.
- Less money going to help move along the banking and 280E tax problem, which is our main mission.

In my short time as Chief of Staff, I tried to implement accountability and structure. The ED was resistant to change and consistently denigrated my efforts to resolve the problems that have been limiting the progress of the organization. Following are the results of these efforts:

- When I tried to give employees directions and establish structure, I was met with resistance from the ED at every suggestion that I wanted to implement.
- The ED was not open to different approaches that employees or myself took, regardless if it was more efficient or effective. I was accused of being argumentative for standing up for what I believe to be the right approach.
- I was told by the ED I was doing too much, changing the culture too fast and employees were unhappy. However, the majority of the staff in Denver, DC, and employees of GSMI

expressed directly to me how happy they were that I was there doing the right things for the association.

In my short time at NCIA, I have comported myself with professionalism and my actions were driven by the desire to rectify operational problems within the organization and set it up for ongoing success. It has become apparent that there is a systemic issue that is driven by the direct actions (and inaction) of the ED to run the organization like a business. Those that try to challenge the status quo are rewarded with criticism and those that follow the leader are rewarded:

Following a week where I had written up an employee for insubordination, which was done with the support of internal and external HR consultants. The ED criticized me for the way in which I handled the corrective action. I was then put on suspension, it was suggested that I consider a demotion to a less impactful position, and then I was told the offer had been rescinded. On Dec. 7, 2017, I asked the ED to tell me what I did wrong to lead to my dismissal, and have not received any formal response.

Suggestions to the Board in the best interest of NCIA:

- Conduct an internal independent audit of the books and records, with focus on expenditures and value to the organization.
- Research why membership is not growing at the same pace the industry is growing, or at least close. Investigate attrition/turnover.
- Interview employees without fear of retaliation.
- Create a formal way for employees to express their concerns to the ED and the Board if necessary.
- As it relates to the ED's personal relationship with subordinates – execute releases to prevent NCIA from any further lawsuits.

In light of the challenges the industry faces, it is imperative that NCIA imparts an image of an organization that has superior corporate governance, is responsible and ethical and exercise business best practices in all that it does as it moves towards the end of prohibition and that starts with its public face, the Executive Director, who must be above reproach personally and professionally.

Please contact me if you would like further clarification.

Sincerely,

Genifer Murray