

067-319587-20
CAUSE NO. _____

BAYLOR UNIVERSITY, and
SOUTHWESTERN BAPTIST
THEOLOGICAL SEMINARY,
Plaintiffs,

v.

HAROLD E. RILEY FOUNDATION,
and MIKE C. HUGHES,
Defendants.

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IN THE DISTRICT COURT

OF TARRANT COUNTY, TEXAS

_____ JUDICIAL DISTRICT

PLAINTIFFS' ORIGINAL PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

COME NOW Baylor University and Southwestern Baptist Theological Seminary, Plaintiffs herein, and complains of the Defendants herein, and for cause of action would show the Court as follows:

SUMMARY

Harold Riley was a renowned businessman who put his passion for philanthropy into action. In 2002, Mr. Riley created the Harold E. Riley Foundation ("Foundation") a Texas nonprofit corporation. The Foundation acted as a charitable trust and was funded using shares of stock Mr. Riley held in Citizens, Inc., the Austin-based insurance company that Mr. Riley founded. On Mr. Riley's death in 2017, his remaining shares in Citizens were transferred to the Foundation.

The purpose of the Foundation is as noble as it is clear: provide longstanding financial support to Baylor University and Southwestern Baptist Theological Seminary—institutions for which Mr. Riley had great affection. The Foundation's Articles of Incorporation explicitly codified this purpose and Mr. Riley's intent. Specifically, the Articles provide that Baylor and Southwestern are the Foundation's sole and equal Charitable Members and Beneficiaries. To that end, the Foundation's assets—Mr.

Riley's Citizens' shares, valued in excess of \$10 million—are to be used exclusively for, and provided solely to, Baylor and Southwestern. Unfortunately, Defendants' recent conduct is directly contrary to this purpose.

To ensure that Mr. Riley's charitable intent was preserved, the Foundation's Bylaws provide Baylor and Southwestern with important governance roles. Specifically, the Articles designated Baylor and Southwestern as Charitable Members and entitle each to three (3) seats on the Board of Trustees, for a total of six (6). This is crucial because the Foundation's Bylaws establish an eleven (11) member Board, where Baylor and Southwestern have majority control of the Board with their six (6) appointed Trustees. This is unsurprising since they are the sole Beneficiaries of the Foundation and are the exclusive objects of its charitable purpose.

Less than one year after Mr. Riley's death, in the Summer of 2018, Defendants—the purported 'Trustees' of the Foundation—began what can only be described as an attempted coup, an attempt to strip Baylor and Southwestern of these rights, and a material change in the overall purpose and use of the Foundation and its assets. Specifically, on June 11, 2018 Defendants—in secret and using a claim of 'corporate governance'—made dramatic changes to the Foundation's Articles and Bylaws. These included (i) revoking Baylor and Southwestern's status as Charitable Members, (ii) morphing the Foundation from a public charity to a private foundation, (iii) modifying the Foundation's underlying purpose, and (iv) eliminating Baylor and Southwestern's places on and input in the Foundation's Board of Trustees. In short, Defendants have attempted to remove the Foundation's only Beneficiaries from any governance roles while simultaneously restructuring the very nature of the Foundation.

This secret coup appears to be an attempt to seize control of the Foundation and its assets; *i.e.*, Mr. Riley's Citizens' shares. Defendants' efforts to change the trust and eliminate the Beneficiaries' ability to appoint trustees was apparently not enough. Defendants are *now* trying to seize control of the one business whose stock forms the primary asset of the Foundation. In the recent weeks,

Defendants and the purported ‘Trustees’ attempted to unseat longstanding, well-qualified members of Citizens’ Board of Directors and replace them with certain Foundation Trustees and their friends without notice to Baylor or Southwestern and in violation of Foundation internal guidelines.¹ Yet these attempted appointments to the highly paid Director positions at Citizens do not appear to have executive or relevant industry experience, and one was removed from a leadership role of Southwestern in disgrace.

In addition, it now appears that over the past year Defendants have caused the Foundation to sell off nearly three-quarters of a million shares of Citizens’ stock, valued at over **\$4 million**. During this same time period, Baylor and Southwestern received hardly a fraction of that amount while records show the Foundation purchased an expensive SUV and spent hundreds of thousands on high-priced law firms to engineer the secret coup for the Defendants’ attempted power grab. Defendants do not appear to be ‘done.’ Indeed, they have recently made known their intention to sell the Foundation’s remaining Citizens’ shares.

Defendants’ actions are squarely at odds with the foundational purpose of Mr. Riley’s charity and Texas law. The Foundation must not be mutated into a vehicle to satisfy the individual Defendant’s personal aims. Judicial intervention is necessary in order to preserve Mr. Riley’s vision and gifts, restore the Foundation to its original noble purpose, and halt Defendants’ improper conduct.

I. PARTIES

1. Plaintiff Baylor University (“Baylor”) is a Texas non-profit corporation with its principal office in Waco, McLennan County, Texas.

2. Plaintiff Southwestern Baptist Theological Seminary (“Southwestern”) is a Texas non-profit corporation with its principal office in Fort Worth, Tarrant County Texas.

¹ As explained in more detail below, the Foundation has the ability to nominate Citizens’ Board Members.

3. Defendant Harold E. Riley Foundation (“Foundation”) is a Texas non-profit corporation with its principal office in Fort Worth, Tarrant County, Texas, and may be served by service upon the following person: Mike Hughes, the CEO, President, and Registered Agent thereof, at the either of the following addresses: 2001 West Seminary Drive, Fort Worth, Texas 76115 or at 10324 Westridge Road, Fort Worth, Texas 76126.

4. Defendant Mike C. Hughes (“Hughes”) is an individual, purporting to be the CEO, President and Registered Agent of the Foundation, as well as a purported Trustee, and may be served with process by serving Mike C. Hughes, who may be found at either 2001 West Seminary Drive, Fort Worth, Texas 76115 or at 10324 Westridge Road, Fort Worth, Texas 76126.

II. VENUE AND JURISDICTION

5. Venue and jurisdiction are proper in this court pursuant to Texas Civil Practice and Remedies Code §§ 15.002(a)(1)-(3), 37.003, and 37.004(a)-(b). Tarrant County is the county in which all or a substantial part of the events or omissions giving rise to the claims occurred.

III. DISCOVERY AND DISCLOSURES

6. Plaintiffs respectfully request that discovery be conducted at Level 3, pursuant to Texas Rule of Civil Procedure 190..

IV. FACTUAL BACKGROUND

7. The Foundation was established solely for the benefit of Baylor and Southwestern.

8. The Foundation was formed and was granted a Texas charter as a nonprofit corporation on December 4, 2002. During his lifetime Harold E. Riley (“Riley”) directed the creation and filing of the Articles of Incorporation on December 4, 2002 (“Existing Articles”) and the Bylaws, as amended and restated on January 1, 2015 (“Existing Bylaws”) of the Foundation. Copies of the Existing Articles and Existing Bylaws are attached to this Petition as Exhibits A and B, respectively.

9. To fund the Trust, Riley wrote and executed his Last Will and Testament (“Will”) and

the Harold E. Riley Trust, as amended and restated (“Trust”). True copies of the Will and Trust are attached as Exhibits C and D, respectively. The Trust is a self-settled, revocable trust into which Riley gifted and transferred all (*i.e.*, 100%) of the 1,001,714 Class B shares of common stock of Citizens (“B Shares”) of Citizens, Inc. (“Citizens”). Riley himself acted as the sole Trustee of the Trust until the time of his death on September 21, 2017. Pursuant to the express provisions of the Trust, upon the death of Riley, all B Shares were transferred by gift, on behalf of Riley, from the Trust to the Foundation, and pursuant to the Will, Riley transferred 1,811,742 A shares (“A Shares”) to the Foundation.

10. The Holder of the Class B Shares has the power to appoint a controlling majority of the directors of Citizens.

11. The A Shares are part of the publicly traded stock of Citizens. The A Shares and B Shares (collectively, the “Citizens Stock”) are estimated to have a value in excess of \$10 million.

12. Riley established the purpose of the Foundation, as well as his gift of the Citizens Stock to the Foundation, in the Will, the Trust, the Existing Articles and the Existing Bylaws (collectively, the “Riley Donation Documents”).

13. Article Four of the Existing Articles states that:

The [Foundation] is organized and shall be operated exclusively for religious, charitable and educational purposes . . . as provided in the Articles of Incorporation of Baylor University . . . and Southwestern Baptist Theological Seminary . . . (collectively, the “Charitable Beneficiaries”)

14. Thus, the purpose of the Foundation requires that: (i) Baylor and Southwestern be the two equal intended beneficiaries of the Trust, and (ii) Baylor and Southwestern are to be the exclusive and only Charitable Beneficiaries of the Foundation. In accordance with that purpose and the Existing Articles, and the Existing Bylaws, the Citizens Stock - the primary asset of the Foundation - is to be held and distributed exclusively for and to the two Charitable Beneficiaries.

15. Article Five of the Existing Articles provides that the Foundation “*shall*” have two

classes of members: Charitable Members (consisting exclusively of Baylor and Southwestern) and (ii) Individual Members. Article Five further states that “*each class of members shall have such rights . . . as provided in the Bylaws*”.

16. Further, both the Existing Articles and the Existing Bylaws have a common, identical provision, which states that the affirmative vote of a two-thirds majority of the Board of Trustees is required for “*any amendment, revision, restatement, modification, repeal or other alteration (of any kind or character) of the [Articles] or [Bylaws] in the form in which such documents are originally adopted.*”

17. Sections 2.1 and 3.2 of the Existing Bylaws mirrors those provisions of the Existing Articles, which establish without limitation: (i) the 11 member Board of Trustees, (ii) the membership of Baylor and Southwestern as Charitable Members – each with the power to designate 3 Trustees, for a total of 6 Trustees, a Board majority, and (iii) the membership of Riley (and his assignees) as Individual Members, having the power to appoint a total of 5 Trustees. A specific mechanism described in Sections 2.1.B (iv) and (v) provides for elimination and extinguishment of the class of Individual Members, but *there is no such mechanism provided in the Existing Articles or Existing Bylaws for elimination or extinguishment of the Charitable Members.*

18. Accordingly, in furtherance of the purpose of the Foundation, Section 2.1 of the Existing Bylaws, under the section title “Purposes”, states that the Foundation is to be “*supervised and controlled in connection with . . . and shall be operated for the benefit of and to further the purposes of the Charitable Beneficiaries as expressed in their Articles of Incorporation*”. Article Four of the Existing Articles also says that the Foundation “*is organized for and shall be operated for the benefit of the Charitable Members.*” Thus, the expressly stated purpose of the Foundation in its Existing Articles and Existing Bylaws, recognizes the right of the Charitable Beneficiaries to be involved in the “supervision and control” of the Foundation. The Existing Articles and Existing Bylaws accordingly provide governance protection and rights to the two Charitable Beneficiaries through their Charitable Member status, and the right

to appoint the majority of Foundation Trustees between them. Those rights and protections have now been ignored and purportedly stripped away from Baylor and Southwestern by the actions and omissions of the purported Trustees, beginning in the late Spring of 2018, if not earlier. This was, perhaps not coincidentally, the same time that Southwestern was working through the difficult and institutionally painful process of termination of Paige Patterson's presidency at Southwestern.

19. Prior to a purported restructuring of the Foundation on June 11, 2018, and pursuant to the Foundation's governing documents, the Foundation was thus governed by a Board of Trustees which was to be comprised of eleven (11) trustees.² The defined governance structure was designed to give the Charitable Members (i.e., Baylor and Southwestern) majority control of the Board of Trustees of the Foundation.

20. Further, the "Purposes" of the Existing Bylaws (Section 1.2) which Riley put in place for the Foundation at the time his donation was effectuated, expressly state that the Foundation "*shall be operated as a Type I Foundation.*" Pursuant to Internal Revenue Service requirements, a Type I supporting organization *must be* operated, supervised or controlled by its supported organizations, typically by giving the supported organizations the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. The relationship between the supported organizations and the supporting organization is sometimes described as similar to a parent-subsidiary relationship.³ This, accordingly, was an integral part of the framework and purpose Riley established for application of his gifts to the Foundation, and the governance rights through the Existing Articles and Existing Bylaws were consistent with that structure.

² The two Charitable Members and sole beneficiaries of the Foundation – Baylor and Southwestern were to appoint a majority of the Board of Trustees - three (3) trustees appointed by Baylor, three (3) trustees appointed by Southwestern. Five (5) Trustees could be appointed by the Individual Members of the Foundation.

³ <https://www.irs.gov/charities-non-profits/charitable-organizations/supporting-organizations-requirements-and-types>.

21. Section 3.10 of the Existing Bylaws states that in order to have a quorum at any meeting of the Board of Trustees, the presence of 4 Charitable Trustees is required, thus giving each Charitable Member at least one vote at all meetings. In addition, the two-thirds voting requirement (requiring 8 of the 11 votes) assures each of the Charitable Members that no amendment of the Existing Articles or Existing Bylaws can be effectuated without the vote and input of *each* of the Charitable Members as at least one vote of the appointed Charitable Trustees is required for each.

22. Thus, the framework of membership and operation of the Board of Trustees in the Existing Articles and Existing Bylaws, which Riley put in place as part of the Riley Donation Documents, effectively gives the Charitable Members, Baylor and Southwestern, between the two them, control of the Foundation via the power to appoint a majority of the members of the governing Board of Trustees, and the corresponding ability to block amendments to the Existing Articles and Existing Bylaws, by reason of the quorum requirements and the vote counts required by the two thirds (2/3) supermajority vote for those changes.

23. In the form of the Riley Donation Documents, Riley thus made a declaration as to the use of the assets he donated to the Foundation, through the Foundation's purpose and the structure. That purpose incorporates and requires the governance scheme expressly specified in the Existing Articles and Existing Bylaws, which includes (among others) the following "Charitable Member Rights:" (i) Baylor and Southwestern are the sole and equal Charitable Beneficiaries of the Foundation, (ii) Baylor and Southwestern are Charitable Members, with the privilege and right to appoint a simple majority of 6 members of the 11 member Board of Trustees, and (iii) each of Baylor and Southwestern, through their respective Charitable Trustees and the quorum rules, each have the power to deny a quorum and/or block any attempted amendment to the Existing Articles and Existing Bylaws.

24. On or around June 11, 2018, there was an attempt to secretly and significantly change both the purpose and governance of the Foundation by, among other things, (i) eliminating entirely

the Charitable Members and Individual Members, together with their right to appoint members to the Board of Trustees and other respective Charitable Member Rights, (ii) changing the tax status of the Foundation from a public charity to a private foundation, (iii) changing the purpose of the Foundation and (iv) creating a self-perpetuating Board of Trustees for which Baylor and Southwestern have *no input or selection rights* – despite their prior rights to appoint a controlling set of Trustees to the Board or Trustees.

25. On or around June 11, 2018, in order to accomplish this disenfranchisement of the Charitable Members and sole beneficiaries of the Foundation, the then acting Trustees attempted to make changes to the Existing Articles and the Existing Bylaws– *without prior and proper notice to Baylor (or its appointed Trustees) or Southwestern*. Following these ineffective governance changes, the acting Trustees, apparently claiming the sole right to govern the Foundation – now to the exclusion of Baylor and Southwestern – embarked on a course of action to attempt to modify the breadth and nature of the gifts to Baylor and Southwestern established in and through Riley Donation Documents, and to attempt to take complete control of the Foundation and its assets, apparently for their own benefit, and that of their friends. These attempts to change the control of the Foundation away from Southwestern (and Baylor) were adopted within a few days of the removal of Paige Patterson from the presidency of Southwestern and it appears that the preparations for those attempted changes took place while that removal was under serious discussion by the Southwestern governing board of trustees.

26. The changes made to the Existing Articles and Existing Bylaws on or around June 11, 2018 were not properly adopted, as set out herein, and are effectively void, including the Amended and Restated Bylaws of the Harold E. Riley Foundation (June 11, 2018), and the Amended and Restated Certificate of Formation of Harold E. Riley Foundation (June 11, 2018).

27. For instance, one of the void, subsequent acts of this putative set of Trustees appears

to be the attempted appointment of certain Foundation (putative) Trustees and their friends, to the Board of Directors of Citizens (“Citizens Board”), which, among other things, is likely a form of prohibited self-dealing – i.e., Foundation Trustees using their positions to appoint *themselves and their friends* to *paid* insurance company director positions with substantial resulting compensation – and for which they have not shown themselves to be qualified⁴.

28. In fact, this current attempted appointment by the Foundation of directors to the Citizens Board is in direct contradiction to the Foundation’s own Policies and Procedures Manual (“Foundation Manual”), adopted by the Foundation only 2 years ago, which states that:

“It is the policy of the Foundation that *trustees and officers of the Foundation will not serve as directors, officers, employees or agents of the Company.*” (See Page 3 of the Foundation Manual) (emphasis added);

29. The following are additional examples of void actions by these putative/purported Trustees which are in violation of the Foundation’s governance procedures, the Existing Articles, Existing Bylaws and the fiduciary obligation of the purported governing body:

a. **The amendments to the Existing Articles and Existing Bylaws purportedly adopted on or around June 11, 2018, were not validly adopted due to a lack of quorum and necessary votes.** Section 3.10 of the Existing Bylaws provides that the presence of at least four (4) Charitable Trustees and three (3) Independent Trustees is required to constitute a quorum, which is required for any authorized action of the Board of Trustees.

Therefore, in order for a valid meeting of the Board of Trustees to have occurred, at least one (1) Baylor-appointed Trustee was required to be present. Despite that requirement, *no* Baylor-

⁴ As demonstrated in the attached Exhibit E, Charles Hott was nominated to the constituent board of Southwestern as part of a coordinated “plan” by Paige Patterson and Augie Boto to manipulate the Southern Baptist Convention Trustee nomination process. Both Augie Boto and Charles Hott have now been nominated by the Foundation Trustees to be placed on the Citizen’s Board.

appointed Trustee was present when the Board of Trustees' action was attempted on June 11, 2018. In addition, without the vote of at least one of the Baylor Trustees, the necessary two-thirds vote required for amendment of the Existing Articles and Existing Bylaws (both of which were attempted and which now serve as the basis for the current activities of the purported Trustees) did not exist and could not have been exercised.

As a result, the purported June 11, 2018 Board of Trustees meeting did not (and could not) have a properly constituted quorum. The attempted revisions to the Existing Articles and Existing Bylaws (as well as any other business) attempted that date were therefore ineffective, and void.

b. The amendments to the Existing Articles (i.e., the certificate of formation purportedly adopted on or around June 11, 2018 attempt to significantly change the purpose of the Foundation. The Existing Articles clearly specify Baylor and Southwestern as the *only* Beneficiaries of the Foundation. Article Four of the Existing Articles contains the following specific provision:

In furtherance of its operations of and for the purposes of supporting Baylor, the Trustees shall provide funds and support for the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." In the event that in any given year the Trustees determine, in their discretion, that the funds available for such support exceed the need for such support, the Trustees may provide such excess funds to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary.

Further as stated above, Section 2.1 of the Existing Bylaws required the Foundation to be a Type I foundation, effectively controlled by the Charitable Beneficiaries.

Notably, the Amended and Restated Certificate of Formation dated June 11, 2018 (the "Purported Articles") states generally in Article Three that the Foundation is organized and operated exclusively for religious, charitable and educational purposes. The next sentence then states generally that "within the scope of the foregoing purposes" the Foundation is operated to support Baylor and

Southwestern. This provision is sufficiently general that it leaves open the possibility that those operating the Foundation may at some point claim that (i) *other* charitable organizations could more appropriately fall within the scope of the general-purpose provision, or (ii) *within the judgment of the Foundation* the Charitable Beneficiaries themselves are not operating in an appropriate manner – including for a supposedly appropriate *religious* purpose, thus exercising some authority to deny or unduly restrict what were otherwise supposed to be unqualified gifts to Southwestern and Baylor under the Existing Articles and Existing Bylaws.

c. Recent actions by the purported Board of Trustees are not in the best interest of the Foundation and constitute a wasting of corporate assets. The Foundation was organized by Riley with the clear and simple express purpose of benefitting Baylor and Southwestern. To further this purpose, the Existing Articles and Existing Bylaws gave Baylor and Southwestern the authority to elect a majority of the Board of Trustees of the Foundation and to have a majority of the votes on important matters, such as the recent actions of the purported Board of Trustees set forth herein. Until recently, meetings of the Board of Trustees focused on how much would be distributed to Baylor and Southwestern.

Yet, recent actions – actions which were void and not authorized – have completely departed from this original purpose, and the intent of Riley.

By way of example, (i) on June 11, 2018, action was taken by a purported Board of Trustees to eliminate Baylor and Southwestern as the sole Charitable Members and beneficiaries of the Foundation and strip them of their Charitable Member Rights, (ii) publicly filed documents show that the Foundation spent over \$350,000.00 in 2018 in legal fees, presumably to accomplish the secret, improper and invalid corporate takeover described above, (iii) publicly filed documents also show that the Foundation purchased an SUV costing more than \$50,000.00, (iv) without prior notice, the purported Trustees attempted to take action to remove and replace long standing and qualified

directors of Citizens, and to then appoint themselves and their friends in the place of the ousted directors, presumably because Citizens pays substantial annual (six-figure) compensation to its directors; (v) engaged a prominent and expensive New York-based law firm to force Citizens, through litigation⁵ *to unseat* the existing long standing and qualified directors of Citizens and *to seat in their place* inexperienced new directors (purported Foundation trustees and their friends) voted by the purported Foundation trustees, all at substantial cost to the Foundation; (vi) the Foundation has apparently sold a significant number of shares of Class A stock of Citizens to fund extraordinary expenses that do not benefit the Foundation (vii) changed the tax status of the Foundation from a public charity (Type I supporting organization) to a private foundation, thus eliminating (without their effective consent) the participation of the Charitable Beneficiaries in Foundation governance and greatly restricting the information they are entitled to receive.

In fact, it appears that in the span of one year (from August 2019 to present) the Foundation has sold approximately 720,000 shares of Class A common stock of Citizens for an estimated yield of \$4.3 million dollars – very little of which has been distributed to Baylor or Southwestern, and much of which is likely to be paid for the void, unauthorized and expensive lawsuit trying to force purported Foundation trustees and their friends onto the highly paid Citizens Board.

The void and unauthorized actions described above are blatant and prohibited self-dealing, are not in the best interest of the Foundation or its sole Beneficiaries, all done without prior notice, full disclosure or consent of the Charitable Members, and constitute a breach of fiduciary duty, a wasting of corporate assets and prohibited self-dealing.

d. Notice of meetings of the Board of Trustees should have been provided to Baylor as a Charitable Member. Neither Baylor nor Baylor's appointed Trustees received proper

⁵ Filed September 2, 2020, in Case Number:2020CV31721, *Harold E. Riley Foundation v. Citizens, Inc., Frank A Keating, II, et al.*, in Arapahoe County District Court, Colorado (the "Colorado Lawsuit").

and effective notice, as required, of the meeting on June 11, 2018, and the matters to be dealt with at that meeting. Under the circumstances, the failure to give proper and effective notice of such meeting to consider the significant actions, including the *elimination* of the Charitable Members, change from a public foundation (in the form of a Type I supporting organization) to a private charity with no involvement of the Charitable Members, and the disenfranchisement of the right to appoint a majority of the Board of Trustees, taken on or about June 11, 2018, appears to be, and was a conscious effort to secretly effect a corporate takeover designed to enrich and empower the purported Trustees and their friends.

V. Causes of Action

First Cause of Action

30. Pursuant to Chapter 37.001 et seq. of the Civil Practice and Remedies Code, Baylor and Southwestern are entitled to a declaration that:

- a. The amendments to the Existing Articles and Existing Bylaws purportedly adopted on or around June 11, 2018, were not validly adopted and are void, and the subsequent acts of the purported Board of Trustees of the Foundation, and any of them with respect to the Foundation, including the nomination of individuals to serve as Citizens, Inc. directors and the filing of the related lawsuit to seat such individuals as directors, are void and of no effect;
- b. The amendments to the Existing Articles purportedly adopted on or around June 11, 2018 attempt to significantly, and improperly change the purpose of the Foundation, and materially affect and interests of Baylor and Southwestern as the Charitable Members and sole beneficiaries of the Foundation, including the extinguishment of the Charitable Member Rights, and such changes are accordingly invalid and contrary to the intent of the Riley Donation Documents;
- c. Recent actions by the purported Foundation's purported Board of Trustees are (i) prohibited self-dealing, (ii) not in the best interest of the Foundation, and (iii) constitute a wasting of corporate assets, which would otherwise be properly used for the support of the two Charitable Beneficiaries; and
- d. Notice of the June 11, 2018 Foundation board meeting, including notice of the specific and substantial governance changes intended, as well as all subsequent meetings of the Foundation's purported Board of Trustees should have been provided to Baylor as a Charitable Member.
- e. The purported Trustees should be removed from the Board of Trustees and the right of Baylor and Southwestern to appoint their own Trustees should be reinstated, pursuant to the Existing Articles and Existing Bylaws

Second Cause of Action

31. The actions and omissions of the Defendants, and each of them, are a breach of trust that has and will proximately cause damage to the Foundation, and each of the Charitable Beneficiaries – Baylor and Southwestern. In part and among other things, each of the Defendant Trustees and the Foundation, itself, had fiduciary duties to Baylor and Southwestern, the Charitable Beneficiaries and as Charitable Members of the Foundation, to protect the purpose established by Riley and honor the rights in the Existing Articles and Existing Bylaws, which includes protection of the Charitable Member Rights. By advocating and voting for the Purported Articles and the Amended and Restated Bylaws dated June 12, 2018 (“Purported Bylaws”), each of the Defendant Trustees and the Foundation violated their fiduciary duties to Baylor and Southwestern.

Third Cause of Action

32. The actions and omissions of the Defendants, and each of them, are a breach of fiduciary duty, and have caused a breach of the fiduciary duty of the Foundation, that has and will proximately cause damage to the Foundation, and each of the Charitable Beneficiaries – Baylor and Southwestern. In this regard, the individual Defendants herein owe a formal or informal fiduciary duty to the two Charitable Beneficiaries, and each of them. Further they knowingly induced the breach(es) of fiduciary duty by the Foundation, and/or participated in that/those breach(es), and accordingly are jointly and severally liable therefor.

Fourth Cause of Action

33. The actions and omissions of the Defendants, and each of them, are a breach of trust and fiduciary duty that has and will damage the Foundation, depart from the intent and purpose established by Riley in the Riley Donation Documents, and show an intent to harm the material interests of each of the Charitable Beneficiaries – Baylor and Southwestern, and to deprive them of the Charitable Member Benefits. Further the actions of the purported trustees damage and constitute

waste of the assets of the Foundation to which Baylor and Southwestern would otherwise be entitled, including the expenditure of funds for litigation in order to attempt to force their way onto the Citizens Board. Accordingly, the Plaintiffs request that the Court remove the purported trustees from the Board of Trustees and reinstate the right of Baylor and Southwestern to appoint their own Trustees, pursuant to the Existing Articles and Existing Bylaws.

Fifth Cause of Action

34. The individual Defendants listed above, and each of them, are conspirators in and with respect to the wrongful actions set out herein, and accordingly are jointly and severally responsible therefor.

Sixth Cause of Action

35. The Foundation, as a non-profit corporation, whose purpose is established as or determined to be a public charity and an educational facility, and as a Type I supporting organization, is subject to implicit charitable or educational limitations defined by the purpose of the gift established by the Riley Donation Documents. When the Citizens Stock was transferred unconditionally to the Foundation, the gift was made subject to the express purpose and charitable and educational limitations which were defined in the Foundation's purposes as stated in the Existing Articles and Existing Bylaws. By accepting the gift, the Foundation made an agreement with the State of Texas, and with Baylor and Southwestern, as the Charitable Beneficiaries named in the Existing Articles, and it is estopped to deny the same, effectually (i) constituting the Trustees of the Foundation as trustees of an express trust (to the extent it is not such a trust otherwise by law), and (ii) making the Foundation bound to the Existing Articles and Existing Bylaws, and the terms and purposes therein, including those that embody the Charitable Member Rights. By stripping the Charitable Member Rights from the Charitable Beneficiaries, taking the other actions described herein, denying notice of material events, and advocating and voting for the Purported Articles and the Purported Bylaws, each of the

Defendant Trustees and the Foundation breached their agreement, and duty of trust and loyalty to Baylor and Southwestern.

Seventh Cause of Action

36. By advocating and voting for the Purported Articles and the Purported Bylaws, each of the Defendant Trustees and the Foundation violated their duty to the Charitable Beneficiaries of obedience to the governing documents of the Foundation, including the Existing Articles, and are guilty of misfeasance and malfeasance in office, and breached their duty to the Charitable Beneficiaries under Tex. Bus. Org. Code Section 2.113(a) (stating that the powers of the Trustees of the Foundation do not authorize a managerial official of the Foundation to exercise a power in a manner inconsistent with a limitation on the purposes or powers of the entity contained in its governing documents). The Defendant Trustees have a duty of fidelity to follow and comply with the governing documents of the Foundation.

Eighth Cause of Action

37. In accordance with the requirements of the Existing Articles and Existing Bylaws, each of the Charitable Trustees appointed by Southwestern were, at the time of service on the Board of the Foundation, members of the constituent board of trustees of Southwestern. As members of the constituent board of trustees of Southwestern, these members, including but not limited to Charles Hott and as many as 2 other members yet unnamed in this Petition (collectively, the “Southwestern Foundation Trustees”) breached their respective duty of care and various fiduciary duties which they owe(d) to Southwestern as members of its constituent board in one or more of the following respect, among others:

- (i) by attending a meeting and voting as a member of the Board of Trustees to adopt the Purported Articles and/or Purported Bylaws in removing the membership interest and rights of Southwestern in the Foundation and eliminating the Charitable Member

Rights of Southwestern in the Foundation, without prior notice to or approval from Southwestern and its constituent board of trustees;

- (ii) by purportedly acting as Foundation Trustees appointed under the Purported Articles and Purported Bylaws, and
 - (iii) without notice to or approval of Southwestern, participated in meetings and voted to take actions contrary to the interests of Southwestern and the Foundation. By way of example, (i) publicly filed documents state that the Foundation spent over \$350,000.00 in 2018 in legal fees, presumably to accomplish the corporate takeover described in the Purported Articles and Purported Bylaws, (ii) publicly filed documents also state that the Foundation purchased an SUV costing more than \$50,000.00, (iii) without notice, the purported Board of Trustees took action to remove and replace long standing and highly qualified directors of Citizens,
 - (iv) the Foundation engaged two (2) law firms at significant expense to force Citizens to unseat long standing and highly qualified directors of Citizens, and to seat inexperienced new directors selected by Foundation to the Citizens Board,
 - (v) the Foundation has apparently sold a significant number of shares of A Shares to fund extraordinary expenses that do not benefit the Foundation, nor Southwestern
 - (vi) the purported members of the new Board of Trustees of the Foundation have used the ability of the Foundation to elect a majority of the directors of Citizens to elect themselves to the Citizens Board and
 - (vii) the Foundation has changed its tax status from a public charity to a private foundation.
- One of the highly qualified directors of Citizens that is named as a Defendant by the Foundation in its Colorado Lawsuit and whom the Foundation seeks to unseat is (and has been since 1997) the Dean of the Hankamer School of Business. Riley, in all of

the Riley Donation Documents, expressly desired to benefit the Hankamer School of Business – he stated that one of his purposes was to establish create a permanent endowment on behalf of the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." The actions described above are not in the best interest of the Foundation or its beneficiaries and constitute a breach of fiduciary duty, a wasting of corporate assets and prohibited self-dealing. Southwestern reserves the right to add other Southwestern Foundation Trustees as Defendants in this case.

Damages

38. As a result of the actions and omissions described hereinabove, Baylor and Southwestern have incurred and will continue to incur damages in excess of the minimum jurisdictional limits of this court. Pursuant to Rule 47 the damages claimed herein are in excess of \$1,000,000.

Irreparable injury

39. As a direct result of the facts set forth above, Plaintiffs have suffered an irreparable injury, and irreparable injury will continue to be inflicted upon Plaintiffs in the future, as they (i) have lost, without notice or other redress, material and substantial rights, including the Charitable Member Rights, as a result of the void and improper actions described herein; (ii) are subjected to self-dealing by the purported Trustees for themselves and their friends; (iii) are subjected to loss of funds as Beneficiaries, including for the attorney's fees that the purported Trustees expend to pursue and defend their self-dealing and attempted forcible appointments to the Citizen' Inc. Board of Directors; and (iv) are subjected to risk of loss and potential dissipation of assets from the Foundation by, through or at the hands of a Board of Trustees and officers that have attempted a corporate takeover and change of material rights of the Foundation. Such injury is not capable of being cured through the appellate process, and no adequate remedy at law exists.

Reformation of the Foundation

40. Pursuant to the facts alleged above, and in keeping with the intent to benefit Southwestern and Baylor in accordance with the purposes and intent shown in the Riley Donation Documents and the Existing Articles and Existing Bylaws, Baylor and Southwestern request that the Foundation assets be distributed outright to them, pursuant to Tex. Prop. Code 112.054, and otherwise as allowed by law:

- a. The purposes of the trust have been fulfilled or have become illegal or impossible to fulfil;
- b. Because of circumstances not known to or anticipated by the settlor, the order will further the purposes of the trust; and
- c. Modification of administrative, non-dispositive terms of the trust is necessary or appropriate to prevent waste or impairment of the trust's administration."

Accounting

41. Baylor and Southwestern, as Charitable Members, and sole beneficiaries of the Foundation hereby demand an accounting, as required by law.

Notice to Attorney General

42. Pursuant to Chapter 123.001 *et seq.* of the Texas Property Code, notice of this proceeding is being given concurrently with the filing hereof to the Texas Attorney General.

VI. Attorney's Fees

As a result of the above-described actions of Defendant, Baylor has been forced to hire Andy McSwain, of Beard Kultgen Brophy Bostwick & Dickson, PLLC, to prosecute this cause and Baylor has and will continue to incur reasonable and necessary attorney's fees in connection with the preparation and trial of this cause and any appeal therefrom.

Further, as a result of the above-described actions of Defendants and Southwestern Foundation Trustees, Southwestern has been forced to hire Adams, Lynch & Loftin, PC, to prosecute this cause and Southwestern has and will continue to incur reasonable and necessary attorney's fees in

connection with the preparation and trial of this cause and any appeal therefrom.

VII. Prayer

WHEREFORE, Plaintiff respectfully requests that the Defendants be cited to appear and answer herein, and that Plaintiffs be granted the following relief:

1. A Temporary Restraining Order be issued without notice to Defendants restraining Defendants, its/their agents, servants, and/or employees from doing or attempting to:
 - a. Transfer, hide, secrete or otherwise dispose of assets of the Foundation, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - b. Destroy, alter, secrete, hide, transfer or make unavailable in any manner the records or documents of the Foundation, or relating thereto in any manner, and wherever held, and however maintained;
 - c. Modify, alter or change the Certificate of Formation, Bylaws or any governing document of the Foundation in any manner, through Board of Trustees actions or otherwise;
 - d. Change, modify, re-title, change authorized users/signors or move Bank, financial or brokerage accounts of the Foundation, or to move funds or assets out of any such account, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - e. Replace any of Citizens, Inc.'s current directors and to seat any individuals which have been nominated by the Foundation to serve as directors;
 - f. Pursue further litigation against Citizens, Inc. and any of its directors related to the seating of individuals nominated by the Foundation to serve as Citizens, Inc. directors.
2. Defendants be cited to appear and show cause, and upon such hearing a Temporary Injunction be issued enjoining Defendants, its/their agents, servants and employees from doing or attempting to:
 - a. Transfer, hide, secrete or otherwise dispose of assets of the Foundation, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - b. Destroy, alter, secrete, hide, transfer or make unavailable in any manner the records or documents of the Foundation, or relating thereto in any manner, and wherever held, and however maintained;
 - c. Modify, alter or change the Certificate of Formation, Bylaws or any governing document of the Foundation in any manner, through Board of Trustees actions or otherwise;

- d. Change, modify, re-title, change authorized users/signors or move Bank, financial or brokerage accounts of the Foundation, or to move funds or assets out of any such account, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - e. Replace any of Citizens, Inc.'s current directors and to seat any individuals which have been nominated by the Foundation to serve as directors;
 - f. Pursue further litigation against Citizens, Inc. and any of its directors related to the seating of individuals nominated by the Foundation to serve as Citizens, Inc. directors.
3. Permanent injunction be ordered on the final trial of this cause enjoining Defendants, its/their agents, servants and employees from doing or attempting to:
- a. Transfer, hide, secrete or otherwise dispose of assets of the Foundation, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - b. Destroy, alter, secrete, hide, transfer or make unavailable in any manner the records or documents of the Foundation, or relating thereto in any manner, and wherever held, and however maintained;
 - c. Modify, alter or change the Certificate of Formation, Bylaws or any governing document of the Foundation in any manner, through Board of Trustees actions or otherwise;
 - d. Change, modify, re-title, change authorized users/signors or move Bank, financial or brokerage accounts of the Foundation, or to move funds or assets out of any such account, other than for the payment of legitimate, reasonable and necessary business expenses of and for the benefit of the Foundation, in the current amounts then due;
 - e. Replace any of Citizens, Inc.'s current directors and to seat any individuals which have been nominated by the Foundation to serve as directors;
 - f. Pursue further litigation against Citizens, Inc. and any of its directors related to the seating of individuals nominated by the Foundation to serve as Citizens, Inc. directors.
4. On the trial of this cause, that the Court find and declare, pursuant to Chapter 37.001 et seq of Texas Civil Practice and Remedies code, that:
- a. The amendments to the Existing Articles and Existing Bylaws purportedly adopted on or around June 11, 2018, were not validly adopted and are void, and the subsequent acts of the purported Board of Trustees of the Foundation, and any of them with respect to the Foundation, such as the nomination of individuals to serve as Citizens, Inc. directors and the filing of the related lawsuit to seat such individuals as directors, are void and of no effect;
 - b. The amendments to the Existing Articles purportedly adopted on or around June 11, 2018 attempt to significantly, and improperly change the purpose of the Foundation,

and materially affect and interests of Baylor and Southwestern as the Charitable Members and sole beneficiaries of the Foundation, including the extinguishment of the Charitable Member Rights, and are accordingly such changes are accordingly invalid and contrary to the intent of the Riley Donation Documents;

- c. Recent actions by the Foundation's purported Board of Trustees are (i) prohibited self-dealing, (ii) not in the best interest of the Foundation, and (iii) constitute a wasting of corporate assets, which would otherwise be properly used for the support of the two Beneficiaries; and
- d. Notice of the June 11, 2018 Foundation board meeting, including notice of the specific and substantial governance changes intended, as well as all subsequent meetings of the Foundation's purported Board of Trustees should have been provided to Baylor as a Charitable Member.
- e. The purported Trustees should be removed from the Board of Trustees and the right of Baylor and Southwestern to appoint their own Trustees should be reinstated, pursuant to the Existing Articles and Existing Bylaws

5. On the trial of this cause, that the Court find damages in excess of the minimum jurisdictional limits of the court, and render judgment for the same;

6. Upon final trial of this cause the reasonable and necessary attorney's fees expended in preparation and trial of this cause, and any appeal therefrom, and further, all costs of court in this cause expended or incurred, along with post-judgment interest, be awarded to Plaintiffs; and

7. Such other and further relief, at law or in equity, to which Plaintiffs may show themselves justly entitled.

Respectfully submitted,

**BEARD KULTGEN BROPHY
BOSTWICK & DICKSON, PLLC**



Andy McSwain

State Bar No. 13861100

mcswain@thetexasfirm.com

Matthew L. Czimskey

State Bar No. 24082887

czimskey@thetexasfirm.com

Frederick deB. Bostwick III

State Bar No. 02682500

bostwick@thetexasfirm.com

Andrew G. Shrader

State Bar No. 24062988

schrader@thetexasfirm.com

220 South Fourth Street

Waco, Texas 76701

Tel. (254) 776-5500

Fax (254) 776-3591

KIRKMAN LAW FIRM, PLLC

/s/ William L. Kirkman

William L. Kirkman

State Bar No. 11518700

billk@kirkmanlawfirm.com

201 Main Street, Suite 1160

Fort Worth, Texas 76102

Tel. (817) 336-2800

Fax (817) 877-1863

ATTORNEYS FOR BAYLOR

ADAMS, LYNCH & LOFTIN, PC

/S/ John T. Lynch, IV
John T. Lynch, IV
State Bar No. 12728500
jtl@all-lawfirm.com
Scott Cummings
State Bar No. 00793573
sc@all-lawfirm.com
Neal W. Adams
State Bar No. 00874000
nwa@all-lawfirm.com
3950 State Highway 360
Grapevine, Texas 76051
Tel. (817) 552-7742
Fax (817) 328-2942

ATTORNEYS FOR SOUTHWESTERN

Exhibit A

ARTICLES OF INCORPORATION
OF
HAROLD E. RILEY FOUNDATION

I, the undersigned natural person, of the age of eighteen (18) years or more and a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation (the "Corporation") is Harold E. Riley Foundation.

ARTICLE TWO

The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Texas Non-Profit Corporation Act. Notwithstanding the foregoing, the Corporation shall neither have nor exercise any power, nor engage directly or indirectly in any activity, that would invalidate its status as an organization exempt from federal income tax and described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws (the "Code").

ARTICLE THREE

The period of the Corporation's duration is perpetual.

ARTICLE FOUR

The Corporation is organized and shall be operated exclusively for religious, charitable and educational purposes within the meaning of Section 501(c)(3) of the Code and as provided in the Articles of Incorporation of Baylor University ("Baylor") and Southwestern Baptist Theological Seminary ("Southwestern") (collectively, the "Charitable Beneficiaries"), Texas nonprofit corporations that: (i) are exempt from federal income taxation under Section 501(c)(3) of the Code; and (ii) are not private foundations within the meaning of Section 509(a) of the Code. The Corporation is supervised or controlled in connection with (within the meaning of Code Section 509(a)(3)(B) and the Treasury regulations thereunder) and is organized and shall be operated for the benefit of and to further the purposes of the Charitable Beneficiaries as expressed in their Articles of Incorporation.

In furtherance of its operations of and for the purposes of supporting Baylor, the Trustees shall provide funds and support for the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." In the event that in any given year the Trustees determine, in their discretion, that the funds available for such support exceed the need for such support, the Trustees may provide such excess funds to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary.

In furtherance of its purposes, the Corporation may also, among other things, (i) raise funds for the ultimate benefit of the Charitable Beneficiaries; (ii) act as a depository for funds donated to, or for the benefit of, the Charitable Beneficiaries, provided that funds held as a depository for either Baylor or Southwestern shall be held at all times in separate accounts from the other assets of the Corporation; (iii) provide funds to or for the Charitable Beneficiaries in accordance with lawful directions by donors or, in the absence of such directions, as the Board of Trustees of the Corporation otherwise determines to be in the best interest of the Charitable Beneficiaries; and (iv) invest such funds for the benefit of the Charitable Beneficiaries. In furtherance of the foregoing activities, the Corporation may, among other things, (i) receive (either absolutely or in trust), hold in trust as trustee pursuant to Article 342-1113 of the Texas Banking Code and Article 1396-2.31 of the Texas Non-Profit Corporation Act, manage, convey and dispose of property, both real and personal; (ii) issue charitable gift annuities pursuant to Article 1.14-1, Section 2(b)(8) and Article 1.14-1A of the Texas Insurance Code; (iii) encourage the making of gifts and bequests including but not limited to soliciting and receiving memorial gifts, making holiday appeals, facilitating planned giving, conducting capital campaigns, and conducting direct mailings and special events for the purpose of increasing the Corporation's endowment) and invest, reinvest, manage and administer funds (including but not limited to collective investment funds described in the Philanthropy Protection Act of 1995), donated or otherwise acquired from whatever source; and (iv) conduct other activities not in contravention of the Texas Non-Profit Corporation Act or of these Articles of

Incorporation necessary or appropriate to carry out the foregoing purposes. The assets and properties of the Corporation are hereby pledged for use in performing its exempt functions.

ARTICLE FIVE

The Corporation shall have two classes of members: Charitable Members and Individual Members. Baylor and Southwestern shall be the initial Charitable Members and Harold E. Riley shall be the sole initial Individual Member. Each class of members shall have such rights and be subject to such restrictions and qualifications, and the class of Individual Members may be expanded, as provided in the Bylaws of the Corporation.

ARTICLE SIX

No part of the net earnings of the Corporation shall inure to the benefit of any trustee or officer of the Corporation, or any private individual; provided, however, that reasonable compensation may be paid for services rendered to or for the Corporation, and expenses may be reimbursed or paid in furtherance of one or more of its purposes.

ARTICLE SEVEN

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as permitted by Section 501(h) of the Code), and the Corporation shall not participate or intervene in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE EIGHT

Notwithstanding any other provision of these Articles of Incorporation, if this Corporation shall be, or shall be deemed to be, a private foundation as described in Section 509(a) of the Code, then (a) the Corporation shall make distributions in each taxable year at such time and in such manner as not to subject the Corporation to tax under Section 4942 of the Code, and (b) the Corporation is expressly prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Code, from retaining any excess business holdings as defined in Section 4943(c) of the Code, from making any investments in such manner as to subject the Corporation to tax under Section 4944 of the Code and from making any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE NINE

In the event the Corporation is dissolved, the members shall, after all liabilities and obligations of the Corporation are paid or provision is made therefor, adopt a plan for the distribution of the remaining assets of the Corporation to or for the benefit of the Charitable Beneficiaries or any successor organization or organizations with substantially similar purposes. If (i) neither of the Charitable Beneficiaries is then in existence and there is no successor organization or organizations with substantially similar purposes, or (ii) neither of the Charitable Beneficiaries is at that time an organization described in Code Section 501(c)(3) which is not a private foundation, then such remaining assets shall be distributed to one or more organizations which are organized and operated exclusively for religious, charitable or educational purposes and which are exempt from federal income tax under Section 501(c)(3) of the Code and are not private foundations. Any of such assets

not so disposed of shall be disposed of by the Probate Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes. The Probate Court shall use its best efforts to select a charitable organization which, to the extent possible, has the same purposes and the same theological perspective as the Charitable Beneficiaries had on the date the Corporation was created. No trustee or officer of the Corporation and no private individual will be entitled to share in the distribution of any assets of the Corporation in the event of its dissolution.

ARTICLE TEN

The Board of Trustees of the Corporation shall be the governing body of the Corporation. The number of trustees shall be eleven (11). Three (3) of such trustees (the "Baylor Trustees") shall at all times be persons contemporaneously serving as regents of Baylor and shall be designated to serve as trustees of the Corporation in the manner provided in the Bylaws. Three (3) of such trustees (the "Southwestern Trustees") shall at all times be persons contemporaneously serving as trustees of Southwestern and shall be designated to serve as trustees of the Corporation in the manner provided in the Bylaws. The remaining five (5) trustees (the "Independent Trustees") shall be appointed in the manner provided in the Bylaws. No more than three (3) trustees may consist of "disqualified persons" (as defined in Code Section 4946, applied as though the Corporation were a private foundation) with respect to the Corporation or employees of such disqualified persons, and the Board of Trustees shall not be constituted so as to be controlled directly or indirectly by one or more disqualified persons with respect to the Corporation (other than foundation managers and one or more organizations described in Code Section 509(a)(1) or (2)). The action of the Board of Trustees shall be the action of the Corporation; provided, that the following actions by the

Corporation shall require the affirmative vote of a two-thirds (2/3) majority of the Board of Trustees:

(i) the transfer of assets of the Corporation having a value in excess of five percent (5%) of the value of the net assets of the Corporation in any single fiscal year thereof (each such value determined under Generally Accepted Accounting Principles ("GAAP")); (ii) the making of grants and/or loans in excess of fifteen percent (15%) of the Corporation's net income (determined under GAAP) in any single fiscal year; (iii) the liquidation or dissolution of the Corporation; (iv) the merger, consolidation, or other combination of the Corporation with any other organization; (v) the amendment, revision, restatement, modification, repeal, or other alteration (of any kind or character) of the Corporation's Articles of Incorporation or Bylaws (in the form in which such documents are originally adopted or may hereafter exist); and (vi) the election of the Chairman of the Board of Trustees and the President of the Corporation. The names of the trustees constituting the initial Board of Trustees are as follows:

<u>Name</u>	<u>Address</u>
Harold E. Riley	400 East Anderson Lane, Suite 100 Austin, Texas 78753
Rick D. Riley	400 East Anderson Lane, Suite 100 Austin, Texas 78753
Ray A. Riley	400 East Anderson Lane, Suite 100 Austin, Texas 78753
Dottie S. Riley	7802 Shadyrock Drive Austin, Texas 78731
Ralph M. Smith	6000 Mountain Villa Drive Austin, Texas 78731

Michael D. Dean, Ph.D.

3041 Travis Avenue
Fort Worth, Texas 76110

E. Dean Gage, Ph.D.

9561 Twelve Oaks Lane
College Station, Texas 77845

Matthew F. McKellar, Ph.D.

2801 SE Loop 323
Tyler, Texas 75701

Donell Teaff

8625 Forest Ridge
Waco, Texas 76712

Drayton McLane, Jr.

4001 Industrial Boulevard
Temple, Texas 76505-0549

Will D. Davis

200 Perry Brooks Building
Austin, Texas 78701

This Article Ten may be amended, revised, restated, modified, repealed, or otherwise altered only upon the affirmative vote of a two-thirds (2/3) majority of the Corporation's Board of Trustees.

ARTICLE ELEVEN

Subject to Article Ten of these Articles of Incorporation, the power to adopt, alter, amend or repeal the Bylaws of the Corporation, and to amend or restate the Articles of Incorporation, shall be vested in the Corporation's Board of Trustees. This Article Eleven may be amended, revised, restated, modified, repealed, or otherwise altered only upon the affirmative vote of a two-thirds (2/3) majority of the Corporation's Board of Trustees.

ARTICLE TWELVE

The Corporation shall indemnify any person who was, is, or is threatened to be made a named defendant or respondent in a proceeding (as hereinafter defined) because the person (i) is or was a trustee or officer of the Corporation or (ii) while a trustee or officer of the Corporation, is or was

serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, to the fullest extent that a corporation may grant indemnification to a trustee under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. Such right shall be a contract right and shall include the right to be paid by the Corporation expenses incurred in defending any civil, criminal, administrative or investigative action, suit, or proceeding (a "proceeding") in advance of its final disposition to the maximum extent permitted under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within 90 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to also be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense is not permitted under the Texas Non-Profit Corporation Act, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Trustees or any committee thereof, special legal counsel or members) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Corporation (including its Board of Trustees or any committee thereof, special legal counsel or members) that such indemnification or advancement is not permissible shall be a defense to the action or create a

presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of such person's heirs, executors, administrators and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, resolution of members or trustees, agreement or otherwise. The Corporation may additionally indemnify any person covered by the grant of mandatory indemnification contained in this Article to such further extent as is permitted by law and may indemnify any other person to the fullest extent permitted by law. The Corporation may purchase and maintain insurance or a similar arrangement (including, but not limited to, a trust fund, self-insurance, a security interest or lien on the assets of the Corporation, or a letter of credit, guaranty or surety arrangement) on behalf of any person who is serving the Corporation (or another entity at the request of the Corporation) against any liability asserted against such person and incurred by such person in such a capacity or arising out of status as such a person, whether or not the Corporation would have the power to indemnify such person against that liability under this Article or by statute. Notwithstanding the other provisions of this Article, the Corporation may not indemnify or maintain insurance or a similar arrangement on behalf of any person if such indemnification or maintenance of insurance or similar arrangement would subject the Corporation to income or excise tax under the Code.

ARTICLE THIRTEEN

A trustee of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for any act or omission in such trustee's capacity as a trustee, except that this Article does not authorize the elimination or limitation of the liability of a trustee to the extent the trustee is found liable for: (i) a breach of the trustee's duty of loyalty to the Corporation; (ii) an act or omission not in good faith that constitutes a breach of duty of the trustee to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the trustee received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the trustee's office; or (iv) an act or omission for which the liability of a trustee is expressly provided by an applicable statute. The foregoing elimination of liability to the Corporation and its members shall not be deemed exclusive of any other rights, limitations of liability or indemnity to which a trustee may be entitled under any other provision of the Articles of Incorporation or Bylaws of the Corporation, contract or agreement, vote of trustees, principle of law or otherwise. Any repeal or amendment of this Article shall be prospective only, and shall not adversely affect any limitation on the personal liability of a trustee of the Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a trustee of the Corporation is not personally liable as set forth in the foregoing provisions of this Article, the liability of a trustee shall be eliminated to the full extent permitted by any amendment to the Texas Miscellaneous Corporation Laws Act or the Texas Non-Profit Corporation Act hereafter enacted that further eliminates or permits the elimination of the liability of a trustee.

ARTICLE FOURTEEN

Any action required or permitted to be taken at any meeting of members, trustees or committee members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing setting forth the action so taken shall be signed by a sufficient number of members, trustees or committee members, as the case may be, as would be necessary to take that action at a meeting at which all persons entitled to vote on the action were present and voted. Prompt notice of the taking of any action by members, trustees or a committee without a meeting by less than unanimous written consent shall be given to those members, trustees or committee members who did not consent in writing to the action.

ARTICLE FIFTEEN

The initial registered office of the Corporation is 400 East Anderson Lane, Suite 122, Austin, Texas 78753, and the name of the initial registered agent at such address is Harold E. Riley.

ARTICLE SIXTEEN

The name and address of the Incorporator is: Terry L. Simmons, 1700 Pacific Avenue, Suite 3300, Dallas, Texas 75201.

IN WITNESS WHEREOF, I, Terry L. Simmons, the undersigned Incorporator, have hereto set my name this 4th day of March, 2002.



Terry L. Simmons
Incorporator

002372 000002 Dallas 1444905.3

Exhibit B

**AMENDED AND RESTATED BYLAWS
OF
HAROLD E. RILEY FOUNDATION**

ARTICLE ONE

NAME, PURPOSES, POWERS AND OFFICES

Section 1.1. Name. The name of this corporation (the "Corporation") is Harold E. Riley Foundation.

Section 1.2. Purposes. The Corporation is organized and shall be operated exclusively for religious, charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and as provided in the Articles of Incorporation of Baylor University ("Baylor") and Southwestern Baptist Theological Seminary ("Southwestern") (collectively, the "Charitable Beneficiaries"), Texas nonprofit corporations which: (i) are exempt from federal income taxation under Section 501(c)(3) of the Code; and (ii) are not private foundations within the meaning of Section 509(a) of the Code. The Corporation shall be a Type I supporting organization that is operated, supervised or controlled by one or more of the Charitable Beneficiaries, which are supported organizations as defined under Treas. Reg. §1.509(a)-4(g).

In furtherance of its operations of and for the purposes of supporting Baylor, the Trustees shall provide funds and support for the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." In the event that in any given year the Trustees determine, in their discretion, that the funds available for such support exceed the need for such support, the Trustees may provide such excess funds to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary.

In furtherance of its purposes, the Corporation also may, among other things, (i) raise funds for the ultimate benefit of the Charitable Beneficiaries; (ii) act as a depository for funds donated to, or for the benefit of, the Charitable Beneficiaries, provided that funds held as a depository for either Baylor or Southwestern shall be held at all times in separate accounts from the other assets of the Corporation; (iii) provide funds to or for the Charitable Beneficiaries in accordance with lawful directions by donors or, in the absence of such directions, as the Board of Trustees of the Corporation otherwise determines to be in the best interest of the Charitable Beneficiaries; and (iv) invest such funds for the benefit of the Charitable Beneficiaries. In furtherance of the foregoing activities, the Corporation may, among other things, (i) receive (either absolutely or in trust), hold in trust as trustee pursuant to Article 342-1113 of the Texas

Banking Code and Section 2.106 of the Texas Business Organizations Code, manage, convey and dispose of property, both real and personal; (ii) issue charitable gift annuities pursuant to Article 1.14-1, Section 2(b)(8) and Article 1.14-1A of the Texas Insurance Code; (iii) encourage the making of gifts and bequests including but not limited to soliciting and receiving memorial gifts, making holiday appeals, facilitating planned giving, conducting capital campaigns, and conducting direct mailings and special events for the purpose of increasing the Corporation's endowment) and invest, reinvest, manage and administer funds (including but not limited to collective investment funds described in the Philanthropy Protection Act of 1995), donated or otherwise acquired from whatever source; and (iv) conduct other activities not in contravention of the Texas Business Organizations Code or of these Articles of Incorporation necessary or appropriate to carry out the foregoing purposes. The assets and properties of the Corporation are hereby pledged for use in performing its exempt functions.

Section 1.3. Powers. The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Texas Business Organizations Code; provided, however, the Corporation shall neither have nor exercise any power, nor engage directly or indirectly in any activity, that would invalidate its status as a corporation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Code.

Section 1.4. Offices. The Corporation may have, in addition to its registered office, offices at such places, both within and without the State of Texas, as the Board of Trustees may from time to time determine or as the activities of the Corporation may require.

ARTICLE TWO

MEMBERS

Section 2.1. Classes, Qualification, and Rights. There shall be two classes of members of the Corporation: Charitable Members and Individual Members. Memberships shall not be transferrable. Members shall have no voting rights, except as specifically provided in these Bylaws. Qualifications for membership, and the rights of each class of members, shall be as follows:

- A. Charitable Members. The Charitable Members of the Corporation shall be Baylor and Southwestern. The Charitable Members shall be the institutions for the benefit of which the Corporation is operated, as more fully set forth in Section 1.2 of these Bylaws. The Charitable Members shall be represented on the Board of Trustees of the Corporation through the three Southwestern Trustees and the three Baylor Trustees, who together shall comprise a majority of the Corporation's Board of Trustees. Each Charitable Member shall have the right to designate which Baylor regents and which Southwestern trustees shall serve as the three "Baylor Trustees" and the three "Southwestern Trustees" (as defined in Section 3.2 of the Bylaws) for its respective organization.

B. Individual Members. Harold E. Riley ("HER") shall be the sole initial Individual Member of the Corporation, and he shall continue to serve as such until his earlier death or resignation from membership. Additional Individual Members may be appointed by HER. Each Individual Member shall, as long as HER is a member of the Corporation, be subject to removal from membership only by him. The Individual Members shall have the right (i) to elect the five "Independent Trustees" (as defined in Section 3.2 of the Bylaws) and (ii) upon the death or resignation from membership of HER, remove other Individual Members. Each Individual Member shall continue to serve as such until such member's earlier death, resignation or removal from membership.

- (i) Upon the first to occur of the death of HER or the first date when he and his appointed Individual Member(s) are not serving as an Individual Member of the Corporation, Dottie S. Riley, Rick D. Riley and Alyca R. Riley, or whoever of them survives HER, shall become the Individual Members.
- (ii) Subsequently, upon the first to occur of (1) the death of the last to die of Dottie S. Riley, Rick D. Riley and Alyca R. Riley or (2) the first date when none of Dottie S. Riley, Rick D. Riley or Alyca R. Riley are serving as Individual Members of the Corporation, the successor Individual Members appointed pursuant to (iii) below shall become the Individual Members when the vacancy occurs.
- (iii) Individual Members shall have the power by instrument in writing delivered to the Secretary of the Corporation to appoint and/or remove successor Individuals to serve and to designate the order in which such persons shall serve. Such actions must be unanimous by all Individual Members serving at the time of the instruments who are living and competent to act. Such appointments may be designated to take effect immediately or may take effect in the future, when an Individual Member vacancy occurs.
- (iv) Subsequently, upon the first to occur (1) the death of the last to die of all persons named by Individual Members to be successor Individual Members pursuant to (iii) above, or (2) the first date when none of the persons named by Individual Members to be successor Individual Members pursuant to (iii) above are serving as Individual Members of the Corporation or as Independent Trustees of the Corporation, the categories of "Individual Members" and "Independent Trustees" shall cease to exist, and thereafter the Charitable Members shall be the only Members of the Corporation, the Baylor and Southwestern Trustees shall be the

sole class of Trustees of the Corporation, and the Members shall elect all of the Trustees.

- (v) Notwithstanding the foregoing, at any time, the then serving Individual Members shall have the right, by unanimous vote, to terminate the categories of "Individual Members" and "Independent Trustees" and, thereafter, those categories shall cease to exist, the Charitable Members shall be the only Members of the Corporation, and Baylor and Southwestern Trustees shall be the only class of Trustees of the Corporation, and the Members shall elect all of the Trustees.

Section 2.2. Annual Meetings. An annual meeting of the members of the Corporation shall be held on the last Tuesday in April beginning in the year 2003 at such place as shall be determined by the Board of Trustees of the Corporation and communicated to the Corporation's members. At such annual meeting, the members of the Corporation with voting rights shall designate and elect the Board of Trustees in the manner provided in Section 3.2 of these Bylaws and transact such other business as shall be included in the notice and agenda for the meeting. Written notice of the place, date and time of each annual meeting of the members shall be delivered not less than ten (10) nor more than 60 days before the date of such meeting to each member who on the record date for notice of the meeting is entitled to vote thereat, at such member's address as it appears on the books of the Corporation at the time such notice is given.

Section 2.3. Special Meeting. Special meetings of the members may be called by the President of the Corporation, the Board of Trustees or any member of the Corporation. Written notice of the place, date, time and purpose of each special meeting of members shall be given to each member not less than ten (10) nor more than 60 days prior to the date thereof. No business shall be transacted at a special meeting of members except as stated in the notice of such meeting.

Section 2.4. Place of Meetings. Meetings of members shall be held at such places, within or without the State of Texas, as may from time to time be determined by the Board of Trustees or as may be specified in the respective notices or waivers of notice thereof.

Section 2.5. Record Date. Only those persons who are members of the Corporation at least ten (10) days immediately prior to the day upon which the Corporation mails notice of any meeting to its members and are entitled to vote thereat shall be entitled to receive notice of such meeting.

Section 2.6. Quorum and Manner of Acting. The presence in person or by written proxy of a majority of the members entitled to vote, at a meeting of members held in accordance with these Bylaws, shall be necessary and sufficient to constitute a quorum for the transaction of business at such meeting. Except as otherwise provided by any statute, the Articles of Incorporation or these Bylaws, the act of a majority of the members voting at any meeting of members at which a quorum is present shall constitute the act of the members. If a quorum is not

present at any meeting of the members, the members present and entitled to vote at such meeting shall adjourn the meeting from time to time, without notice other than announcement at the meeting, until such time as a quorum is present. At any such adjourned meeting at which a quorum shall later be present, any business may be transacted which might have been transacted at the meeting as originally convened.

Section 2.7. Voting. Members shall be entitled to vote only as provided in Section 2.1 of these Bylaws. Members so entitled to vote shall have one (1) vote on each matter submitted to a vote at any meeting of members, except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. A member may vote in person or by written proxy.

Section 2.8. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members may, unless otherwise restricted by statute, by the Articles of Incorporation or by these Bylaws, participate in and hold a meeting of the members by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by using any other suitable electronic communications system, including video conferencing technology or the Internet (but only if, in the case of such other suitable communications system, each member entitled to participate in the meeting consents to the meeting being held by means of that system, and the system provides access to the meeting in a manner or using a method by which each member participating in the meeting can communicate concurrently with each other participant). Participation in a meeting pursuant to this Section 2.8 shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

BOARD OF TRUSTEES

Section 3.1. General Powers; Delegation. The activities, property and affairs of the Corporation shall be managed by its Board of Trustees, who may exercise all such powers of the Corporation and do all such lawful acts and things as are permitted by statute, by the Articles of Incorporation or by these Bylaws.

Section 3.2. Number; Election; Qualifications. The number of trustees constituting the Board of Trustees shall be eleven (11):

- A. Three (3) of such trustees (the "Baylor Trustees") shall at all times be persons contemporaneously serving as regents of Baylor and shall be designated to serve as trustees of the Corporation by Baylor.
- B. Three (3) of such trustees (the "Southwestern Trustees") shall at all times be persons contemporaneously serving as trustees of Southwestern and

shall be designated to serve as trustees of the Corporation by Southwestern.

- C. The remaining five (5) trustees (the "Independent Trustees") shall be elected by the Individual Members.

Accordingly, the majority of the Board of Trustees (the Baylor Trustees and the Southwestern Trustees are collectively referred to as the "Charitable Trustees") will be elected by the Charitable Members. Notwithstanding Section 2.1 of these Bylaws, the majority of the Board shall be unrelated parties and the majority shall not be "disqualified persons" (as defined in Code Section 4946, applied as though the Corporation were a private foundation) with respect to the Corporation or employees of such disqualified persons. Any reference to the majority of the Board of Trustees shall consist of at least three (3) Charitable Trustees and three (3) Independent Trustees.

Section 3.3. Term of Office. Each trustee of the Corporation shall hold office until such trustee's successor is chosen and qualified at the next annual meeting of the members following such trustee's election, or until such trustee's earlier death, resignation, retirement, disqualification or removal from office. A Baylor Trustee shall become disqualified to serve as such upon his or her resignation, retirement or removal from office as regent of Baylor. A Southwestern Trustee shall become disqualified to serve as such upon his or her resignation, retirement or removal from office as trustee of Southwestern.

Section 3.4. Filling of Vacancies. Any vacancy occurring in the Board of Trustees resulting from the death, resignation, retirement, disqualification or removal from office of any trustee shall be filled in the same manner that such trustee was elected or designated in accordance with the Corporation's Articles of Incorporation and these Bylaws. Any trustee designated or elected to fill a vacancy shall hold office until the next annual meeting of the members of the Corporation and until such trustee's successor is chosen and qualified, or until such trustee's earlier death, resignation, retirement, disqualification or removal from office.

Section 3.5. Removal. Any trustee may be removed, either for or without cause, in the same manner that such trustee was designated or elected in accordance with the Corporation's Articles of Incorporation and these Bylaws, if notice of the intention to act upon such matter shall have been given in the notice of such meeting and if such notice is provided to the trustee proposed to be removed.

Section 3.6. Place of Meetings. Meetings of the Board of Trustees shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board of Trustees or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 3.7. Annual Meetings. An annual meeting of the Board of Trustees, of which no notice shall be necessary, shall be held each year immediately following the annual meeting of members, and at the same place. At such annual meeting, the trustees shall elect officers and transact any and all other business as may properly come before the meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board of Trustees shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated by notice to all trustees. Except as otherwise provided by statute, by the Articles of Incorporation or by these Bylaws, any and all business may be transacted at any regular meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Trustees may be called by the President or the Chairman of the Board of Trustees upon not less than one (1) nor more than 60 days' notice to each trustee. Special meetings shall also be called by the President or Secretary in like manner and on like notice on the written request of two (2) or more trustees. Except as otherwise provided by statute, by the Articles of Incorporation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Trustees need be specified in the notice or waiver of notice of such meeting.

Section 3.10. Quorum and Manner of Acting.

- A. In General. At all meetings of the Board of Trustees, the presence of at least four (4) Charitable Trustees and three (3) Independent Trustees, then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, by the Articles of Incorporation or by these Bylaws. Trustees present by proxy may not be counted toward a quorum. The act of a majority of the trustees present in person or by proxy at a meeting at which a quorum is present shall be the act of the Board of Trustees unless the act of a greater number is required by statute, by the Articles of Incorporation or by these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. A trustee may vote in person or by proxy executed in writing by the trustee. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. If a quorum shall not be present at any meeting of the trustees, the trustees present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum shall later be present, any business may be transacted which might have been transacted at the meeting as originally convened.
- B. Actions Requiring Two-Thirds (2/3) Majority Vote. The following actions by the Corporation shall require the affirmative vote of a two-thirds (2/3) majority of the Board of Trustees: (i) the transfer of assets of the Corporation having a value in excess of five percent (5%) of the value of the net assets of the Corporation in any single fiscal year thereof (each such value determined under Generally Accepted Accounting Principles ("GAAP")); (ii) the making of grants and/or loans in excess of fifteen

percent (15%) of the Corporation's net income (determined under GAAP) in any single fiscal year; (iii) the liquidation or dissolution of the Corporation; (iv) the merger, consolidation, or other combination of the Corporation with any other organization; (v) the amendment, revision, restatement, modification, repeal, or other alteration (of any kind or character) of the Corporation's Articles of Incorporation or Bylaws (in the form in which such documents are originally adopted or may hereafter exist); and (vi) the election of the Chairman of the Board of Trustees and the President of the Corporation.

Section 3.11. Trustees' Compensation. Trustees may receive compensation for their services as trustees or as members of a standing or special committee of the Board, may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the Board of Trustees or any standing or special committee thereof, and may receive compensation for serving the Corporation in any other capacity.

Section 3.12. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by statute, by the Articles of Incorporation or by these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by using any other suitable electronic communications system, including video conferencing technology or the Internet (but only if, in the case of such other suitable communications system, each member entitled to participate in the meeting consents to the meeting being held by means of that system, and the system provides access to the meeting in a manner or using a method by which each member participating in the meeting can communicate concurrently with each other participant). Participation in a meeting pursuant to this Section 3.12 shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 3.13. Chairman of the Board of Trustees. At each annual meeting of the Board of Trustees, the Board shall elect a Chairman of the Board of Trustees.

ARTICLE FOUR

COMMITTEES

Section 4.1. Committees of Trustees. The Board of Trustees by resolution adopted by a majority of the trustees in office may designate one or more committees which, to the extent provided in said resolution, shall have and exercise the authority of the Board of Trustees in the management of the Corporation, except as to actions described in Section 3.10.B of these Bylaws. Each such committee shall consist of two (2) or more persons, a majority of whom are trustees. The designation of such committees and the delegation thereto of authority shall not

operate to relieve the Board of Trustees, or any individual trustee, of any responsibility imposed on the Board or such trustee by law.

Section 4.2. Advisory Boards or Committees. Advisory boards or committees not having and exercising the authority, responsibility or duties of the Board of Trustees in the management of the Corporation may be designated by a resolution adopted by the trustees. Except as otherwise provided in such resolution, members of each such advisory board or committee need not be trustees of the Corporation. The President or the Chairman of the Board of Trustees shall appoint the members of such advisory board or committees. Any member thereof may be removed by the President or the Chairman of the Board of Trustees whenever in his judgment the best interests of the Corporation shall be served by such removal.

Section 4.3. Term of Office. Each member of a committee of trustees or advisory board or committee shall continue as such until the next annual meeting of the trustees of the Corporation and until such member's successor is appointed, unless the boards or committee is sooner terminated, or unless such member is removed from such board or committee or shall cease to qualify as a member thereof.

Section 4.4. Chairman. Unless otherwise designated by these Bylaws, one or more members of each trustees' committee or advisory board or committee shall be appointed chairman, or co-chairman, by the person or persons authorized to appoint the members thereof.

Section 4.5. Vacancies. Vacancies in the membership of any committee of trustees or advisory board or committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 4.6. Quorum; Manner of Acting. Unless otherwise provided in the resolution of the Board of Trustees designating a committee of trustees or advisory board or committee, a majority of the whole board or committee shall constitute a quorum, and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the board or committee.

Section 4.7. Rules. Each committee of trustees or advisory board or committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Trustees.

ARTICLE FIVE

NOTICES

Section 5.1. Manner of Giving Notice. Whenever, under the provisions of any statute, the Articles of Incorporation or these Bylaws, notice is required to be given to any member, trustee or committee member of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to require personal notice, but any such notice may be given in writing by hand delivery, by facsimile transmission or by mail, postage prepaid,

addressed to such member, trustee or committee member at such person's address as it appears on the records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered at the time when the same shall be thus deposited in the United States mails, as aforesaid. Any notice required or permitted to be given by facsimile shall be deemed to be given upon successful transmission of such facsimile.

Section 5.2. Waiver of Notice. Whenever any notice is required to be given to any member, trustee or committee member of the Corporation under the provisions of any statute, the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE SIX

OFFICERS, EMPLOYEES AND AGENTS: POWERS AND DUTIES

Section 6.1. Elected Officers. The elected officers of the Corporation shall include a President, a Secretary and a Treasurer, and may include one or more Vice Presidents, as may be determined from time to time by the Board (and in the case of any such Vice President, with such descriptive title, if any, as the Board shall deem appropriate). None of the elected officers need be a member of the Board of Trustees.

Section 6.2. Election. So far as is practicable, all elected officers shall be elected by the Board of Trustees at each annual meeting thereof.

Section 6.3. Appointive Officer. The Board of Trustees may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board.

Section 6.4. Two or More Offices. Any two (2) or more offices may be held by the same person, except that the President and Secretary shall not be the same person.

Section 6.5. Compensation. The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Trustees. The Board of Trustees may from time to time delegate to the President the authority to fix the compensation of any or all of the other employees and agents of the Corporation.

Section 6.6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until such officer's successor is chosen and qualified in such officer's stead or until such officer's earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Trustees without the necessity of periodic reappointment. Any officer or agent may be removed at any time by the Board of Trustees whenever in its judgment the best interests of the

Corporation will be served thereby. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Trustees.

Section 6.7. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the activities and affairs of the Corporation and shall have general and active control thereof. The President shall preside when present at meetings of the Board of Trustees. The President shall have general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation; to remove or suspend any employee or agent; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. In the absence or disability of the President, the duties of such office shall be performed and the powers may be exercised by the Vice Presidents, if any, in the order of their seniority, unless otherwise determined by the President or the Board of Trustees.

Section 6.8. Vice Presidents. Each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the President or the Board of Trustees.

Section 6.9. Secretary. The Secretary shall see that notice is given of all annual and special meetings of the Board of Trustees and shall keep and attest true records of all proceedings at all meetings of the Board. The Secretary shall have charge of the corporate seal and shall have authority to attest any and all instruments of writing to which the same may be affixed. The Secretary shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. The Secretary shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the absence or disability of the Secretary, the duties of such office shall be performed and the powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President or the Board of Trustees.

Section 6.10. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Secretary, the President or the Board of Trustees.

Section 6.11. Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangements and classification; shall supervise the accounting and auditing practices of the Corporation and shall

have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Trustees shall from time to time direct or as shall be selected in accordance with procedures established by the Board; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Corporation. The Treasurer shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President or the Board of Trustees.

Section 6.12. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Treasurer, the President or the Board of Trustees.

Section 6.13. Additional Powers and Duties. In addition to the foregoing specially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Articles of Incorporation or these Bylaws, or as the Board of Trustees may from time to time determine or as may be assigned by any competent superior officer.

ARTICLE SEVEN

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 7.1. Contracts. The Board of Trustees may authorize any officer or officers, or agent or agents, of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.2. Checks, Drafts or Orders for Payment. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Trustees. In the absence of such determination, such instruments shall be signed by the President and the Treasurer of the Corporation.

Section 7.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the

Board of Trustees may select or as may be selected in accordance with procedures established by the Board.

ARTICLE EIGHT

ACTIONS WITHOUT MEETINGS

Section 8.1. Unanimous Consent. Any action required or permitted to be taken at any meeting of members, trustees or committee members may be taken without a meeting if a consent in writing setting forth the action to be taken shall be signed by all of the members, trustees or committee members, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document.

Section 8.2. Other Action Without a Meeting. Any action required or permitted to be taken at any meeting of members, trustees or committee members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by a sufficient number of members, trustee or committee members, as the case may be, as would be necessary to take that action at a meeting at which all persons entitled to vote on the action were present and voted. Prompt notice of the taking of any action by members, trustees or committee members without a meeting by less than unanimous written consent shall be given to those members, trustees or committee members who did not consent in writing to the action. Every written consent signed by less than all the members, trustees or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. No written consent signed by less than all the members, trustees or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by law, a consent or consents signed by not less than the minimum number of members, trustees or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Corporation having custody of the books in which proceedings of meetings of members are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a member, trustee or committee member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a member, trustee or committee member, shall be regarded as signed by the member, trustee or committee member for purposes of this Section 8.2.

ARTICLE NINE

MISCELLANEOUS

Section 9.1. Dividends Prohibited. No part of the net income of the Corporation shall inure to the benefit of any private individual and no dividend shall be paid and no part of the income of the Corporation shall be distributed to its trustees or officers. Notwithstanding the foregoing, the Corporation may pay compensation in a reasonable amount to its officers for services rendered and may compensate and reimburse its trustees as provided in Section 3.11 of Article Three hereof.

Section 9.2. Loans to Officers and Trustees. Any loan by the Corporation to an officer may be made only in the manner and to the extent provided in the Texas Business Organizations Code. Except as provided in the preceding sentence, no loans shall be made by the Corporation to its officers, and in no event shall any loans be made by the Corporation to its trustees. Any trustees voting for or assenting to the making of any loan to a trustee or officer which is prohibited by the Texas Business Organizations Code, and any officer participating in the making thereof, shall be jointly and severally liable to the Corporation for the amount of such loan until repayment thereof.

Section 9.3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Trustees.

Section 9.4. Seal. The Corporation's seal, if any, shall be in such form as shall be adopted and approved from time to time by the Board of Trustees. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 9.5. Gender. Words of either gender used in these Bylaws shall be construed to include the other gender, unless the context requires otherwise.

Section 9.6. Invalid Provisions. If any part of these Bylaws shall be held invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall remain valid and operative.

Section 9.7. Headings. The headings used in these Bylaws are for convenience only and do not constitute matter to be construed in the interpretation of these Bylaws.

ARTICLE TEN

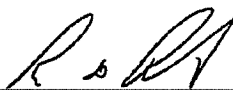
AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted, at any meeting of the Board of Trustees by the affirmative vote of a two-thirds (2/3) majority of the trustees serving in office, provided notice of the proposed amendment, repeal or adoption be

contained in the notice of such meeting; and provided further, that the foregoing notice requirement shall not prohibit the Board of Trustees from adopting the proposed amendment, effecting the proposed repeal or adopting the proposed new bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting.

* * * * *

The undersigned, being the duly elected and qualified Secretary of the Corporation, hereby certifies that the foregoing Amended and Restated Bylaws of the Corporation were duly adopted by the Board of Trustees of the Corporation effective January 1, 2015.



Rick D. Riley, Secretary

Exhibit C

LAST WILL AND TESTAMENT
OF
HAROLD E. RILEY

THE STATE OF TEXAS)
)
COUNTY OF TRAVIS) KNOW ALL MEN BY THESE PRESENTS:

That I, HAROLD E. RILEY, a resident of Travis County, Texas, and a citizen of the United States, being of sound mind and disposing memory, do make, publish, and declare this my Last Will and Testament, hereby revoking all wills and codicils by me heretofore made.

SECTION I.

Payment of Debts, Expenses, and Taxes

Except as otherwise provided by this will, I direct that my legally enforceable debts, funeral expenses, expenses of the administration of my estate, and all federal and state estate, inheritance and succession taxes, and all generation-skipping taxes (except any generation-skipping tax imposed on any generation-skipping transfer that is not a direct skip transfer made at my death of which I am the transferor), including interest and penalties thereon, imposed upon my estate or any beneficiary thereof by reason of my death, including the portion of any such tax as is attributable to the proceeds of policies of insurance on my life or other property not constituting a part of my probate estate, be

paid from the gift made under Section III.B of this will. To the extent that such gift is insufficient to pay such debts, expenses, and taxes, then such remaining debts, expenses, and taxes shall be paid from the residue of my estate. Such payments may be charged against income or principal of such gift or such residue, as the case may be, as permitted under applicable law. The above direction with respect to payment of debts shall not be construed to require the payment of any debt before it is due, and my executor is specifically given the right to renew and extend, in any form it deems best, any debt or charge existing at the time of my death, including any mortgage on my home. Similarly, my executor shall have the right and power to incur indebtedness and to borrow money for the purpose of paying any or all of the aforesaid debts, expenses, and taxes.

Notwithstanding the foregoing, if any tax is imposed on my estate by reason of Section 2036, Section 2041 or Section 2044 of the Internal Revenue Code or similar provision of state law and is not otherwise paid or payable, I direct my executor to seek reimbursement for, recovery of or contribution toward the payment of such tax, including interest and penalties thereon, to the maximum extent permitted by law.

SECTION II.

Bequest of Personal Property

I give, devise, and bequeath unto my wife, DOTTIE S. RILEY, if she survives me by thirty (30) days, all of my interest in personal effects (including jewelry, clothing, books, china, crystal, and silverware), furniture and furnishings, objects of art, automobiles and other motor vehicles, boats, club memberships, and all other personal property of a nature, use, and classification similar

to the foregoing. I expressly exclude from this bequest any tangible personal property regularly used in connection with any business in which I may own an interest. If my said wife should not survive me by thirty (30) days, I give, devise, and bequeath such property unto such of my children as may survive me by thirty (30) days; provided, however, that my executor in my executor's sole and absolute discretion may divide, partition and distribute such property among my children or may sell any such articles and include the proceeds in the residue of my estate or include such articles directly in the said residue. If neither my wife nor any child of mine survives me by thirty (30) days, my interest in the property described in this Section shall pass as part of the residue of my estate.

SECTION III.

Specific Bequest of Stock

A. I give and bequeath unto my wife, DOTTIE S. RILEY, if she survives me by thirty (30) days, Two Hundred Thousand (200,000) shares of Class A Common Stock of Citizens, Inc. If my wife fails to survive me by thirty (30) days, my interest in the property described in this Section shall pass in accordance with Paragraph B of this Section III. If I do not own any of such shares at the time of my death, or if I do not own enough shares of such stock to satisfy this bequest in full, then this bequest shall lapse, in whole or in part, as the case may be.

B. I give and bequeath unto the HAROLD E. RILEY FOUNDATION, Austin, Texas, all of my remaining shares of Class A Common Stock of Citizens, Inc. and all of my shares of Class B Common Stock of Citizens, Inc., if any; provided, however, that if the HAROLD E. RILEY FOUNDATION shall not be in existence or if such organization is not then described in Section 2055(a) of the Internal Revenue Code, then my executor shall divide the assets and property into two (2) equal shares, and distribute the shares as follows:

1. One share shall be distributed to SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY, Fort Worth, Texas; provided, that if SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this subparagraph 1 shall be added to the share to be distributed pursuant to subparagraph 2 below.

2. One share shall be distributed to BAYLOR UNIVERSITY, Waco, Texas, to create a permanent endowment on behalf of the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." Provided, in the event that in any given year the income of the Hankamer School of Business Harold E. Riley Endowed Scholarship Funds shall in the unanimous opinion of the individuals then serving as the Baylor Trustees of the Harold E. Riley Foundation (the "Baylor Trustees") exceed the need for such support, the excess income may be directed by the Baylor Trustees to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary. Provided, further, that if BAYLOR UNIVERSITY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this subparagraph 2 shall be added to the share to be distributed pursuant to subparagraph 1 above.

Provided, further, that if neither of SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY or BAYLOR UNIVERSITY is in existence and described in Section 2055(a) of the Code at the time for distribution hereunder, then my executor shall distribute the assets and property to one or more similar organizations that are so described and which the executor determines in his sole and absolute discretion have the same charitable purposes. If my executor in his sole and absolute discretion determines that neither a successor organization nor a similar organization with the same charitable purposes exists, then my executor shall distribute the assets and property to one or more organizations chosen by my executor in his sole and absolute discretion that are described in Section 2055(a) of the Code. If I do not own any of such shares at the time of my death, then this bequest shall lapse.

SECTION IV.

Devise of Residence

I give, devise and bequeath unto my wife, DOTTIE S. RILEY, if she survives me by thirty (30) days, all of my interest in the real property, including improvements thereon, which is our principal residence at the time of my death, subject, however, to any indebtedness secured by such

property, together with all rights that I may have under any insurance policies relating thereto. If my said wife fails to survive me by thirty (30) days, my interest in the property described in this Section shall pass as part of the residue of my estate.

SECTION V.

Disposition of Residue

If my wife, DOTTIE S. RILEY, survives me by thirty (30) days, I give, devise and bequeath all the rest and residue of my estate, of every kind and character, real, personal and mixed, unto my said wife, DOTTIE S. RILEY. If my wife, DOTTIE S. RILEY, does not survive me by thirty (30) days, I give, devise and bequeath all of the rest and residue of my estate in equal shares unto such of my children as survive me by thirty (30) days. If neither my wife nor any child of mine survives me by thirty (30) days, I give, devise and bequeath the said residue of my estate unto the HAROLD E. RILEY FOUNDATION; provided, however, that if the HAROLD E. RILEY FOUNDATION shall not be in existence or if such organization is not then described in Section 2055(a) of the Internal Revenue Code, then my executor shall divide the assets and property into two (2) equal shares, and distribute the shares as follows:

A. One share shall be distributed to SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY, Fort Worth, Texas; provided, that if SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this paragraph A shall be added to the share to be distributed pursuant to paragraph B below.

B. One share shall be distributed to BAYLOR UNIVERSITY, Waco, Texas, to create a permanent endowment on behalf of the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." Provided, in the event that in any given year the income of the Hankamer School of Business Harold E. Riley Endowed Scholarship Funds shall in

the unanimous opinion of the Baylor Trustees exceed the need for such support, the excess income may be directed by the Baylor Trustees to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary. Provided, further, that if BAYLOR UNIVERSITY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this paragraph B shall be added to the share to be distributed pursuant to paragraph A above.

If neither of SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY or BAYLOR UNIVERSITY is in existence and described in Section 2055(a) of the Code at the time for distribution hereunder, then my executor shall distribute the assets and property to one or more similar organizations that are so described and which the executor determines in his sole and absolute discretion have the same charitable purposes. If my executor in his sole and absolute discretion determines that neither a successor organization nor a similar organization with the same charitable purposes exists, then my executor shall distribute the assets and property to one or more organizations chosen by my executor in his sole and absolute discretion that are described in Section 2055(a) of the Code.

SECTION VI.

Definitions

As used in this will the words "child" and "children" shall include RICK DENSON RILEY, RANDALL HAROLD RILEY, JANA LYNN RILEY and RAY ALLEN RILEY, and no others.

All references to "Internal Revenue Code" or to the "Code" shall be to the Internal Revenue Code of 1986, as it exists at the time of execution of this will or as amended from time to time thereafter, unless otherwise designated, or to its successor statute.

As used in this will, the word "executor" shall include both the singular and the plural and shall mean the executor or executors acting hereunder at any time, whether one or more.

As used in this will, the masculine, feminine and neuter genders shall each be deemed to include the others unless the context requires otherwise. The singular shall include the plural and the plural shall include the singular wherever the context of this will permits.

SECTION VII.

Provisions Relating to Executor

I constitute and appoint my wife, DOTTIE S. RILEY, independent executor without bond of this, my Last Will and Testament. In case of the death, resignation, failure, refusal or inability of my said wife to act as independent executor hereunder, I constitute and appoint RICK DENSON RILEY independent executor without bond of this, my Last Will and Testament. Should both my wife and RICK DENSON RILEY for any reason not serve or continue to serve as independent executor, then I direct that RAY ALLEN RILEY shall serve as independent executor without bond of this, my Last Will and Testament. Should RAY ALLEN RILEY for any reason also not serve or continue to serve as independent executor, then I direct that RANDALL HAROLD RILEY shall serve as independent executor without bond of this, my Last Will and Testament. Should RANDALL HAROLD RILEY for any reason also not serve or continue to serve as independent executor, then I direct that JANA LYNN RILEY shall serve as independent executor without bond of this, my Last Will and Testament.

I direct that no action be had in any court respecting the settlement of my estate other than to probate this will and, if required, to make, return and record an inventory and appraisal of my estate and list of claims. Except as otherwise specifically provided herein, during the administration

of my estate, my executor shall have, in extension and not in limitation of the powers given by law or the terms of this will, all of the administrative powers and powers of sale and all of the privileges and rights granted to the trustee of the trust hereinabove created, such powers to be exercised without court supervision or control.

My executor shall have full power and authority (but no duty) to make any and all available estate, inheritance and income tax elections, including specifically (i) the date and option, alternative or method which should be selected for the valuation of property in my gross estate for federal and state estate, inheritance and generation-skipping tax purposes and the payment of all such taxes, (ii) whether a deduction shall be taken as an income tax deduction or an estate tax deduction, (iii) the election to extend the time for the payment of federal and state estate, inheritance and generation-skipping taxes and the election to pay any such tax in installments, (iv) the allocation of all or any part of the exemption described in Section 2631 of the Internal Revenue Code to any property of which I am the transferor, including any property transferred by me during my lifetime as to which I did not make an allocation prior to my death, and (v) the election under Section 2057 of the Internal Revenue Code to treat all or any part of a trade or business includable in my gross estate as a qualified family-owned business interest. My executor shall have no power, right, duty or obligation which would deprive my estate of any marital deduction benefits otherwise available to it. My executor's decisions with respect to such matters shall be binding and conclusive upon all concerned, and my executor shall incur no liability to my estate or any beneficiary thereof on account of the exercise or failure to exercise any such election, regardless of the fact that any federal or state estate, inheritance, generation-skipping or income tax imposed on my estate is thereby increased or

that there is a change in the proportion in which any beneficiary shares in my estate. No compensating adjustments between income or principal or in the amount of any bequest or devise hereunder shall be made as a result of any such decision.

My executor shall have the power to join with my wife in the filing of any tax returns for any year or years for which I have not filed such return or returns prior to my death and to pay all or such ratable share of any taxes (together with any interest and penalties thereon) as my executor shall deem proper. I further authorize and empower my executor to consent that any gifts made by my wife prior to my death be treated as made one-half ($\frac{1}{2}$) by me for the purposes of any gift tax laws and returns. I authorize my executor to distribute my estate in whole or in part at such time or times as are deemed advisable, and such distributions may be made in cash, or in kind, or partly in cash and partly in kind. My executor is further authorized to distribute my estate subject to any and all indebtedness incurred by me or by my executor, which in the opinion of my executor need not first be paid, and subject to any or all mortgages, deeds of trust or other liens created by me or by my executor; provided, however, except as otherwise provided by this will, the source of payment of any such debt shall be as provided in Section I hereof.

THIS I MAKE AND PUBLISH as my Last Will and Testament, hereunto subscribing my name in the presence of Marcia F. Emmons and MARK A. OLIVER, who have, at my request and in my presence and in the presence of each other, also subscribed their names hereto as attesting witnesses, on this 30th day of January, 2003 - HR

Harold E. Riley
HAROLD E. RILEY

We, the undersigned persons of lawful age, on this day at the request of HAROLD E. RILEY, have witnessed his signature to the foregoing Last Will and Testament, consisting of 11 pages including this page, in the presence of each of us, and at the same time and in his presence and in the presence of each other, we have subscribed our names hereto as attesting witnesses.

MARCIA F. EMMONS

1009 The High Road

Austin, TX 78746

Address

Marcia F. Emmons

Witness

MARK A. OLIVER

29107 BRIARCREST DR.

GEORGETOWN, TX 78628

Address

Mark A. Oliver

Witness

THE STATE OF TEXAS)
)
COUNTY OF TRAVIS)

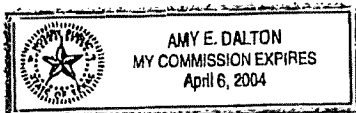
BEFORE ME, the undersigned authority, on this day personally appeared HAROLD E. RILEY, Marcia F. Emmons and MARK A. OLIVER, known to me to be the testator and the witnesses, respectively, whose names are subscribed to the annexed or foregoing instrument in their respective capacities, and all of said persons being by me duly sworn, the said HAROLD E. RILEY, testator, declared to me and to the said witnesses in my presence, that said instrument is his Last Will and Testament, and that he willingly made and executed it as his free act and deed; and the said witnesses, each on his oath, stated to me in the presence and hearing of the said testator that the said testator declared to them that the said instrument is his Last Will and Testament and that he executed the same as such and wanted each of them to sign it as a witness; and upon their oaths each witness stated further that they did sign the same as witnesses in the presence of the said testator and at his request; and that he was at that time eighteen (18) years of age or over and was of sound mind; and that each of said witnesses was then at least fourteen (14) years of age.

[Signature]
HAROLD E. RILEY

Marcia F. Emmons
Witness

Mark A. Oliver
Witness

SUBSCRIBED AND SWORN TO before me by the said HAROLD E. RILEY, testator, and by the said Marcia F. Emmons and Mark A. Oliver witnesses, this 30th day of January, 2002 AD



(SEAL)

002372 00001 Dallas 1444624.3

Amy E. Dalton
Notary Public, State of Texas

Exhibit D

THE HAROLD E. RILEY REVOCABLE TRUST
AMENDED AND RESTATED AGREEMENT OF TRUST

This instrument of amendment, made and executed at Austin, Travis County, Texas, this 16th day of December 2002, by and between HAROLD E. RILEY, hereinafter referred to as "Settlor," and HAROLD E. RILEY hereinafter referred to as "Trustee," of this trust known as THE HAROLD E. RILEY REVOCABLE TRUST.

WITNESSETH:

WHEREAS, by Trust Agreement dated April 27, 1979 (the "Trust Agreement"), by and between HAROLD E. RILEY, as Settlor, and HAROLD E. RILEY and GORDON L. RILEY, as Trustees, Settlor created a trust described therein as the HERMAR TRUST (the "Trust");

WHEREAS, the Trust was amended on March 4, 1986;

WHEREAS, the Trust was amended and restated on May 9, 1991 for the purpose of, among other things, changing the name of the Trust to the HAROLD E. RILEY TRUST;

WHEREAS, the Trust was amended and restated on May 19, 1999, for the purpose of, among other things, reflecting the Trust's ownership of Common Stock of Citizens, Inc., and changing the remainder beneficiary of the Trust to the Harold E. Riley Southwestern Foundation;

WHEREAS, Settlor desires to further amend the Trust to change the remainder beneficiary of the Trust to the Harold E. Riley Foundation;

WHEREAS, in Section VII of the Trust Agreement, Settlor retained the right to amend, modify or revoke the Trust; and

WHEREAS, Settlor wishes to amend the Trust as herein provided and restate the Trust, as amended, in its entirety.

NOW, THEREFORE, for and in consideration of the premises, the Trust is hereby amended by the Settlor and restated in its entirety as follows:

SECTION I

Settlor has conveyed, transferred, and assigned, and by these presents do convey, transfer, and assign unto the Trustee the assets and properties described in Schedule "A" attached hereto and made a part hereof. Such assets and properties shall be held, administered, and distributed as a revocable, amendable trust for the uses and purposes hereinafter set out. Settlor, or any other person or persons, may by instrument in writing, by will or by naming the Trustee as beneficiary of life insurance or an employee benefit plan, deliver to the Trustee at any time and from time to time additional assets and properties acceptable to the Trustee, which additional assets and properties shall be held, administered and distributed pursuant to this Agreement.

Any investment or income-producing assets and properties added to this Trust during the life of Settlor shall be considered property of Settlor by the Trustee unless when delivered said property is designated in writing to be the property of another settlor. The Trustee shall maintain records and accounts to appropriately identify such property, with all income being designated and identified as the property of Settlor.

SECTION II

If, during the lifetime of Settlor, there shall be transferred to the Trustee investment or income-producing assets to be held in accordance with the terms of this Trust Agreement, then so long as Settlor shall live, there shall be distributed to or for the benefit of Settlor, so much of the

Trust income and principal as the Settlor shall from time to time direct in writing. Initially, and until the death of the Settlor, or until further written notice from Settlor to the Trustee, the Trustee shall distribute to Settlor the net Trust income. In the event of the incapacity of the Settlor, then, notwithstanding any prior written instructions to the contrary, the Trustee may distribute to or for the benefit of Settlor so much of the Trust income and principal as the Trustee shall determine in its sole discretion to be necessary to provide for the health, maintenance and support of Settlor in accordance with his accustomed standard of living. Any income not so distributed shall be added to principal. The Trustee shall, for the purposes of this section, be the sole judge of a Settlor's incapacity; no judicial determination shall be required and the Trustee shall incur no liability to any person whomsoever for making distributions to or for the benefit of Settlor upon the Trustee's determination of Settlor's incapacity.

SECTION III

The Trustee shall hold, manage, invest and reinvest the principal of this Trust, including any additions to this Trust, and shall hold and dispose of the principal and net income therefrom as hereinafter provided:

- (a) Income. The Trustee shall pay at convenient intervals, at least as often as quarterly, as the same shall accrue, all of the net income to the Settlor so long as he lives.
- (b) Special Distributions of Principal. If at any time during the existence of this Trust, the net income which shall be distributed to the Settlor under the terms hereof shall not be adequate in the opinion of the Trustee for his health, maintenance and support, considering all other sources of income available to him, then the Trustee may make supplemental distributions of principal out of this Trust to the Settlor to the extent and in the manner that the Trustee may deem advisable for his health, maintenance and support in accordance with his accustomed standard of living. Distribution of the entire principal is authorized if the Trustee shall determine such distribution shall be to the best interest of such beneficiary in accordance with the foregoing standard.

- (c) Termination. Upon the death of the Settlor, the Trust shall terminate and all assets and property of the Trust shall be distributed to the HAROLD E. RILEY FOUNDATION; provided, however, that if the HAROLD E. RILEY FOUNDATION is not then in existence or if such organization is not then described in Section 2055(a) of the Code, then the Trustee shall divide the assets and property into two (2) equal shares, and distribute them as follows:

1. One share shall be distributed to SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY, Fort Worth, Texas; provided, that if SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this subparagraph 1 shall be added to the share to be distributed pursuant to subparagraph 2 below.

2. One share shall be distributed to BAYLOR UNIVERSITY, Waco, Texas, to create a permanent endowment on behalf of the "Hankamer School of Business Harold E. Riley Endowed Scholarship Funds." Provided, in the event that in any given year the income of the Hankamer School of Business Harold E. Riley Endowed Scholarship Funds shall in the unanimous opinion of the individuals then serving as the Baylor Trustees of the Harold E. Riley Foundation (the "Baylor Trustees") exceed the need for such support, the excess income may be directed by the Baylor Trustees to the George W. Truett Theological Seminary, with the direction that such funds be used to create or add to the "Ray and Ruby Riley Sustenance and Education Endowment Funds," the purpose of which shall be to provide assistance to students of George W. Truett Theological Seminary with tuition, matriculation, and other fees, living expenses and such other expenses of such students as the administration of George W. Truett Theological Seminary deem reasonable and necessary. Provided, further, that if BAYLOR UNIVERSITY is not then in existence or if such organization is not then described in Section 2055(a) of the Code, the share to be distributed pursuant to this subparagraph 2 shall be added to the share to be distributed pursuant to subparagraph 1 above.

Provided, further, that if neither of SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY or BAYLOR UNIVERSITY is in existence and described in Section 2055(a) of the Code at the time for distribution hereunder, then the Trustee shall distribute the assets and property otherwise distributable under this paragraph (c) to one or more similar organizations that are so described and which the Trustee determine in its sole and absolute discretion have the same charitable purposes. If the Trustee determines in its sole and absolute discretion that neither a successor organization nor a similar organization with the same charitable purposes exists, then the Trustee shall distribute the assets and property to one or more organizations chosen by the Trustee in its sole and absolute discretion that are described in Section 2055(a) of the Code.

SECTION IV

With respect to any property at any time a part of the Trust estate as to which under the laws of any state applicable to said property the Trust is required to be terminated at any time prior to its normal termination pursuant to the provisions of this Trust, the Trust as to that particular property shall terminate at the time required by the laws of said state. Upon such termination of the Trust in whole or in part, as the case may be, the assets and property then comprising the principal of the Trust, or the assets and property as to which the Trust is terminated, shall be delivered unto the HAROLD E. RILEY FOUNDATION in the same manner as provided in Section III(c) with respect to the death of the Settlor.

SECTION V

The Trustee and any successor Trustee from time to time acting hereunder in a fiduciary capacity shall have and exercise the following rights, powers and privileges and shall be subject to the following, duties, provisions and limitations:

- (a) Partitions. The Trustee shall have the power to make all partitions and divisions contemplated by this Trust Agreement. The actual partitions and divisions made by the Trustee shall be binding and conclusive upon all interested parties. Any partitions, divisions or distributions may be made by allocating assets and property proportionately in kind or by allocating undivided interests therein in kind.
- (b) General Investment and Management Powers. The Trustee shall have full power and authority to manage, handle, invest, reinvest, convert, reconvert, sell for cash or credit, or for part cash and part credit, exchange, hold, dispose of, lease for any period, whether or not longer than the life of the Trust, improve, repair, maintain, work, develop, operate, use, mortgage or pledge all or any part of the funds, assets, and property constituting from time to time any part of the Trust; engage in and carry on any business or undertaking and enter into any partnership as a general or limited partner with any person, firm, corporation or any Trustee under any other trust; borrow money; enter into contracts; execute obligations, negotiable and non-negotiable; vote shares of stock in person and by proxy, with or without power of substitution; alone or with others form, reorganize or extend the life of any

corporation, and exercise and perform any and all rights, privileges and powers inuring to the holder of any stock or securities comprising at any time a part of the Trust; exercise any stock options and borrow money for such purposes; sue and be sued; settle, comprise or adjust by arbitration or otherwise any disputes or controversies in favor of or against the Trust; waive or release rights of any kind; appoint, remove and act through agents, managers and employees, and confer upon them such power and authority as may be deemed necessary or advisable; sell, convey or lease and otherwise deal with any oil, gas and other minerals and mineral rights and royalties, and operate and develop oil, gas and other mineral rights and royalties, and operate and develop oil, gas and other mineral properties and interests; pay all reasonable expenses; execute and deliver any deeds, conveyances, leases, contracts or written instruments of any character appropriate to any of the powers or duties of the Trustee; acquire a life insurance policy or policies on the life of any beneficiary or on the life of any person in whom a beneficiary has an insurable interest from any company or companies and in such amounts and types as the Trustee deems advisable, and to pay all premiums from either income or principal, or both, and designate a beneficiary or beneficiaries as the Trustee may determine.

- (c) Selection and Retention of Investments. Any property acquired by the Trustee as herein provided and from time to time constituting any part of the principal of the Trust shall be deemed a proper investment, and the Trustee shall be under no obligations to dispose of or convert any such property. Investments need not be diversified, may be of a wasting nature, and may be made or retained with a view to possible increase in value. The Trustee may invest and reinvest all funds available for investment or reinvestment from time to time or at such times as may be deemed advisable in such investments as it is permitted to make pursuant to the terms of the Trust. The Trustee is expressly authorized to invest in non-income-earning or producing property if in its judgment the best interest of the particular trust will be served thereby. The Trustee, except as herein otherwise specifically provided, shall have as wide latitude in the selection, retention or making of investments as an individual would have in retaining or investing his own funds, and shall not be limited to nor be bound or governed by the provisions of the Texas Trust Code or by any other statutes or regulations respecting investments by Trustee except to the extent that such statutes or regulations may not be waived.
- (d) Power to Determine Income and Principal. Stock dividends and capital gains shall be treated as principal. Except as herein otherwise specifically provided, the Trustee shall have full power and authority to determine the manner in which expenses are to be borne and in which receipts are to be credited as between principal and income, and also to determine what shall constitute principal or incomes and may withhold from income such reserves for depreciation or depletion as it may deem fair and equitable. In determining such matters, the Trustee may give consideration to the provisions of the Texas Trust Code relating to such matters, but shall not be bound

by such provisions. After the death of Settlor, the Trustee shall have the power to allocate receipts and disbursements between income and principal exercisable in a fiduciary capacity, but the Trustee shall not exercise such power in such a way as to enlarge or shift any of the beneficial interest herein except as an incidental consequence of the discharge of such fiduciary duties.

- (e) Distributions and Applications. All distributions and all uses and applications of trust funds, either income or principal, may be made directly to or expended for the benefit of the persons entitled thereto without the intervention of any legal guardian or other legal representative. The Trustee may pay any income or principal distribution to or for the benefit of a beneficiary including, but not limited to, the following methods:
 - (1) Directly to Settlor or such beneficiary;
 - (2) To the legal or natural guardian or person having custody of such beneficiary;
or
 - (3) Directly for the maintenance or support of such beneficiary.
- (f) Liability of Third Party. No purchaser at any sale made by the Trustee or persons dealing with the Trustee hereunder shall be obliged to see to the application of any money or property paid or delivered to the Trustee. No person dealing with the Trustee shall be obliged to inquire into the expediency or propriety of any transaction or the authority of the Trustee to enter into and consummate the same upon terms as the Trustee may deem advisable.
- (g) Powers as to Particular Assets. If at any time the Trust estate shall consist in whole or in part of assets located in a jurisdiction in which the Trustee then acting hereunder are not authorized to act the Trustee then acting hereunder may appoint an ancillary Trustee in the jurisdiction in which it is not authorized to act and may confer upon such ancillary Trustee power to act solely with reference to such assets as the Trustee may deem necessary to expedite and such ancillary Trustee shall remit to the Trustee then acting hereunder that part of all income from and proceeds of sale of such assets which is not required for the payment of any and all obligations of the Trust in such jurisdiction for which such ancillary Trustee is personally liable. The Trustee then acting hereunder may pay unto such ancillary Trustee reasonable compensation for its services and may absolve it from any requirement that it furnish bond or other security.
- (h) Trustee's Power to Terminate. The Trustee's power to terminate this Trust shall be governed by and subject to the rights and powers granted to Harold E. Riley, the Settlor, as set forth in Section VII of this Trust, infra.

- (i) No Bond. No Trustee need post any bond for so acting.
- (j) Powers Cumulative. The Trustee, except to the extent that the same are inconsistent with the provisions of this Trust, in which event the provisions of this Trust shall govern, shall have all of the rights, powers and privileges, and be subject to all of the duties, responsibilities and conditions set forth in the Texas Trust Code. Except as herein otherwise provided, the powers conferred upon the Trustee herein shall not be construed as in addition thereto.
- (k) Trustee's Fee. For its services hereunder the Trustee shall be entitled to reasonable fees commensurate with its duties and responsibilities, taking into account the value and nature of the Trust fund and the time and work involved.
- (l) Resignation of Trustee and Appointment of Successor. The Trustee herein named or any successor Trustee may at any time resign upon giving to the adult Trust beneficiaries, or if there be none, to the parents or legal guardians of each minor beneficiary then receiving or entitled to receive income from the Trust, thirty (30) days written notice of such resignation. In the event any Trustee serving hereunder shall resign, be removed, cease or fail for any reason to serve as Trustee, such Trustee shall be succeeded as provided in Section X, infra.
- (m) Liability for Predecessor Fiduciary. No Trustee hereunder whether original or successor shall be liable for the default of any existing or prior executor, administrator, trustee, co-trustee or legal representative thereof or for failure to contest the accounting rendered by such predecessor fiduciary, unless a majority of the adult beneficiaries or if there be none, the legal or natural guardians of a majority of the minor beneficiaries shall have, in writing, requested the Trustee to contest such accounting or rectify such default prior to acceptance. Similarly, any Trustee hereunder whether original or successor may accept the Trust assets as delivered to it by such executor, administrator, co-trustee, prior trustee or the legal representative of such prior fiduciary and shall be responsible only for such assets. Nothing in this paragraph shall limit the power of any Trustee hereunder from conditioning its acceptance of the Trust or any assets upon a proper accounting or from requiring such an accounting or rectifying of a prior default from a predecessor fiduciary.
- (n) Generation-Skipping Taxes and Payment. If the Trustee considers any distribution or termination of an interest or power hereunder as a distribution or termination subject to a generation-skipping tax, the Trustee is authorized:
 - (1) To augment any taxable distribution by an amount which the Trustee estimates to be sufficient to pay such tax and charge the same to the particular share to which the tax relates without adjustment of the relative Interests of the beneficiaries;

- (2) To pay such tax, in the case of a taxable termination, from the particular share to which the tax relates without adjustment of the relative interests of the beneficiaries. If said tax is imposed in part by reason of the Trust property hereunder and in part by reason of other property, the Trustee shall pay only the portion of such tax attributable to the taxable termination hereunder taking into consideration deductions, exemptions, credits and other factors which the Trustee deems advisable; and
 - (3) To postpone final termination of this trust and to withhold all or any portion of the Trust property until the Trustee is satisfied it no longer has any liability to pay any generation-skipping tax with reference to this Trust or its termination.
- (o) Dealing with Estates. The Trustee is authorized to lend any part of the Trust funds to the executors or administrators of the estate of Settlor upon such security and for such time and at such rates of interest and upon such security and for such time and at such rates of interest and upon such terms as the Trustee, in its absolute discretion, may deem proper; and to purchase from the executors or administrators of the said estates any item of property, real or personal, for such sums and on such terms as the Trustee may deem wise and proper.
- (p) Use and Receipt of Employer Benefits. In the event the Trust created hereunder shall be designated as the beneficiary or recipient of any proceeds paid or payable under any trust or plan exempt from federal estate taxation under Section 2039 of the Code (or its successor or predecessor code sections) such proceeds shall be held by the Trustee as an asset of the Trust created hereunder but not as an asset of the estate of Settlor. To the extent such proceeds have been exempt from federal estate taxes in Settlor's estate, the same shall not be used or expended for the purpose of paying any of his debts, the taxes attributable to his estate or the beneficiaries thereof or for the purpose of paying any costs or expenses of administering their estates.
- (q) Partial Distribution of Certain Assets to Settlor's Estate. Notwithstanding any other provisions of this Trust Agreement, if at the time of the death of Settlor, the Trustee holds in the Trust estate any United States Treasury obligations, which qualify for redemption at par in payment of the United States Estate Tax imposed upon the estate of such decedent, this Trust shall terminate in favor of his estate only as to such obligations and only to the extent such obligations can be used for such payment, and the Trustee shall deliver such obligations to the personal representative of such estate for payment of such taxes. The Trust shall continue to be administered hereunder with the remaining assets.

SECTION VI

Settlor may cause one or more insurance companies issuing policies of life insurance to make the ownership and proceeds thereof due by reason of the death of the insured payable to said Trustee or its successors as beneficiary, and the said Trustee accept such designation in trust for the purposes and on the conditions herein set forth. The Trustee, in its discretion, may pay all the premiums, assessments and other charges necessary to keep the policies in force. Should the Settlor or any other person or entity pay premiums, assessments or other charges necessary to maintain the policy or policies in force, such payments, assessments or charges shall be considered to be gifts to the Trust.

The Trustee shall possess all incidents of ownership in policies including, by way of example but not in limitation, the right to receive or exercise, without the consent or approval of the Settlor or any beneficiary hereunder, all benefits, payments, dividends, advances, loans, surrender values, options, rights, powers and privileges with respect to such policies, and the Settlor agrees to execute, upon the request of the Trustee of the Trust owning such policy, any releases or other papers to assist such owner in exercising any such reserved power.

Upon the death of the Settlor who may be insured, the Trustee shall, in respect to any and all policies of which the Trustee shall be then beneficiary, collect the full proceed thereof, less so much of the said proceeds as shall be required to pay or provide for the payment of any liabilities or obligations to the insurer with respect to said policies; provided, however, that the Trustee need not incur any expense in enforcing payments which are believed to be due Trustee unless the Trustee hold funds hereunder to cover such expenses.

The Trustee is authorized to compromise and adjust claims arising out of the insurance policies or any of them upon such terms and conditions as the Trustee deems just and the decision of the Trustee shall be binding upon all persons interested therein.

To the extent permitted, the Trustee shall have the right to negotiate and receive proceeds from employee benefit plans in any manner it deems prudent and consistent with the tax (both estate and income) and other objectives of the Trust and its beneficiaries. Provided, however, if such proceeds would be otherwise exempt from federal estate taxes in whole or in part, the Trustee shall not elect to receive such otherwise exempt proceeds in such manner as will subject them to federal estate taxation in the estate of the decedent Settlor without the written consent of the personal representative of the decedent Settlor's estate.

Any insurance company or other party shall be completely protected in dealing with the Trustee, and the receipt of the Trustee for any payment made to them or for any asset added to the principal of the Trust estate shall be a complete acquittance and discharge to the extent specified in such receipt of the Trustee. No insurance company or other party making any payment or delivering or transferring any asset to the Trustee shall be permitted or required to see to the use or application of any such payment or assets hereunder.

SECTION VII

The Trust is revocable during Harold E. Riley's lifetime. Harold E. Riley shall have the power and right to amend, modify or revoke, in whole or in part, this Agreement or any terms or provisions thereof by notice in writing delivered to the Trustee. Such amendment, modification or revocation shall be effective immediately upon delivery to the Trustee, except that changes with respect to the Trustee's duties, liabilities or compensation shall not be effective without the Trustee's

written consent. Settlor shall further have the power and the right to require and direct the Trustee to distribute to Settlor or to any other persons designated by Settlor any property or properties held by the Trustee hereunder; provided, however, Settlor shall have the unlimited right during the time that Settlor is living to withdraw all or any part of the Trust principal which is property of the Settlor. After the death of Harold E. Riley, this Trust shall be irrevocable and not subject to amendment or change by any person whomsoever.

SECTION VIII

No beneficiary of this Trust shall have the right or power to anticipate, by assignment or otherwise, any income or principal given to such beneficiary by this Trust, nor in advance of actually receiving the same have the right or power to sell, transfer, encumber or in anywise obligate same; nor shall such income or principal, or any portion of the same, be subject to any execution, garnishment, attachment, insolvency, bankruptcy, or legal proceeding or any character, or legal sequestration, levy or sale, or in any event or manner be applicable or subject, voluntarily or involuntarily, to the payment of such beneficiary's debts.

SECTION IX

The word "Trustee" as used herein refers to the named Trustee or its successor or successors.

Except as provided otherwise by the context of this Agreement, the word "Trust" as used herein shall include this Trust and any and all trusts created hereunder.

All references to the "Internal Revenue Code" or "Code" shall be the Internal Revenue Code of 1986, as amended from time to time, unless otherwise designated, or its successor statute.

SECTION X

Settlor hereby nominates and appoints Harold E. Riley as Trustee of this Trust. If Harold E. Riley shall fail or cease to serve, for any reason, then Settlor nominates and appoints Rick D. Riley as his successor. If Rick D. Riley shall fail or cease to serve, for any reason, then Settlor hereby nominates and appoints Ray A. Riley as his successor. If Ray A. Riley shall fail or cease to serve, for any reason, then Settlor hereby nominates and appoints Randall H. Riley as his successor. If Randall H. Riley shall fail or cease to serve, for any reason, then Settlor hereby nominates and appoints Jana L. Riley as his successor. It is provided, however, that no person who is a Trustee of this Trust and also a beneficiary, other than Harold E. Riley, shall participate in any decision to make a discretionary distribution of income or corpus of such Trust to such person.

SECTION XI

So long as Harold E. Riley serves as a Trustee of this Trust, then he shall have the exclusive right to vote all shares of stock of Citizens, Inc. and all of the shares of its successors, subsidiaries and affiliated corporations which shall directly or indirectly constitute any part of the corpus of this Trust. If Harold E. Riley fails for any reason to serve as a Trustee, then Rick D. Riley as his successor shall have the exclusive right to vote all shares of stock of Citizens, Inc. and all shares of its successors, subsidiaries and affiliated corporations. If Rick D. Riley fails for any reason to serve as Trustee, then Ray A. Riley as his successor shall have the exclusive right to vote all shares of Citizens, Inc. and all shares of its successors, subsidiaries and affiliated corporations. If Ray A. Riley fails for any reason to serve as a Trustee, then Randall H. Riley as his successor shall have the exclusive right to vote all such shares of stock of Citizens, Inc. and all shares of its successors, subsidiaries and affiliated corporations. If Randall H. Riley fails for any reason to serve as a Trustee,

then Jana L. Riley shall have the exclusive right to vote all shares of Citizens, Inc. and all shares of its successors, subsidiaries and affiliated corporations.

SECTION XII

The Trustee by executing this Agreement acknowledges receipt of the property listed on Schedule "A" attached hereto, accepts this Trust and agrees to hold the said property and any additions hereto in accordance with the terms and conditions hereof.

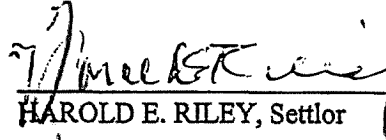
SECTION XIII

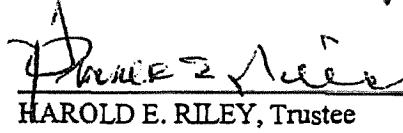
This Agreement shall extend to and be binding upon the heirs, executors, administrators, legal representatives and successors, respectively, of the parties hereto.

The Trustee, by executing this Amendment, acknowledges that the Trustee has previously held property in trust as provided in the Trust Agreement, has previously accepted this trust and agreed to hold the said property and any additions thereto in accordance with the terms and conditions thereof, and hereby confirms that the Trustee holds said property under the terms of the Trust Agreement as previously and as hereinabove amended.

This Amendment shall extend to and be binding upon the heirs, executors, administrators, legal representatives, successors and assigns, respectively, of the parties hereto.

THIS AMENDMENT IS EXECUTED this 16th day of December, 2002.

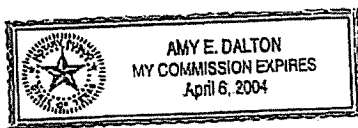

HAROLD E. RILEY, Settlor


HAROLD E. RILEY, Trustee

THE STATE OF TEXAS)
)
COUNTY OF TRAVIS)

BEFORE ME, the undersigned authority, on this day personally appeared HAROLD E. RILEY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND and seal of office this 16th day of December, 2002.



(SEAL)

Amy E. Dalton
Notary Public, State of Texas

SCHEDULE A
TO INSTRUMENT OF AMENDMENT
DATED Dec. 16th 2002
AMENDING THE HAROLD E. RILEY REVOCABLE TRUST

817,704 shares of Class B Common Stock of Citizens, Inc.

Exhibit E

Summers, Holly

From: Colter, Scott
Sent: Monday, April 3, 2017 8:34 AM
To: Summers, Holly
Subject: FW: a paper I wrote

Add to archive with the previous paper.

ZSC

From: Patterson, Paige
Sent: Friday, March 31, 2017 2:10 PM
To: Augie Boto <aboto@sbc.net>
Cc: Colter, Scott <ZColter@swbts.edu>
Subject: Re: a paper I wrote

Augie,

Thanks for forwarding this paper. And thanks for helping Charlie. I love it when a plan comes together. The paper was so significant that I have ordered to my archive where it will guide more than one dissertation. Beyond that I have several non-cerebral observations. If I had known at the start how complicated this is, I probably would have become an independent. Second, the system is like atomic energy. Gold if used right, death if used wrong. Interestingly, it's genius may be observed in the fact that Southern Baptists have remained somewhat effective for so long, while independents have reached some highs but have far more lows. The future rests with the world vision. Individual congregations will accomplish great things until Jesus comes. But if there is a world-wide impact of any significance, it will be because folks are convinced that such as system has enduring value.

Some days, I am not confident. Others provide more hope. All days make me grateful for analyses like yours. Futurelings will at least be able to understand the reasons for the impact of the crazy Southern Baptists who made freedom and cooperation in their purist forms work for good. And they will take knowledge of the fact that for the most part, the Southern Baptists who made it work were neither aristocracy by birth nor by accumulation of wealth nor were they the erudite claimants of stately institutions of educational attainment. All that could really be noted about them was that it was apparent that they had been with Jesus. Thanks again for the work. Paige

Sent from my iPhone

On Mar 20, 2017, at 4:16 PM, Augie Boto <aboto@sbc.net> wrote:

Dear Paige,

Well, Charley Hott made it through the Committee on Nominations gauntlet last week without so much as a question, so that sets the stage for smooth sailing for his election in Phoenix. I am of him and for him.

I thought I had sent you the attached paper a month or so ago, but then doubted it, tried to find where I'd sent it, and couldn't. That led me to believe I never sent it to you in the first place. I must be losing my mind.

Whether I am or amn't, I send it to you now for your perusal. I "delivered" it to a private meeting of the 42 state executive directors in Ontario, California on February 14th. As you will see, I drew an analogy between where we are now and where we were during the Conservative Resurgence.

Since I can privately be even more direct with you than I am in the paper, I will tell you that the entities about which I receive the most confused inquiries and strong complaints are the two mission boards and the ERLC. In most of those discussions (wherein I mostly listen) it is the entity head that is complained about. As I have opportunity, I have pointed out that attempting to solve a problem by going to the entity head is certainly permissible, and sometimes even effectual, but when it does not bear fruit, the jump to the Executive Committee is a jump over the direct connection that all Southern Baptists have with each entity – the trustee from their region.

At any rate, let me know you got this and if you have time, what you think of it.

Buzz

D. August Boto, Executive Vice President and General Counsel
EXECUTIVE COMMITTEE OF THE SOUTHERN BAPTIST CONVENTION
901 Commerce Street, Nashville, TN, 37203 615.782.8622 aboto@sbc.net

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<2017 Talk for State Execs about the Trustee Appointment Process.docx>