

# History and Events Leading up to Our Termination by American Family

As told by Connie Roth

I am Connie Roth. My twin sister's name is Bonne Roth. First of all, if you don't mind, I would like to provide you with a little background about my family, a little history of our work ethics and morals, and some information about our experiences with American Family Insurance Company.

Bonnie and I come from a family of six children. We were raised on a small farm in Illinois, in an intimately close community where everyone knew everyone, especially the Roth family and how we were brought up with responsibilities and chores. Everyone in this small farm community knew that one could go to my mother's (Lucy's) home, and would be amazed at the cleanliness and spotlessness of this small farm house. Many claimed one could 'eat off Lucy's floors.' Her spotlessly clean home amazed them, especially with 6 children in the household. But what our mother and father taught us from the time we could push a broom or turn on a sweeper, was "chores before play." We were taught to be truthful and fair. If any one of us 6 children lied to our parents, (and I am not claiming that did not happen, but it only happened once as our mouths would be washed out with a bar of soap and one does not forget that awful taste.) we were seriously disciplined. I tell you this is because a person's morals and ethics are instilled in you as a child.

Let's move on to our educational and work history. Our father and mother encouraged us to get a formal education but could not afford to send 6 kids to college, so they informed us that if we wanted to go to college, we would have to pay for it ourselves. My older sister chose to go on to college after high school, working part time jobs to pay her own way through college. She achieved her Doctor's degree. Bonnie and I chose to get jobs and earn monies, but we soon realized we would not be able to further our careers without college. The company that we worked for (Caterpillar Inc.) had a college reimbursement program. We both took advantage of the college reimbursement program and went to college, part-time, and were reimbursed for it by the company we worked for, Caterpillar, Inc.

We both did very well at Caterpillar and had excellent evaluations. We were promoted several times through the years. Neither of us had one bad evaluation. In fact, I quit Caterpillar after 10 years and moved on to Texas Instruments in Dallas, Texas, where I was able to broaden my horizons. I then took advantage of Texas Instruments' educational reimbursement program and went on to obtain my Master's Degree through a weekend program at Abilene Christian University in Dallas, TX.

Bonnie, likewise, took an educational leave from Caterpillar and went on to pursue her Master's Degree. After 2 years of being in Dallas, TX, Caterpillar sought me out and asked me to come back to work on their team to head up their "Plant with a Future" in Joliet, IL. I felt honored and accepted the position. I came back to Illinois, but not until I had finished my Master's Degree program.

Bonnie then went back to Caterpillar after her educational leave, was promoted many times and eventually was promoted to a position where she was asked to start up a new division in Geneva, Switzerland. She accepted this assignment and lived there for 5 years, traveling to many European countries in the course of her business assignments there. Her work experience also entailed travel to the Far East and South America. *[One really has to wonder if this type of person, who lived overseas and traveled extensively in many foreign countries, is the type of individual who does NOT follow rules and regulations? In some of these countries, one could be thrown in jail just for dropping a gum wrapper on the sidewalk.]* Eventually, Bonnie came back to Peoria, Illinois, because of our mother's serious illness. We both felt a sincere responsibility to help take care of her and at the same time to spend time with my brother's wife, age 42, who was diagnosed with a terminal brain tumor. Kim died at age 42; just 2 months after Bonnie came home from Switzerland.

I started with American Family as a multi-line agent in the summer of 1997, and became a registered rep with American Family Securities, LLC on 08/2001 until remained so in good standing until my termination on 2/15/2005. I made All-American and AFLIC almost the whole time that I was appointed as an agent with American Family and was just short of becoming eligible for the 10 Year Hall of Fame, the designation that AF has for agents meeting their designations. It seemed I would have a shining career at American Family and my future look bright.

After 30 years at Caterpillar, Bonnie decided to pursue a different career and she chose the independent agent vocation in the captive insurance industry as an American Family Agent in December of 2002. My sister, Bonnie chose this field because of the flexibility and the freedom she would have in setting her own hours and location of employment. This flexibility was very important as both my sister and I became the home health care providers for our very sick mother. On weekends, we would leave Aurora and drive to Peoria (3 hours) to relieve the provider we had for my mother during the week. Friends tell us it takes commitment and a very special person to do this for 3 years. (I guess logic would say a person of this caring nature AND commitment is a person that would be responsible and follow rules and regulations, quite contrary to American Family's allegations that the Roth's do "NOT follow rules and regulations.") Our mom died one month after American Family came into our office, recorded us without our knowledge, printed emails off our computers without informing us (which violated our expectation of privacy) and questioned us on these emails, and then, of course, terminated us.

On the 15th day of February of 2005, Tamara Montagna, who had just been appointed in January (2005) to the position of State Director, came into our office with Debbie Dudek, my district manager. When Bonnie and I asked them what this meeting was all about, Tamara Montagna replied, "I am just the messenger and we need to question you on some emails." We had not been given any warning or letter of any wrong doing so we were totally baffled. In fact, it was not until a WHOLE YEAR LATER when we were being investigated by FINRA that we learned I (Connie) was being accused of having "outside business activities" and that so-called business activity was 'purchasing vitamins for my ailing parents!' You see, American Family refused my review meeting with them as my contract said I could ask for, so I was not given the opportunity to prove I had no other side businesses. More about this later.

In hind sight, probably what prompted all of this, I believe, was the fact that I challenged District Manager Debbie Dudek's authority. I believe she felt very threatened by my success and by my sister's success. There was probably some professional jealousy on her part, also. When I questioned the very new District Manager Debbie Dudek's policy of assigning policies transfer, I am sure she felt intimidated. After all, the district manager before her had a policy of giving transfer policies to All-Americans. When that promise was made to me and then not kept, I insisted on a meeting with her boss who was State Director Gerry Benusa. It was during this time while I was insisting on this meeting that I was told by a former District Manager not to meet with Dudek's boss as Benusa was the one that had hired Dudek and that Benusa would fire me for that. I ignored my former district manager's suggestion, however, as I thought I was doing the right and honorable thing to insist that promises be kept. It might be interesting for you to know that my former district manager was also fired by American Family. He was fired, I believe, because he was an "agent advocate" who fought for the agents.

My sister had been on an Advanced Compensation Draw (ACP) since she was just a new American Family agent. She was on a high draw because of her background and experience of 30 years working in various capacities with Caterpillar Inc. and particularly her experience overseas which generated a very high salary. She was a registered rep with American Family Securities, LLC, from 2/2004 to 2/15/2005, just about a year. *[From my observation, registered reps are to be walking encyclopedias immediately knowing what every NASD regulation is all about and knowing what American Family's own stringent regulation manual is all about. My guess is that even district managers don't know American*

*Family's securities regulations as mine gave me a list of my Term life insurance customers and then instructed me to contact them via email or telephone in order to convert their policies to an American Family Whole Life or Variable Policy. Little did I know communicating via email or telephone (even when told to do so by my district manager) without AF's approval first was a violation of AF's regulations. With American Family being so new in the sale of securities, the respectable thing for the district manager to have done would have been to alert me by saying, "Here is an email where you answered your client's question without our permission. This is against our compliance manual. Please, next time get permission." I must ask how many other agents break this rule and get by with it!! I also ask why monitoring an independent contractor's emails isn't a violation of privacy and a real threat to our independent contractor status!! ]*

It is quite well known that American Family's Advanced Compensation Plan (ACP) was spiraling out of control and American Family needed to do something about it. I must note that a copy of American Family's Corporate Business Plan was anonymously mailed to us after our termination. That business plan, in a nutshell, certainly indicates that Bonnie was targeted because of the high draw she was getting and American Family could not and would not pay that any longer. *(Prior to this she had numerous meetings with the District Manager and the District Manager had informed her that they were going to lower her draw. Bonnie had strongly opposed this as she left a six-figure income to be able to have the flexibility to take care of ill parents. She indicated to them that she had signed a contract based on the draw that they committed to her. How could they change this?)* The District Manager's response to her was, "Don't worry about it as it will work itself out." **To make a long story short, it did work itself out as they fabricated accusations, placed them on the U5 with FINRA and had us both terminated.**

My sister Bonnie and I were the top producers in our District. In October of 2004, on a cruise ship, our District Manager had indicated to us that she was told by the corporate attorneys that "*now that American Family was securities licensed that they could go into any agent's office and fire them for no reason at all*". Little did I know at the time that she was talking about the two of us?

As I mentioned earlier, one of the fabrications by this District Manager was that we were selling vitamins and did not report this on our U4. When they came into our office unannounced on February 11, 2005, I informed them that I was **NOT** selling vitamins. I told them that I was purchasing vitamin supplements for my sick mother. However, it did not matter what we told them, because they did not want to know the TRUTH. There was no opportunity for a proper investigation as is required by FINRA. More importantly, had a fair investigation been done, they could have asked for our tax returns where they could have seen that there were NO 1099's from any other company. The only 1099 was from American Family.

One of the other items on the U5 was "unauthorized use of email correspondence to my clients." American Family was saying that I had to get permission on every email that I responded to from my customers regarding their questions on securities. Isn't it interesting that they asked my sister, Bonnie, to speak at a registered rep statewide meeting on how we both were so successful at selling life insurance through email marketing. If this was a compliance issue, they should not have allowed Bonnie to "teach" other agents how to market through email. However, little did we know that they would use this to set us up for termination! It becomes very obvious that American Family management uses very clever schemes in setting an agent up for termination. It's definitely part of their business plan. Why would a company ask you to speak at a statewide meeting on how to become successful at emailing and customer marketing and then turn around and use that information to terminate you? Doesn't our agent contract say the agent must be free to choose his/her manner of soliciting? This seems like another example of unethical, unfair treatment of agents and a misinterpretation of our contract.

The last item I was falsely accused of was “not witnessing a customer’s signature.” This customer has dropped all business with American Family because of the misrepresentations they made to her about me. She continues to do business with me today, as well as does the rest of her family. This customer was in my office 3 times in the last quarter of my career at American Family to sign the same documents over and over that American Family claimed they never received. The customer has done an affidavit testifying that I did, in fact, witness her signature.

These false allegations were American Family’s reasons for terminating an agent such as me after 9 years, with NOT one customer complaint during that time. I made their Awards every single year. My wall was covered with awards and plaques from American Family. My agent contract with American Family states that a 6-month probation period be given, but I was not even given that privilege of my contract.

I was investigated by FINRA and was **cleared of all charges. My sister was also cleared**, but we suffered through several days of interrogation by FINRA. This whole process was an unfair process where **one is guilty until proven innocent**. Then the truly innocent agent **is still guilty** as the false allegations remain on one’s U5. One has to spend thousands of dollars to try to have the U5 expunged which is almost impossible. No other broker-dealer will accept you and American Family knows that.

Does not a Broker Dealer have to show any type of accountability or proof of their allegations? The Broker Dealer definitely has a motivating factor to make up false allegations because they are able to retrieve and churn the agent’s book of business. Not only does this process “blackball” one out of the business, but it is a win-win situation for a Broker Dealer. When an agent is terminated at American Family, that agent’s policies are transferred to another agent who must service those policies for a year **without commission**. Then when the year is up, that agent receives a *reduced* commission. This is a completely profitable situation for the company, and a great incentive for them to terminate an agent.

FINRA investigated us, but they didn’t investigate or question American Family’s actions or hold American Family supervisors and management accountable. Is it ethical to encourage an agent to do something and then turn around and terminate that agent for the very thing they encouraged the agent to do? Should not the supervisor and manager be held accountable? Bonnie was not even securities licensed for a year yet when the company became successful in blackballing her out of the industry forever.

Captive companies in the securities business have a definite motivating factor. American Family is using a business plan to recover their ACP expenses and target veteran agents and their books of business in order to profitably churn policies. This illegal and unethical behavior has to stop.

A leopard does not change his spots after many good years of commendable work ethics. Let me ask you this. What **does a policeman do the 1<sup>st</sup> time that he stops someone for a speeding? What does an FBI agent do when he picks someone up for robbery?** He first runs a background check. If FINRA would have checked our backgrounds and work history records, they would have found excellent evaluations, a history with a company for many years, and NOT one customer complaint. Now reason and logic would say, there might be more to this than meets the eye, right?

It is pretty sad when one gets her livelihood destroyed for purchasing vitamin supplements for an ailing parent. Where is the accountability for the management of the broker dealer? What is wrong with the supervisor if she thought you were selling vitamins to say, **“by the way, don’t forget to update your U4 Form.”** However, this was not American Family’s agenda. According to what we learned, discovery was made (during our 13-day FINRA hearing) that conversations occurring between American Family managers and Legal insinuated that we don’t have enough on the Roth’s, and to go dig for more. Their agenda was *not* to find out the true answers and to do the right thing, but to accuse at all costs. Yes, American Family had an agenda of its own. Accuse, axe and harvest the gain!

To make matters even worse, we found out after the fact, that we went through a 13-day horribly stressful arbitration investigation only to find out afterwards that one of the arbitration judges (a State Farm arbitrator) **did not disclose that he was a major witness in a trial** where the State Farm agent won and the topic was marketing. It was obvious in his State Farm's deposition that he was against agents. He did not disclose that he was even deposed by our own attorney many years before. It's understandable that our attorney, who does hundreds of depositions a year, would not remember this judge, but certainly the judge would remember being deposed. This arbitrator did not ask one question in our 13-day hearing. The reason why, I believe, is because he did not want to be heard on tape as asking any questions. I can also imagine that it was his hope NOT to be recognized.

I feel it important that I tell you this because since we have been terminated, American Family is still aggressively using this business plan to terminate good agents. They are using the securities U5's to do their dirty work and hiding behind FINRA. Brokers Dealers don't have to be accountable for what they put on an individual's U5. No one researches their ethics. This is not right.

My prayers are continuing daily for this company and for the innocent agents they are destroying. It's hard to pray for an entity that has harmed you so much. At one point, I was in the car ready to commit suicide as I was devastated at what they did to me on 2/15/2005. As I told you, I had never had one customer complaint in my 9 years with American Family, had numerous awards, and excellent evaluations with my prior employer. It was my faith in God and the support of my sister and my strong family support that have pulled me through this.

What is it going to take before this behavior is stopped? A hard working agent of many years, falsely accused, taking his own life??!! Agents are devastated when someone rips their book of business out from under them. Tim Jolly of Ohio is another example of unjust accusations. He has a family to support, is formally educated with a degree, and has always run his agency with integrity and dedication. It is interesting to not that he has almost the same allegations by American Family on his U5 that we do. Are you beginning to see a pattern? Sadly, this stress and defamation nearly caused this agent to take his life.

Because of our experience during our FINRA arbitration investigation, we have asked FINRA to please, please get industry people off the arbitration panel. Make Broker Dealers show accountability and proof of a fair investigation **before** they put accusations on someone's U5. Captive companies do have definite motives. It appears that American Family's tactic is to 'damage an agent's credibility' and then they're home free with judges in the courts. I'll talk about this more in my next article.

**God, I thank you for being the omnipotent, omnipresent, and omniscient God that you are. I praise you and give you the GLORY. In Jesus' HOLY and precious name, I continue to pray that American Family's unethical behavior will be stopped and that FINRA will do the right thing. I would pray that FINRA give us another trial as there was someone on that panel with a conflict of interest that SHOULD have disclosed this information, and he chose NOT to.**

**Now I go assured that God is in control. This is the only way I will survive.**

**Connie Roth**