

August 23rd & 24th 2014 (Saturday & Sunday; weekend of intense work goes on): Root working on voluntary professional supporting analysis, as DNF member-owner and Alpine Analytics business consultant.

Kim shares with Root & Pat key internal communications proving Board intent and timing; writes her own timeline.

Deeper inside information brought to Root and Pat's attention regarding the contentious early press release content and its timing, which members have demanded as their right to know. Also, communication proof that Geoff, a marketing executive for a firm in Kansas City, planned an intensive sales effort to 50 or so "key member" (top buyers) to pre-sell them on the merger at a special private meeting before any general membership was aware of it, thus forming the basis for a positive approval vote, especially if members are apathetic about attending "Board Meetings;" followed by an accelerated schedule for member information meeting and final approval vote by members. In other words, a full blown planned effort to slip this sale through before anyone knows what really happened.

In time-chronological order (not reverse email reply order)

Date: 8/23/2014 9:44 AM

From: Root

To: Pat

Cc: Kim

Subject: Root's supporting analysis activity and timing of recall petition blast

Working hard today, as I've been doing all week getting up to speed on everything I can about our DNF business. Doing a thorough analysis and will be writing that up today. Had good hour meeting with Kim Friday and got lots of more insight to how good of shape we are in and what needs to be addressed in the future, as well as other things.

Will be in touch later. I think pretty strongly, given the board is about to send something out, we should get our petition blast out tomorrow, Sunday, which allows us to respond to the way things are right now; no weasel room for apologetic backtracking. Thoughts? I should have everything ready to look at by Sunday late afternoon. Could you please put Steven on notice to 'standby' late Sunday to get the petition up once you and I agree on its format and content?

Thanks much,
Root

Date: 8/23/2014 12:05 PM

From: Pat

To: Root

Cc: Kim

Subject: Thoughts on this

Root,

Again, thanks for your in depth analysis and support for our local DNF. I have contacted Stephen but he hasn't replied yet. I'll try again. Re-read the bylaws; signatures may be required electronically. Also the bylaws state that the board can withhold certain information from the members if it deems

confidentiality is at stake. I'm going to talk Fred [a personal friend attorney and DNF member] and get his thoughts first.

Pat

Earlier in the day, Saturday, DNF Staff are getting distressing comments from members and customers. They are put in an awkward position of having to avoid discussing it, making whatever excuses they can.

8/23/2014 9:24 AM: Staff member Amy reaches out to Board for guidance:

Hello Board,

I wanted to reach out to you and ask about any kind of press release that you might be preparing to address the merger update with customers. I understand we as employees are not supposed to tell owners outright that the merger is off the table, but I am unclear as to how we should approach the subject if it's brought up. I have had several encounters with owners who are looking for an update or want to know my personal opinion about the merger. I feel uncomfortable skirting around the truth, and would appreciate any suggestions you may have.

Thanks, and have a great day!

Amy Kipnis

Later that afternoon, Root hears of DNF staff in virtual revolt wanting Board dumped; customers irate.

Date: 8/23/2014 4:06 PM [Saturday after previous Monday's board meeting and petition signing]

From: Root

To: Kim

Cc: Pat

Subject: RE: Releasing Information to customers

Kim, we're a few minutes out of step. I was just at DNF and Guthrie made a copy of the Board's letter of explanation to the members (now I understand what the new "Board's board" is right inside the front door at DNF). [see Board's 8/21 document: 2014-08-21.DNF-Board.ResponseLetterToDNF-Members-Re-OurChallengeToProposedMerger.pdf]

Guthrie says all the staff is in agreement to dump this board and have been working on their own petition (not knowing what Pat and I have been up to). He says many members coming in the store have also made the comment, "Where's the petition to have this board step down? I want to sign it!" I told him to send me the wording the staff are working on and to hold for a couple of days, as we're about to go out with ours. But they may have useful ideas/wording that I want to know about in order to incorporate anything we've missed.

The 8/21 letter the Board put up has wording that strengthens every argument I will be making to get rid of this board. It's terrific to have that before we go out, which will be tomorrow, so HEADS UP ON THAT. Pat is making sure Steve is ready to put our petition wording in the electronic web petition he has set up already to go, once he gets our question wording. Pat, I still need to speak with Steve Harmon so I understand the formatting and word limitations; how the answers are set up and recorded, etc (technical detail).

Kim, I will have a full analysis backing up the petition titled: "DNF Board's Proposals and Members' Value Analysis — Why this Board needs to be removed." Will be in close touch.

Root

Date: 8/23/2014 5:13 PM [Saturday late afternoon]
From: Kim
To: Root
Cc: Pat
Subject: RE: Releasing Information to customers

Hi Root & Pat,

Yes it is true my staff is restless to remove the Board. Staff feels although the takeover may have been beneficial they are upset that the Board acts like they run the show. Besides shopping at DNF occasionally, announcing Joshua's [previous GM] departure, and the possible takeover by LMC, the staff never sees or interacts with the Board. They also feel the Board had many opportunities to provide information, to listen to members, to connect with the community, but they hide behind doors. I'm sure Guthrie went into more detail about the staff's feelings. I know that prior to the takeover discussions the staff was wondering why we had no GM and why Brian and I were, after 8 months, still juggling our co-GM jobs as well as our other duties. Root I know the staff was coming up with a list of their reasons to remove the Board, I'm sure they will share it.

I received a scanned copy of the letter from the Board about the merger being off the table; it appears to blame others and they do not take any responsibility themselves. I honestly felt that letter to be threatening...

Well, I am available to assist over the weekend. I am trying to rest my nervous system, but want to help however I can. Just let me know what you need. I changed cell phone provider yesterday, my new number is [970-xxx-xxxx]. I still have my other cell but it will be turned off Monday.

Thank you both for your hard work, time and energy these last two weeks. I know this has been stressful on more than one level, however I feel that staying local and working with our members and community is essential. You are both so caring to assist DNF and its members; we are so lucky to have you both to get us to a better place.

Best,

Kimberly Wiggins
Co-General Manager
Durango Natural Foods Co-op

Date: 8/23/2014 9:16 PM [Saturday late afternoon]
From: Root
To: Kim
Subject: [Root's reply to Kim's event timeline further below; update on staff feelings from Guthrie]

Kim, all of this is so helpful. I just had an hour conversation at my place with Guthrie, who shared the draft he and other staff had worked up for a petition. We've got everything they were thinking of covered. He also gave me a 1-page bullet list titled: "Pressing Concerns and Reasoning for the Recall". Very helpful and I'll use several phrases I didn't yet have covered. Also, he told me that maybe every third member is asking about where the petition is to fire the Board, they want to sign it. Momentum is building. This should be big!

Root

Same day, Saturday:

Below, Kim shares a series of crucial communication and timeline information, with supporting documents. We find ourselves in a battle with an entrenched Board that has consistently lied and distorted the facts surrounding their effort to sell DNF to LMC.

Date: 8/23/2014 5:48 PM [Saturday after previous Monday's board meeting and petition signing]
From: Kim
To: Root
Subject: FW: Press Release attached to **August 6th email** from Board's consultant to DNF Board [these are internal documents; part of a larger set]

Root,
Information regarding August 6th.

Attached:

- press release
- board communication plan (please be discreet with this, as only the board and co-GMs had this)

Kim

Date: 8/23/2014 5:52 PM [Saturday evening]
From: Kim
To: Root
Subject: FW: Top 101 With Contact Info
[Kim forwards August 5th and 6th internal communications below, where Geoff is requesting from Kim a list of "key members", the top 101 (later 50) buyers; and wants to know who the key contact is at Turtle Lake Refuge (TLR).]

Date: 8/05/2014 4:56 PM [Kim sends results to principal board members behind the merger effort, Geoff, Victoria and Paul, with cc to Brian]

Hi Geoff,

Hope you are well. Evid just finished this task so I wanted to send it right over. Here are the top buyers from the co-op and their contact info.

As to your question: Who is our main contact at Turtle Lake Refuge? It is Pat Blair or Katrina Blair.

If you need anything else please let me know.

Kim

Date: 8/23/2014 [6:31 PM](#)

From: Kim

To: Root

Subject: Kim's Timeline of Events – August 6th through August 18th

[This is the real story of the developments leading up to a member revolt. It starts with:

August 6th: Board informs DNF staff, with LMC GM present, that DNF is going to merge with LMC; and announces same at meeting that evening with DNF Co-GMs, LMC GM Terry Bowling, and “key DNF members”; hands out PR with exact same wording as the August 11th PR released to all members. Ends with: **August 18th**: Board meeting with member petitions to stop merger]

Hi Root,

Brian and I were told about the merger in early June. It was again discussed outside of the Board meeting in June and in an executive session in July. Brian and I didn't know much about the merger, we had asked a few questions and received no answers... we were told not to talk to La Montañita staff or their GM Terry Bowling. The Board tried to keep us out of discussions and spent money on lawyers and accountants, against my advisement and a lack of a budget, to assist in the wording of the Letter of Intent for the merger. We were also told not to tell staff or members; a big weight to bare.

Wednesday, August 6th

- The board met with staff at 3:30 p.m. The meeting consisted of the Press Release (PR was sent to me prior) being handed out and Geoff stating we were “merging” with La Montañita. Terry Bowling La Montañita's GM also spoke to staff.
- 7:30 pm at Eno the Board, Brian and I, Terry from La Montañita and about 8 DNF members met. I was told this was an open meeting and a Q & A session. It was similar to the meeting with the staff, the Press Release was handed out, Geoff stated we were merging with La Montañita and said it was a great opportunity—a win/win/win. Terry spoke briefly there was overall a positive response.

Thursday, August 7th

- I met with Victoria from the Board to tell her the staff felt that the delivery of the merger was not met well by staff and that staff does not want Geoff to represent them in the merger. [see post August 6th meeting email from Board consultant Mark Goehring to Geoff and DNF Board, and LMC GM, Terry below: confirmation of final rapid timeline and one-on-one sales phone calls to “key members”]

Friday, August 8th

- Geoff asked me to send off the Press Release as is in the e-mail blast
- I sent the release to Brett for him to work on Monday [see email below; Kim notes “as is” in the email to Brett because of Geoff's request to not change anything, since Brett would typically word edit releases—this belies Geoff's claim it was just a draft, not yet finalized]

Monday, August 11th

- We hold a staff meeting to discuss merger. Some people are pro merger, most are upset at the Board. We compile a list of questions for La Montañita, I send them off that afternoon.
- E-mail blast is sent off early [went out Monday evening; was planned for Tuesday morning]

Wednesday, August 13th

- I receive Terry's responses from the staff's questions to La Montañita and share them with our staff – staff is outraged that the few selling points they were most interested in seem to be lies, i.e. everyone keeping their job and prices being lower (a false fact, which I have verified with the NCGA as they have no way to guarantee our prices would be lower that would then be up to LM)
- I sent the Board their weekly report with Terry's response attached

Friday, August 15th

- I receive a phone call from Geoff while at work in the warehouse, where he asks why staff is telling members that staff will lose their jobs. I tell him because it is true. He gets upset and says it is not and I tell him to read my e-mail I sent on Wednesday.

Monday, August 18th

- I receive a phone call from Geoff, again I am in the warehouse, saying that some members are calling him saying that our DNF e-mail blast (from prior week) is biased and that we are not able to talk about the merger in the e-mail blast any more. He says the blast says that members have a right to know and vote and that isn't true. I say that isn't true, we are a cooperative and every member deserves to know the truth.
- DNF Board Meeting at Turtle Lake Retreat Center

The rest you know as well as I do.

Hope this helps!



Kimberly Wiggins

Co-General Manager

Finance & HR

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Date: 8/7/2014 7:22 AM [Saturday late afternoon]

From: Mark Goehring [CDS Consulting, DNF consultant facilitating "merger" with LMC]

To: Geoff [DNF Board president]

Cc: Key DNF merger Board members; Terry, LMC GM

Subject: Merger Timeline notes [Kim highlighted key timeline data; **it will be readily apparent that the intent is to catch DNF members off guard, not expecting to lose their coop**]

Geoff (and others):

Here are my notes re the timeline.

Definitive agreement work begins. Initial draft ready by Sept 3. Segments provided earlier. [based on contents of already signed letter of agreement between Geoff and Terry]

Continue with 1:1 calls [this is the sales effort to key members; regular members have no idea what is going on at this point]

Send email to members on Tues, Aug 12 [this is the planned timing of PR to members]

Send press release to newspapers Tues for Thursday (or later) distribution

Sept 8, information packets ready (though final deadline for this would be Sept 22) [less than two weeks before voting starts]

Sept 9, begin communications with members [this would have been the first point when members would have any idea of what this “merger” meant, depending on what they planned to share; 7 days before deadline for definitive agreement]

Sept 16 final deadline for definitive agreement

15 day warning no later than Sept 19

Ballot prepared

Sept 22... information meeting for Q&A maybe with La Montañita [less than two weeks before voting starts]

- **Meet with key staff re communications**

Oct 5 informational meeting and harvest festival [voting starts this day]

- **1 hour special info session**

Oct 13, voting period concludes

Sat, Oct 18... La Montañita Annual Meeting and Co-op Cafe

Information packet to include:

General description of what's going on – includes board support of recommendation of member approval of merger

Press release

Q&A with predictable questions (if helpful)

La Montañita information

Voting process...

Voting will begin on Oct 5 and be conducted via a paper ballot.

The information packet and ballot will be available in the store.

Mark Goehring, CDS Consulting

Date: 8/8/2014 12:44 PM [Saturday late afternoon]

From: Kim

To: Brett [DNF Outreach communication]

Subject: LMC Merger Press Release

Hi Brett,

Geoff would like you to put his press release as the e-mail blast next week (as is). See attached.

Thank you,
Kim



Kimberly Wiggins

**Co-General Manager
Finance & HR**

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Root's FW Notes to Pat, RE: Above noted internal communication plans & August 5th & 6th documents & meeting

Date: 8/24/2014 9:15 PM [now Sunday, one week after previous Monday's board meeting]

From: Root

To: Pat

Subject: Pat, this is juicy; note to be discreet and not share this. FW: Press Release [attached to August 6th email from Board's consultant to DNF Board]

Pat, check out the date of the exact PR that was released Aug 11th; it's ready to go with same wording Aug 6th. Especially check the "Board communication plan" pdf — you'll be shocked but not surprised how far this had already gone and how it was planned to keep all but "key members" out of the loop, even signing the definitive agreement before any details sent to members

Don't share (see Kim's note)

Root

8/24/2014 9:15 PM [Sunday evening: Root FW Kim's email and attachments and timeline summary to Pat]

Pat,

See Aug 5th and 6th communication between Geoff and Kim below; note TLR reference. Kim was asked to pull together list of top 50 buys from DNF as "key members".

Re: Timeline summary and all of above—Unbelievable!!

Root

Date: 8/24/2014 10:23 PM [Sunday late evening]

From: Root

To: Pat

Subject: FW: Consultants Timeline notes, August 7th

Pat:

Aug 7th memo by consultant; voting planned to be Oct 5th by paper ballot with info packet available at store. They really were planning to do a sneak attack and slip this by unaware members, hoping for the usual low turnout, with board support and membership approval urged. Q&A with answers prepared for "predictable Q's". Note timeline with Kim's highlights; already lobbying "key members" with one-on-one phone calls. Only 15 day warning to members about vote. Speaking as if it's a done deal.

Root

Aside note on inside information relevant to these communications: At this crucial point, Kim makes a morally conscious decision to share important 'inside' information with Root and Pat, including at this point an earlier copy of the PR, a file titled: "DNF Press Release Aug 6 2014.docx"; and communication plan from Board's consultant, in a file titled: "Board Communication Plan.pdf" — information which she knows proves that claims made to the membership by Board president Geoff on the PR intent, content and planned timing, are blatant fabrications and falsehoods. As things proceed, Geoff accuses Kim of purposely releasing an "unfinished draft" of the PR on August 11th "earlier than" she was told to; and "before the Board had a chance to sell it to the members;" thus precipitating the quick member alert by Root late that August 11th evening, and the subsequent petitions to stop the merger at the August 18th board meeting (where 60 members were present). A while later, Kim is summarily fired by Geoff with no notice; no reason given (more on this later); and Brian is simultaneously promoted to GM.

In fact, this August 6th PR was presented to "key members" and DNF staff, and was the exact wording of the one released on August 11th to the broader membership; not an unfinished early draft, as Geoff has insisted. That PR had been a final prepared press release a week prior, and Kim simply released it to the membership when she was told.

Although this background information was very helpful in analyzing what was going on behind the members' backs and verifying the obvious intent; we (Root and Pat) do not disclose this and other inside information until September 17th, 2014, when the entire set was given to *The Durango Herald*, our major local newspaper, putting it in the public domain. We were hoping the *Herald* would do due diligence and press the DNF Board president with tough questions based on these documents. That did not happen; however, we were prepared to share them with the membership right after the Board's regularly scheduled September 22nd Board meeting, in which they would address our recall petition. However, Pat had shared the information and showed the documents to petition signers who were interested, as she collected recall signatures outside of DNF for a week.

These documents contain information that even though held tightly by this Board, the member-owners have a right to know standing on first principles of accountability and democratic control of our co-op, which was almost sold out from underneath us with little warning. They expose this Board for what it has done; not in a personal attack way, but in a way that holds them accountable to the members for their statements, misrepresentations, actions and decisions. The entire set is disclosed with this exposé.

To wit: Below is an excerpt of the Board letter to members sent out on Monday, August 25th. If you've followed the email string(s) and internal communication and other documents above, you can see the blatant lies. As much as we pressed them; the Board was never willing to provide *any* backup documents that *proved* anything they were claiming was true about this merger. That is no wonder, since they all would have exposed their lies. Yet, they have never let go of their story.

Date: 8/25/2014 10:04 AM [Monday, day of Board's letter to all members regarding "merger"]
From: Root
To: Pat & Kim
Subject: An excerpt of Board's letter to members, full of fabrications and falsehoods and blaming of members who successfully stopped the "merger"

Here's an excerpt where I note that that I'm attaching a scanned copy of the Aug 21st letter; so if you don't have to get their letter into an email blast until this afternoon, the members will already have it by mid-day.

Friday's August 21st letter to the members (posted Friday on the "Board's board" at the entryway of DNF; but blasted out Monday the 25th) [see: 2014-08-21.DNF-Board.ResponseLetterToDNF-Members-Re-OurChallengeToProposedMerger.pdf]. It's so ridiculous you must read it, so I've scanned a copy and attached it as an appendix, announcing that the "merger" was now deemed by LMC as not a good fit, is clearly a farce in its content, lack of truthfulness and cynical tone. A short couple of excerpts:

"To clarify, the Letter of Intent was only designed for the sole purpose of *discussing a possible merger*" [original emphasis]. Taking no responsibility themselves, the letter blames the failure on members: "Unfortunately, at this point in time, we were not allowed to fully articulate that vision before short sightedness, on the part of relatively few, intervened in that process. Unfortunately the communication plan the Board decided upon was bypassed and that simple occurrence ultimately brought the *discussion* [original emphasis] to a premature and abrupt end. These actions prohibited the staff and membership from being able to fully discuss and

understand the issues. The Board had no intention of pushing this idea on the Co-op Owners. The Board wanted an open *discussion* [original emphasis].”

Clearly, the communication plan was not “bypassed”, it was followed to the letter.

Root