

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

BRUCE D. SCHOBEL
77 East Shrewsbury Place
Princeton, NJ 08540

Plaintiff,

v.

AMERICAN ACADEMY OF ACTUARIES
1850 M Street, NW, Suite 300
Washington, DC 20036

Defendant.

Civil Action No.: _____

COMPLAINT

JURY TRIAL DEMANDED

For his Complaint against the American Academy of Actuaries (“Academy” or “AAA”) Bruce D. Schobel, by his attorneys, Shulman, Rogers, Gandal, Pordy & Ecker, P.A., upon knowledge as to his own actions and dealings and upon information and belief as to Defendant and its actions, alleges as follows:

NATURE OF THE ACTION

1. The purpose of this action is to stop the American Academy of Actuaries, which, ironically, purports to be the “voice of the profession on public policy and professionalism issues,” from successfully staging a *coup d'état* to illegally remove its President-Elect from office, in violation of applicable law and its own Bylaws.

2. On August 5, 2009, the Academy called a special meeting of its Directors in response to a letter about Plaintiff Bruce D. Schobel—a member of the Academy’s Board of Directors, its current President-Elect, and its future President for the upcoming 2009-10 term—from a group of his political opponents who asked the Academy to “suspend” him from office pending further investigation. The true purpose behind this cabal of individuals who disagree

with Mr. Schobel's vision for the Academy and his personal style, however, was to keep Mr. Schobel from automatically becoming the Academy's next president at its annual meeting in October 2009, a position for which he had been duly elected.

3. The letter came after its writers had unsuccessfully attempted to force Mr. Schobel to resign quietly to keep the Board from hearing what the writers described as, "embarrassing" allegations. Because the writers' letter knowingly and maliciously contained numerous false and defamatory statements about Mr. Schobel, and relied solely on matters of a private nature that had nothing to do with the Academy or Mr. Schobel's performance as an Academy leader, but related to a business dispute involving another organization and certain events that occurred over thirty years ago, Mr. Schobel refused to accede to the writers' efforts to blackmail him.

4. Nevertheless, at the special August Board meeting, a determined faction of Board members used the letter as an opportunity to seek to have Mr. Schobel removed from his position as a Director and Officer.

5. In so doing, however, this group of Board members and the Academy as a whole ignored the Academy's Bylaws, Articles of Incorporation and applicable statute that together preclude the removal of a Director and Officer, except in the most extreme circumstances not present here. In the process, the Academy and the Board members arrayed against Mr. Schobel also violated the Academy's own Code of Professional Conduct, caused serious injury to Mr. Schobel's reputation, and interfered with his actual and prospective contractual relations.

6. Despite the fact that Mr. Schobel remains an Academy Director and its President-Elect by statute and also pursuant to the Academy's own Bylaws, the Academy has taken action to interfere with and preclude Mr. Schobel from carrying out his duties and from taking over his

rightful place as the next Academy President, to which he had been previously elected by unanimous vote.

7. Unless the Court quickly intervenes to enjoin the illegal actions of the Academy and this travesty from continuing, Mr. Schobel will be prevented from continuing in his role as an Academy Director and from taking office as the Academy's next President in late October 2009, resulting in irreparable harm to both Mr. Schobel and the Academy's membership.

PARTIES

8. Plaintiff Bruce D. Schobel is an individual who resides at 77 East Shrewsbury Place in Princeton, New Jersey. He has been a member of the actuarial profession for more than 35 years and has been a leader in the profession, having served as a board member and Officer of several important professional organizations, including the Academy, the Society of Actuaries, and the Conference of Consulting Actuaries. He has also been a frequent speaker—both nationally and internationally—in the actuarial community.

9. Since October 2008, Mr. Schobel has been a Director and Officer of the Academy, holding the Officer position of President-Elect. Prior to this most recent term of service, Mr. Schobel twice served as a Director on the Academy Board.

10. Defendant American Academy of Actuaries is an Illinois corporation organized under the Illinois General Not for Profit Corporation Act. Its principal place of business is at 1850 M Street, NW, Suite 300, in Washington, D.C. It is a professional organization of actuaries with approximately 17,000 members.

11. According to the Academy's website, the Academy "serves the public on behalf of the U.S. actuarial profession. Uniting actuaries from all practice areas, the Academy is the voice of the profession on public policy and professionalism issues."

JURISDICTION AND VENUE

12. This Court has subject-matter jurisdiction over all claims asserted in this action pursuant to 28 U.S.C. § 1332(a)(1) because the amount in controversy in this action exceeds \$75,000 and because there is complete diversity between the parties to this action, *i.e.*, Plaintiff is a citizen of a different state than Defendant.

13. This Court has personal jurisdiction over the Defendant pursuant to D.C. Code § 13-422.

14. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a) because the Defendant resides in this judicial district.

STATEMENT OF FACTS

American Academy of Actuaries Corporate Structure

15. According to the Academy Bylaws, the Board of Directors of the Academy consists of 29 Directors: the Academy's nine Officers; two immediate past presidents; and 18 additional elected Directors.

16. The Academy Bylaws provide for nine Officer positions: President; President-Elect; six Vice Presidents; and a Secretary-Treasurer. At each annual meeting of the Academy Board, the Directors present elect the Academy's Officers, except for, in normal circumstances, the President. Each person elected to an Officer position, including the President, is automatically a Director.

17. According to the Academy Bylaws, the President-Elect shall automatically succeed the President at the end of his or her one-year term as President-Elect, and shall normally (*e.g.*, when he or she has not already succeeded to the position of President before his or her one-year term as President-Elect has ended) serve as the President then for one year.

18. The Academy Bylaws provide that each Officer “shall hold office for the term elected and until a successor shall have been elected.”

19. The terms of newly elected Academy Directors and Officers normally begin in late October at the time of the annual meeting of members.

20. The Academy Bylaws contain no provision for the removal of Directors or Officers.

Bruce Schobel Elected Director and Officer

21. On or about July 17, 2008, a nominating committee of the Academy nominated Mr. Schobel to be the President-Elect and a Director for a term beginning in October 2008.

22. In agreeing to serve as the President-Elect and a Director beginning in October 2008, Mr. Schobel expected in return to automatically become the President and a Director of the Academy beginning in October 2009, in accordance with Article V section 2 of the Academy’s Bylaws, which provide, in pertinent part, that “the President-Elect, having been so elected at an annual meeting of the Board, shall commence the term as President-Elect at the close of the first subsequent annual meeting of the Academy and shall *automatically* succeed the President at the close of the second subsequent annual meeting of the Academy, and shall serve as the President until the close of the third subsequent annual meeting of the Academy.” (Emphasis added.)

23. The process of succession, as outlined in the Academy’s Bylaws and as followed by the Academy for years gave Mr. Schobel the reasonable expectation that he would automatically become the President a year after serving as President-Elect. Had he not been promised by the Academy that it would continue to act in accordance with its Bylaws that he would automatically become the President the year after serving as President-Elect, Mr. Schobel would not have agreed to serve as President-Elect for the 2008-09 term.

24. At the annual meeting of the Academy Board in October 2008, the Board unanimously elected Mr. Schobel to be its President-Elect and a Director for the 2008-09 term, meaning that, in accordance with the Bylaws, he would be the President and Director of the Academy for the 2009-10 term.

25. Mr. Schobel took office as the Academy's President-Elect and a Director in October 2008.

26. Thereafter, Mr. Schobel's name and photograph appeared prominently on the Academy's website, which listed him as the current President-Elect and a Director. Mr. Schobel was also identified as the Academy's President-Elect and a Director on Academy documentation.

27. According to Article VI section 2 of the Academy's Bylaws, the duties of the President-Elect are stated as follows: "The President-Elect shall have such duties as may be assigned by the President or the Board. In the absence of the President, or in the event of the President's inability or refusal to act, the President-Elect shall perform the duties of the President's office.

28. Throughout his term of office as President-Elect and Director, Mr. Schobel has faithfully and diligently executed the duties of his office.

29. To Mr. Schobel's knowledge, no one has accused him of not faithfully and diligently executing the duties of his office as President-Elect and Director, or in any way violating the Academy's Bylaws or the Illinois General Not for Profit Corporation Act.

Adversaries Issue Ultimatum in Attempt to Undermine Schobel's Leadership

30. In the spring of 2009, certain Academy members hostile to Mr. Schobel, and his vision for the actuarial profession, embarked on a crusade to undermine his leadership in the Academy.

31. On June 25, 2009, David Hartman wrote Mr. Schobel and threatened to unleash an unprovoked attack on Mr. Schobel by disseminating what he acknowledged was embarrassing information of a private nature about Mr. Schobel to the Academy Board unless Mr. Schobel agreed to voluntarily resign from his position as Academy President-Elect and Director.

32. The information about Mr. Schobel that Mr. Hartman threatened to send to the Academy Board had nothing to do with the Academy or Mr. Schobel's conduct as an actuary or his duties as an Officer and Director of the Academy. The information related to a business dispute involving another, unrelated organization, and events that occurred over thirty years ago. Moreover, much of the information that Mr. Hartman threatened to disseminate was false and defamatory information concerning Mr. Schobel.

33. Mr. Schobel refused to accede to Mr. Hartman's extortionist demands, and advised Mr. Hartman of the false and defamatory nature of the information that Mr. Hartman was threatening to send to the Academy Board. He also advised Mr. Hartman that his threatened action would be in violation of the laws of New Jersey, where both Mr. Schobel and Mr. Hartman reside.

34. Nevertheless, Mr. Hartman, along with other confederates that he co-opted (collectively "Hartman") proceeded to knowingly and maliciously disseminate this false and defamatory information about Mr. Schobel to the Academy Board in the form of a letter ("Hartman Letter"), in violation of New Jersey law, with the intention of causing great harm to Mr. Schobel.

35. In this communication to the Board, Hartman asked the Board to "suspend" Mr. Schobel from being the President-Elect and from succeeding to the office of President in October 2009 pending further review.

36. No portion of the Academy Bylaws or applicable law provides for the “suspension” of an Officer or Director.

37. Hartman, nevertheless, requested that the Board convene a special meeting to consider the request to suspend Mr. Schobel in this manner.

38. Several members of the Academy Board, including the Academy’s current President, wrote back to Hartman, indicating that they believed Hartman’s effort to discredit Mr. Schobel and get him suspended from his leadership position was “fundamentally unfair, both to the Academy and to [Mr. Schobel].” They pointed out the inaccuracies and distortions contained in the Hartman Letter to the Board, and expressed their continued support for Mr. Schobel.

Board Notices a Special Meeting

39. On July 14, 2009, members of the Academy Board were sent an email notifying them of a special meeting of the Academy Board on August 5, 2009, to be held in person from 1 to 3 p.m. CT in Minneapolis, Minnesota. The notice indicated that the purpose of the meeting was to discuss the Hartman Letter. The notice stated: “As is our practice, we will not have a call-in number or proxies. Attendance in person is necessary to participate in this meeting.”

40. On July 16, 2009, an email from the Academy President was sent to the Board noting that “[w]e are challenged by the fact that the Academy has no historical precedence to give us guidance.” The email further stated: “I remain concerned about allowing phone-in attendance at the August 5th meeting. That concern is founded in the simple question ‘Would you want a number of contemporaries considering a critical decision about your future to be a distant voice over the phone or present and attentive in the room where the discussion is being held?’”

41. On July 31, 2009, another email was sent by the Academy President to the Board, indicating that he was “writing to provide advance notice of the policies and procedures we will follow during our special Board meeting on August 5.”

42. The July 31 email stated that “[t]he purpose of our meeting will be to determine what action, if any, the Board should take at this time in response to the [Hartman Letter] to the Board requesting that the current President-Elect be suspended from continuing to serve in that capacity and from assuming the position of President pending” further consideration.

43. The July 31 email further stated, “This meeting will not consider whether any disciplinary action as to the President-Elect is appropriate at this time.” It said, “The Board’s task will be to determine what, if any, non-disciplinary action to take at this time in light of this information.”

44. The email noted, “All such Members who wish to be heard will be given an opportunity to do so, subject to these policies and procedures and any other necessary reasonable limits on the length of individual remarks.”

45. It further indicated that, contrary to the July 14 meeting notice and the July 16 follow-up email, Directors would be allowed to participate by telephone.

46. It further stated, “If the Board takes any votes, they will be open (not secret).”

47. None of the notices or emails from the President prior to the August 5 meeting made any reference to or suggestion that the Board might consider removing Mr. Schobel from his position as an Officer and Director.

48. None of the notices or emails from the President prior to the August 5 meeting made any reference to or suggestion that the Board would consider any other topics concerning Mr. Schobel other than those specifically referenced in the Hartman Letter.

The August 5 Special Board Meeting

49. On August 5, 2009, a special meeting of the Academy Board was held in Minneapolis, Minnesota to address the Hartman Letter.

50. Twenty-seven of the twenty-nine Academy Directors participated in the special meeting. Some Directors participated by telephone, in direct contravention of the July 14 meeting notice, which said that, in accordance with the Academy's longstanding practice, "Attendance in person is necessary to participate in this meeting."

51. At the beginning of the Academy Board meeting, Mr. Schobel was asked to leave the meeting while the remainder of the Board met with the Academy's Executive Director and General Counsel along with the Academy's outside counsel. This portion of the meeting, to which Mr. Schobel was denied access, lasted approximately one hour—half of the previously allotted time for the meeting.

52. When Mr. Schobel was invited back to the meeting, a discussion began about the Hartman Letter.

53. Shortly after this portion of the meeting began, a motion was made to ask Mr. Schobel to resign from his position.

54. Another Director, who was participating by telephone, quickly countered with a new motion to remove Mr. Schobel from his position as President-Elect and Director.

55. Another Director seconded that motion.

56. Prior to this motion being made, there had never been any discussion with the Academy Board to which Mr. Schobel was a party about the possibility of pursuing the drastic and unprecedented measure of seeking to remove Mr. Schobel from his position as Director and President-Elect.

57. In the over 40-year history of the Academy, no Officer or Director has ever been removed from office. Indeed, the Academy's Bylaws do not even provide for the removal of a Director and/or Officer.

58. Nevertheless, for the next fifty minutes, a small group of Directors attacked Mr. Schobel on a variety of issues beyond those raised in the Hartman Letter, which had been previously announced as the sole subject of the special meeting of Directors.

59. This small group of Directors raised a variety of other issues regarding Mr. Schobel, of which Mr. Schobel had no prior notice. Their comments included false, misleading and defamatory information concerning Mr. Schobel and his work for other actuarial organizations. None of these issues concerned Mr. Schobel's role as an actuary or his tenure as an Officer or Director of the Academy.

60. This calculated ambush, of which Mr. Schobel had no prior warning, lasted approximately 50 minutes, and deprived Mr. Schobel of the opportunity to prepare a sufficient response, as was the intention of this small group of individuals who were set on getting rid of Mr. Schobel by whatever means possible.

61. Thereafter, Mr. Schobel was given about 10 minutes (about a fifth of the time provided for others to attack Mr. Schobel, not including the one-hour session from which Mr. Schobel was excluded, and about one-twelfth of the entire Board meeting) to respond to these attacks, including those that had not been referenced in the Hartman Letter and of which Mr. Schobel and the other Directors had not been given prior notice.

62. After Mr. Schobel was asked by one of the Directors leading the attack to "hurry up" and then was told his time was up, the Board proceeded to vote on the motion to remove Mr. Schobel from his position as President-Elect and Director.

Schobel was Not Legally Removed from His Position as a Director and Officer

63. Neither the Academy's Bylaws nor its Articles of Incorporation contains any provision regarding the removal of the Academy's Officers and Directors from their positions.

64. The Illinois General Not for Profit Corporation Act ("Act"), under which the Academy is organized, provides for the removal of Directors and Officers in limited circumstances.

65. With respect to a corporation such as the Academy in which Directors are divided into classes and the terms of office of several classes are not uniform, § 108.35(a) of the Act prohibits the removal of a Director, except that a Director may be removed for cause if the articles of incorporation or the bylaws so provide. The statute reads, in pertinent part, "[N]o director may be removed except for cause if the articles of incorporation or the bylaws so provide."

66. Thus, in the case of the Academy in which the Articles of Incorporation and the Bylaws are silent on removal of Directors, no Director may be removed unless those documents are amended to permit removal for cause. No amendment or attempt at an amendment of the Articles or Bylaws has occurred here.

67. The other exception for a corporation like the Academy is found in § 108.35(d), which provides that the other provisions "shall not preclude the Circuit Court from removing a director ... if the court finds (1) the director is engaged in fraudulent or dishonest conduct or has grossly abused his or her position to the detriment of the corporation, and (2) removal is in the best interest of the corporation."

68. There were no allegations at the August 5 Board meeting (and there could not have been any truthful allegations) that Mr. Schobel had engaged in any fraudulent or dishonest

conduct or had grossly abused his position to the detriment of the Academy, and at no time has the Academy sought to have a Court remove Mr. Schobel from his position on this basis, or any other basis.

69. As a result, there is no basis under Illinois law for removing Mr. Schobel from his position as Director and Officer.

70. In addition, while § 108.55 of the Act provides that an Officer may be removed by a board that is authorized to elect him or her, § 108.50(c) limits a board's ability to remove an Officer who is also a Director. Section 108.50(c) states that the Articles of Incorporation or the Bylaws may provide for a person to be both an Officer or Director of a corporation. It further states, in pertinent part, that "such director or directors shall have the same rights, duties and responsibilities as other directors."

71. In the case of the Academy, one of those rights that Officer/Directors share with other Directors is the right to be protected from being removed from their position in accordance with § 108.35 referenced above. Moreover, under the Academy Bylaws, the positions of Director and Officer are inextricably intertwined for those individuals who hold both positions simultaneously.

72. Thus, under Illinois law, Mr. Schobel, who at the time of the August 5 meeting was both a Director and Officer, could not be removed from his position as Director and Officer without the Academy's either amending the Bylaws or Articles or obtaining a Court Order in certain limited circumstances.

73. Nevertheless, a majority of the Academy Board voted to remove Mr. Schobel from his position as a Director and Officer, in direct violation of Illinois law and in contravention of the Academy's own Bylaws.

74. Notably, a majority of the Directors present in person at the meeting voted against removal. Thus, had the Academy followed the procedure outlined in the July 14 meeting notice, which also reflected the Academy's regular practice, the vote would have been limited to the Directors present in person and the vote to remove Mr. Schobel would have failed even by a majority vote. Accordingly, however inadequate the ten minutes given to Mr. Schobel to defend himself were, Mr. Schobel's presentation was reasonably effective on those present, who received the full communication (*e.g.*, eye contact, body language, etc.), as opposed to those on the telephone who also may not have given Mr. Schobel their full attention. This was precisely the concern expressed by the Academy President in his July 16 email about allowing Directors to participate in such a "critical decision" by telephone, in contravention of the Academy's longstanding practice requiring participating Directors to attend in person.

75. As a result, under Illinois law, under the Academy's Bylaws and Articles, and in light of the procedure outlined in the July 14 meeting notice, the effort to remove Mr. Schobel from his position as Director and President-Elect was invalid.

76. The Academy not only failed to comply with the Act and its own Bylaws, but it also failed to comply with the July 14 notice of the special meeting. First, the notice of the meeting was not followed in that it said that no telephone participation would be permitted even though Directors participated by telephone. The notice also said that no disciplinary action would be taken against Mr. Schobel even though the ultimate disciplinary action—removal—was allowed to be pursued at the meeting. The notice said that the sole subject of the meeting would be the Hartman Letter even though other attacks against Mr. Schobel on a whole host of subjects—of which Mr. Schobel had no prior warning—were permitted to be discussed and considered. Thus, as a matter of due process and fundamental fairness—particularly from an

organization that purports to be a leader in “professionalism” and ethics for the actuarial profession—the Academy’s action against Mr. Schobel should be set aside.

77. Moreover, had the Academy’s Bylaws or Articles permitted removal of a Director, § 108.35(a) of the Act provides that such removal would have had to have been for cause only. No one advocating or voting for the removal of Mr. Schobel purported to do so for cause.

78. In addition, while § 108.35 of the Act permits Illinois corporations that do not have multiple classes of Directors and/or staggered terms of Directors (unlike the Academy) to remove Directors with or without cause, such removal can occur in only very limited circumstances.

79. Had the Academy’s Bylaws or Articles permitted removal of a Director for cause (or had the Directors of the Academy not been divided into multiple classes with staggered terms), § 108.35(c) would have required that the Academy comply with certain requirements prior to removal—requirements that were not met at the August 5 special meeting. Section 108.35(c) states that “[i]n the case of a corporation with members entitled to vote for directors, no director may be removed, except ... (1) A director may be removed by the affirmative vote of two-thirds of the votes present and voted, either in person or by proxy.”

80. Thus, had the Academy’s Bylaws or Articles permitted removal of a Director for cause, the vote to remove Mr. Schobel would have failed because less than two-thirds of the votes present and voted, either in person or by proxy, voted for his removal.

81. In addition, for corporations with members entitled to vote for Directors, the statute prohibits the removal of a Director “at a meeting of members entitled to vote unless the written notice of such meeting is delivered to all members entitled to vote on removal of

directors.” Section 108.35(c)(2) of the Act provides that: “Such notice shall state that a purpose of the meeting is to vote upon the removal of one or more directors named in the notice. Only the named director or directors may be removed at such meeting.”

82. In this case, had the Act permitted the Academy to remove Mr. Schobel as a Director and Officer in these circumstances, the action would have also failed for insufficient notice since the notice to those members entitled to vote on removal of Directors (*i.e.*, as to Mr. Schobel, the Board of Directors) did not state that a purpose of the August 5 meeting was to vote upon the removal of a Director, let alone the removal of Mr. Schobel as a Director.

The Academy's Actions Violated Illinois Law

83. Despite the fact that the Board's attempt at its August 5 meeting to remove Mr. Schobel from his positions as Director and Officer was invalid under Illinois law, and therefore Mr. Schobel remains a Director and the President-Elect, the Academy has since taken action, in contravention of Illinois law and its own Bylaws, to interfere with and prevent Mr. Schobel from carrying out his responsibilities in those positions and, in connection with such wrongful interference, has knowingly and maliciously disseminated false and defamatory information about Mr. Schobel to third parties.

84. Following the August 5 meeting, the Academy through its Directors began communicating to third parties that Mr. Schobel had been removed by the Board from his positions—information that is patently false and harmful to Mr. Schobel's reputation and other interests.

85. Moreover, beginning on or about August 27, 2009, the Academy began posting the following on the home page of its website, www.actuary.org:

President John P. Parks announced Aug. 27 that he has asked the Academy's Nominating Committee to select a candidate

to fill the vacancy in the office of the President-Elect. The members of the Nominating Committee are Steve Lehmann, Chairperson, Bill Bluhm, Vice Chairperson, John Parks, Tom Finnegan, Roger Hayne, Mike McLaughlin, Larry Sher, and a regular member of the Academy's Board of Directors to be selected shortly by Mr. Parks.

86. Beginning on or about August 27, 2009, the Academy's website no longer identified Mr. Schobel as a Director or as the President-Elect, but instead listed the position of President-Elect as "vacant."

87. An article in National Underwriter Life & Health published on August 28, 2009 under the banner "Breaking News" stated, "The American Academy of Actuaries says Bruce Schobel is no longer its president-elect."

88. The unmistakable implication from the Academy's messages on their website, in the National Underwriter Life and Health article, and, on information and belief, in other oral and written communication on this subject is that Mr. Schobel was removed from office as a result of some type of serious, improper conduct on his part.

89. This is the conclusion that a reasonable reader or listener of the Academy's message would conclude, particularly in light of the fact that the Academy, in its more than 40-year history, has never removed a Director or Officer from his or her position.

90. In fact, it has been the conclusion that many have drawn as evidenced by recent postings on the Actuarial Outpost, a "chat room" for the profession. For example, one poster, in response to the Academy's announcement, stated, "So now that it's been confirmed that Bruce has been removed as president-elect who is likely to be the replacement. Do [Academy] members get to vote or have any say?" Another poster said, "I was told the following by an Academy board member[:] ... [that] the [Academy] board met to remove Bruce Schobel from the office of President-elect (*i.e.*, he was impeached)." Still another poster observed, "Since you

don't lose your [Academy] membership due to being convicted of securities fraud [a reference to a notorious actuary of the past who served prison time for securities fraud but was allowed to maintain his Academy membership in good standing], we can only assume that Bruce did something worse than that.”

91. The Academy's message, which is false because, under Illinois law and the Academy's Bylaws, Mr. Schobel has not been removed from his positions, is causing great harm to Mr. Schobel's reputation and other interests, and is injuring him both personally and professionally.

92. The Academy's illegal action is also interfering with Mr. Schobel's professional activities.

93. For example, Mr. Schobel has numerous longstanding commitments to give speeches before various actuarial groups in the coming weeks, for which the organizers have been touting Mr. Schobel as the next President of the Academy.

94. The Academy has indicated its intention to interfere with Mr. Schobel's ability to appear at these events in his capacity as a Director and President-Elect of the Academy.

Academy's Illegal Attempts to Replace Schobel

95. The Academy Bylaws provide no mechanism for filling a vacant President-Elect position. Indeed, the Bylaws indicate that when that position becomes vacant, it is left vacant until the next annual meeting of the Board when Officer positions, including the incoming President-Elect position, are filled. Article V section 2(b) of the Bylaws provides that at the annual meeting of the Board, if “the office of the President-Elect is vacant, except in the case where the President-Elect has succeeded to the office of the President and has served in that capacity for less than six months, the Directors, by a vote of a majority of the whole Board, shall,

prior to the election of the President-Elect, elect a President to serve from the close of the first subsequent annual meeting of the Academy until the close of the second subsequent annual meeting of the Academy.”

96. Thus, if the President-Elect position were, in fact, vacant now, the Board would simply wait until its annual meeting on October 20, 2009, to elect a new President to begin serving a term at the close of the annual membership meeting on October 26, 2009. Only then would the Board elect a new President-Elect, whose term in that position would be for the October 2009-10 term, to be followed by a term as President for the 2010-11 term.

97. However, in clear contravention of these provisions of the Academy Bylaws, the Board has announced an intention to immediately “fill” the President-Elect position currently occupied by Mr. Schobel in another attempt to interfere with his ability to complete his term as President-Elect/Director and begin his term of service as President/Director for the 2009-10 term on October 26, 2009.

98. If the Board is able to succeed in its illegal scheme, or attempts to elect another person to be the incoming Academy President at the Board’s annual meeting on October 20, 2009, or can otherwise somehow interfere with Mr. Schobel’s ability to automatically ascend to the position of Academy President at the upcoming annual meeting of Academy members on October 26, 2009, the Board and the Academy will have caused irreparable harm to Mr. Schobel in denying him the ability to be the Academy President for the 2009-10 term. No adequate remedy at law exists to replace the lost opportunities, prestige and other tangible and intangible benefits Mr. Schobel would derive and the contributions to the Academy that he would make as the Academy’s President for the 2009-10 term, and also as the past president and Director for the 2010-11 and 2011-12 terms.

99. In addition, the Academy itself and its membership will be substantially harmed by the action of the Academy's Board in failing to comply with its own Bylaws, acting in contravention of Illinois law, failing to comply with its own procedures and meeting notice, depriving Mr. Schobel of due process and a full and fair opportunity to defend himself against the baseless charges against him. Accordingly, the public interest and public policy in general will be served by the Court's intervening to put a stop to the Academy's charade.

COUNT I

Declaratory Judgment

100. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 99 as if set forth herein.

101. The issues about which Mr. Schobel seeks a declaration from the Court reflect an actual controversy within the Court's jurisdiction.

102. The Academy refuses to recognize that Mr. Schobel remains a Director and its President-Elect, and that at the annual meeting of members on October 26, 2009, he will automatically become the President of the Academy for the 2009-10 term in accordance with the Academy's Bylaws.

103. As a result, an important issue concerning the rights of the parties exists that requires adjudication and a declaration by the Court to clarify those rights.

104. The Court should declare that the actions of the Academy and its Board in voting to remove Mr. Schobel from his position as Director and President-Elect are in direct violation of the Illinois law under which the Academy is organized. Moreover, had the Academy followed its own procedures (as reflected in the July 14 meeting notice) and practice of not allowing Directors to attend and vote by telephone, the motion to remove Mr. Schobel would have failed

even by a majority vote. The Court should thus declare that, as such, the Academy's actions, including its vote to remove Mr. Schobel from office as an Academy Director and its President-Elect, are simply invalid and of no legal effect.

105. The Court should further declare that Mr. Schobel remains an Academy Director and its current President-Elect, and, under the Academy's Bylaws, will automatically become the Academy's President for the 2009-10 term at the Academy's annual meeting on October 26, 2009.

106. The Court should further declare that the Academy's efforts to "fill" the current President-Elect position are in violation of the Academy's Bylaws and Illinois law, and are invalid.

107. The Court should further declare that any statements by the Academy to the effect that Mr. Schobel is not a Director and its current President-Elect are false, and any suggestion by the Academy that Mr. Schobel was removed from office as a Director and President-Elect is false and defamatory.

COUNT II

Injunctive Relief

108. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 107 as if set forth herein.

109. Mr. Schobel was duly elected President-Elect and Director of the Academy and, as a result, according to the Academy's Bylaws, is to become the Academy's President and to continue as a Director at the Academy's annual meeting on October 26, 2009.

110. Mr. Schobel will suffer irreparable harm if the Academy is not enjoined from interfering with and preventing Mr. Schobel's efforts to maintain and exercising his rights and

responsibilities of his current position as a Director and President-Elect, and from automatically becoming the Academy's next President at the Academy's annual meeting of members on October, 26, 2009.

111. No adequate remedy at law exists to compensate Mr. Schobel if the Academy is permitted to succeed in its illegal attempts to interfere with and prevent Mr. Schobel from maintaining and continuing to exercise his rights and responsibilities of his current position as a Director and President-Elect and from automatically becoming the Academy's next President at the Academy's annual meeting of members on October, 26, 2009.

112. The benefits to Mr. Schobel by the injunction requested here far outweigh any potential harm that the Academy would suffer by the granting of Mr. Schobel's request for an injunction.

113. The public interest, including the interest of the Academy's members, will be served by the granting of an injunction here to preserve the rights set forth in the Academy's Bylaws and Illinois law that provide for Mr. Schobel to automatically become the Academy President and continue on as a Director on October 26, 2009, and preclude the illegal removal of Mr. Schobel from office by the Academy's Board.

114. Accordingly, the Court should enjoin the Academy from interfering with and preventing Mr. Schobel from continuing to carry on his duties and maintaining his position as Academy Director and President-Elect, and automatically becoming the Academy's President in October 2009 for the 2009-10 term.

115. The Court should further enjoin the Academy's dissemination of false and defamatory information, as well as private information about Mr. Schobel unrelated to his duties as a Director and Officer of the Academy or his actuarial practice, and from interfering with his

exercise of his current position as Director and President-Elect, and holding himself out as an Academy Director and its President-Elect.

COUNT III

Defamation

116. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 115 as if set forth herein.

117. The Academy has knowingly and/or recklessly published and disseminated false and defamatory statements to third parties about Mr. Schobel that have caused substantial injury to his reputation.

118. Among other things, the Academy has stated or implied that Mr. Schobel was removed from office, implying that he committed some type of serious misconduct in his position or generally that would support the removal for the first time in the Academy's 40-year history of a Director and/or Officer of the Academy.

119. The Academy's statements and the implications drawn from the Academy's statements are defamatory because they tend to injure Mr. Schobel in his profession and employment as a professional actuary.

120. The Academy's statements were understood by third parties to be defamatory of and concerning Mr. Schobel.

121. The Academy made these false and defamatory statements and implications with knowledge of their falsity and/or reckless disregard for their truth or falsity.

122. The Academy was aware of the defamatory implication of its statements about Mr. Schobel, and intended and endorsed the defamatory implication.

123. The Academy made these false and defamatory statements with both common-law and actual malice, and with the intent of harming Mr. Schobel.

124. The Academy's false and defamatory statements have caused substantial injury to Mr. Schobel's reputation and other interests, both personal and professional. Among other things, the Academy's actions have caused and continue to cause Mr. Schobel great emotional distress, pain, embarrassment, humiliation and other personal injury. They have also caused and continue to cause Mr. Schobel financial injury, and have exposed him to ridicule.

125. The injuries that the Academy has caused Mr. Schobel exceed \$1 million.

COUNT IV

Invasion of Privacy/False Light

126. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 125 as if set forth herein.

127. The Academy's illegal actions against Mr. Schobel and the publicity the Academy has given to its illegal and invalid efforts to remove Mr. Schobel from his positions as Director and President-Elect have placed Mr. Schobel in a false light and have invaded his privacy.

128. The Academy's actions and statements have attributed characteristics to Mr. Schobel that are false.

129. The false light in which the Academy has placed Mr. Schobel and the manner in which they have done so would be highly offensive to a reasonable person.

130. The Academy had knowledge of or acted in reckless disregard as to the falsity of the publicized matter and the false light in which Mr. Schobel has been and continues to be placed.

131. The Academy's actions have caused and continue to cause great personal injury to Mr. Schobel, including emotional distress, pain, embarrassment, humiliation and other personal injury. They have also caused and continue to cause Mr. Schobel financial injury, and have exposed him to ridicule.

132. The amount of Mr. Schobel's injuries exceeds \$1 million.

COUNT V

Negligence

133. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 132 as if set forth herein.

134. The Academy owed a duty to Mr. Schobel and its membership generally to follow its Bylaws and Illinois law. The Academy further owed a duty to Mr. Schobel to allow him to become the Academy's President for the 2009-10 term beginning in October 2009.

135. The Academy breached its duty by negligently, recklessly, knowingly and/or intentionally ignoring its Bylaws and applicable Illinois law, and acting in contravention of them in attempting to: remove Mr. Schobel from office; preclude Mr. Schobel from exercising the positions to which he had been duly elected; and prevent Mr. Schobel from becoming the next President of the Academy and continuing as a Director for the 2009-10 term.

136. The Academy's breach of its duty to Mr. Schobel was the proximate cause of substantial personal injury to Mr. Schobel, in excess of \$1 million.

137. Moreover, the Academy's tortious conduct was deliberate, knowing, reckless, malicious, willful and/or wanton, for which the Academy should be punished through the award of punitive damages to Mr. Schobel in an amount in excess of \$1 million.

COUNT VI

Detrimental Reliance/Promissory Estoppel

138. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 137 as if set forth herein.

139. In accordance with its Bylaws, the Academy, in nominating and electing Mr. Schobel to be the Academy's President-Elect for its 2008-09 term promised to make Mr. Schobel its President for its 2009-10 term.

140. The Academy reasonably expected that its promise would induce action or forbearance by Mr. Schobel.

141. In light of the language of the Bylaws, Mr. Schobel reasonably expected that he would become the Academy's President for its 2009-10 term if he agreed to serve as the Academy's President-Elect for its 2008-09 term.

142. The Academy's promise induced actual and recognizable action or forbearance by Mr. Schobel.

143. Had the Academy and its Bylaws not promised that Mr. Schobel would become the Academy's President for its 2009-10 term if he agreed to serve as the Academy's President-Elect for its 2008-09 term, Mr. Schobel would not have agreed to serve as and would not have served as the Academy's President-Elect for its 2008-09 term.

144. In agreeing to serve as the Academy's President-Elect for its 2008-09 term, Mr. Schobel detrimentally relied on the Academy's promise that he would automatically become the Academy's President for its 2009-10 term.

145. In so doing, Mr. Schobel gave the Academy his time and energy, and made other contributions to the Academy in detrimental reliance on the Academy's promise that he would automatically become the Academy's President for its 2009-10 term.

146. In doing this, Mr. Schobel reasonably expected to derive certain tangible and intangible benefits associated with becoming the Academy's President during its 2009-10 term.

147. The Academy's refusal to allow Mr. Schobel to serve as the Academy's President for its 2009-10 term is in violation of its promise to Mr. Schobel, upon which he detrimentally relied, and has caused and will continue to cause great personal, professional and financial injury.

148. The detriment resulting from the Academy's action can be remedied only by the enforcement of the promise by the Academy.

COUNT VII

Tortious Interference

149. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 148 as if set forth herein.

150. Mr. Schobel has certain commitments to appear in his capacity as President-Elect to give speeches and participate in other activities that would benefit Mr. Schobel and the organizations with whom he agreed to participate. Two such commitments have been scheduled for September 10 and 11, 2009, with additional ones scheduled for shortly thereafter.

151. Mr. Schobel reasonably expected to have additional commitments to appear in his capacity as President-Elect and thereafter as President to give speeches and participate in other activities that would benefit Mr. Schobel and the organizations with whom he agreed to participate.

152. The Academy had knowledge of Mr. Schobel's commitments, most of which the Academy arranged, and anticipated future commitments.

153. The Academy intentionally and improperly engaged in conduct to induce these organizations to breach their commitment with Mr. Schobel or render it impossible for Mr. Schobel and these organizations to perform under the terms of their commitment.

154. As a result of the Academy's actions, it is now impossible for these organizations to perform the commitments to which they committed to Mr. Schobel, and vice versa.

155. As a result of the Academy's interference with Mr. Schobel's actual and prospective business relations, Mr. Schobel has sustained and will sustain damages in excess of \$1 million.

COUNT VIII

Indemnification

156. Mr. Schobel repeats and realleges each and every allegation contained in paragraphs 1 through 155 as if set forth herein.

157. As a result of the actions of Hartman and others, Mr. Schobel has sustained significant expenses, including costs and attorneys' fees, and will continue to sustain significant expenses, including costs and attorneys' fees, in defending himself and preserving his rights in his capacity as a Director and Officer of the Academy.

158. Article XIII of the Academy's Bylaws provides for the indemnification by the Academy of an Officer or Director against all costs and expenses (including but not limited to legal fees) reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, in which an Officer or Director may be involved by virtue of his or her being or having been an Officer or Director.

159. Section 108.75 of the Illinois Act similarly provides for the indemnification of an Officer or Director of an Illinois corporation chartered under the Act.

160. Accordingly, the Academy must indemnify Mr. Schobel for all costs and expenses, including legal fees, that he has incurred or will incur in connection with the circumstances giving rise to, identified in, and the subject of these proceedings that have required Mr. Schobel to defend himself from attacks against him by the Academy and others.

RELIEF REQUESTED

For the reasons set forth above, Plaintiff Bruce D. Schobel respectfully requests that this Court enter judgment:

A. declaring that:

- (1) the actions of the Academy and its Board in voting to remove Mr. Schobel from his position as Director and President-Elect are in direct violation of the Illinois law under which the Academy is organized;
- (2) the Academy's actions against Mr. Schobel, including its vote to remove Mr. Schobel from office as an Academy Director and its President-Elect, are invalid and of no legal effect;
- (3) Mr. Schobel remains an Academy Director and its current President-Elect, and, under the Academy's Bylaws, will automatically become the Academy's President for the 2009-10 term at the Academy's annual meeting on October 26, 2009;
- (4) the Academy's efforts to "fill" the current President-Elect position are in violation of the Academy's Bylaws and Illinois law, and are invalid; and

(5) any statements by the Academy to the effect that Mr. Schobel is not a Director and its current President-Elect are false, and any suggestion by the Academy that Mr. Schobel was removed from office as a Director and President-Elect is false and defamatory;

B. enjoining the Academy from:

(1) interfering with and preventing Mr. Schobel from continuing to carry on his duties and to maintain his position as Academy Director and President-Elect, and from automatically becoming the Academy's President in October 2009 for the 2009-10 term;

(2) disseminating false and defamatory information, as well as private information about Mr. Schobel;

(3) interfering with Mr. Schobel's exercise of his current position as Director and President-Elect, and holding himself out as an Academy Director and its President-Elect;

C. awarding Mr. Schobel compensatory damages in excess of \$1 million;

D. awarding Mr. Schobel punitive damages in excess of \$1 million;

E. ordering the Academy to indemnify Mr. Schobel for all costs and expenses, including legal fees, that he has incurred in connection with Hartman and the Academy's actions;

F. awarding Mr. Schobel attorneys' fees and costs relating to this action; and

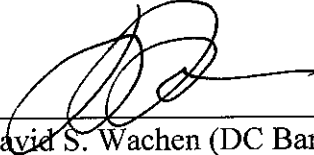
G. granting such additional relief as may be just and proper.

JURY DEMAND

Bruce D. Schobel hereby demands a trial by jury on all claims so triable.

Dated: September 1, 2009

Respectfully submitted,



David S. Wachen (DC Bar No. 441836)
Christine P. Hsu (DC Bar No. 452209)
SHULMAN, ROGERS, GANDAL,
PORDY & ECKER, P.A.
12505 Park Potomac Avenue, Sixth Floor
Potomac, MD 20854
(301) 230-5200
Fax (301) 230-2891

Attorneys for Plaintiff Bruce D. Schobel