

MARJORIE HAZELWOOD
P.O.Box 147
306 North Railroad Avenue
Dorris, California 96023
(530) 397-3334
mgauss@cot.net

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Dear Fellow AMHA General Life Members:

In my five years as a director of the AMHA I have seen, with my own eyes, that an elite group of directors and officers make all the important decisions about the operation of the AMHA without the fully-informed participation of the whole board. I have frequently requested complete financial information, only to have my requests brushed aside or told that I had the information already (not true!). I am often belittled even for asking. The AMHA is accountable to its members; it ought not to be a secret society run for the benefit of a select few at the expense of the others. It is badly in need of some purifying sunshine.

I have serious concerns about AMHA finances but I cannot get straight answers as to exactly where the money comes from or exactly where it goes. I cannot do the job I was elected to do without it. I don't know how much longer the AMHA can go on losing money and remain viable. When I asked for information about staff salaries, which form a huge part of the budget, I was asked to sign a confidentiality agreement promising only to use such information for "my own information" and to subject myself to a \$1,000 penalty for breach! I didn't sign and I never received the information. The need for sunshine is urgent.

Many of you have told me about your own frustrations with the damage this elitism and secrecy have done to the organization, the Registry and the Morgan breed itself. I believe many people voted for me in hopes that I could bring about significant change. I have been unable to do so in my capacity as a board member—I only have one vote. Others have tried to reform the AMHA by sitting on the board too, but to little avail. Good people like Toodie Connor, Joyce Quigley, Bob Painter, and others.

Fortunately, the New York Not-for-Profit Corporation law ("NPCL"), under which the AMHA was formed, provides a method for the *members themselves* to call the AMHA's leaders to account. We members have a right, under the NPCL, to institute a "derivative action" in court. Under the NPCL, a derivative action is brought *in the right of the corporation to procure a judgment in the corporation's favor* when the board itself refuses to do so. It is *not* a suit against the AMHA. None of us will receive any personal benefit from bringing such an action—but we will all benefit from having a better AMHA.

However, I must have your help and I must have it right away. In order to bring a derivative action *5% of any class of members* of the AMHA must join in the action as plaintiffs.

Among the remedies obtainable in a derivative action are compelling the directors and officers to account for their official acts, turning over information which was wrongfully withheld, the return of any monies found to have been misappropriated by an officer or director, return of excessive compensation paid to an officer or director, damages caused by the negligence of a director or officer, and, if warranted, removal of directors or officers who have acted against the interests of the AMHA. Directors or officers found guilty of wrongdoing may be held personally liable to the corporation. **Under the NPCL, claims against any member for bringing the derivative action are prohibited.**

There are currently _____ General Life Members; therefore I need the support of ____ of you to go forward. You would be one of the plaintiffs and I would represent you as the lead plaintiff. **You will not be required to appear in court.**

The law firms of Morris & McVeigh LLP, 767 Third Avenue, New York, NY 10017 and Downs Rachlin Martin PLLC., 199 Main Street, Burlington, Vermont 05402 have already been retained to handle this matter. Vermont counsel is necessary because the AMHA By-laws require all suits to be brought in Vermont. New York counsel is necessary because the AMHA is a New York corporation and the case will be decided under New York law. **You will not be responsible for any legal fees.**

If enough of you sign on so that we can bring a derivative action, the actual court papers from the lawsuit will be posted on www.GoMorgans.net. at regular intervals, along with other relevant documents, so that you can follow the case.

If you are as fed up with the way things are as I am and are willing to participate in a derivative action on behalf of the AMHA, please sign and return the form attached as soon as possible. If you have any questions, please let me know.

Sincerely,

Marjorie Hazelwood

Enc.

CONSENT

I, _____, hereby certify that I am a Life General Member in good standing of the American Morgan Horse Association (“AMHA”). I hereby consent to be a named plaintiff in a derivative action under the New York Not-for-Profit Corporation Law to be brought by Marjorie Hazelwood and other members constituting 5% of the class of Life General members of the AMHA. I understand that I will not be liable to the AMHA for participating in this action nor for any attorneys fees charged in connection with bringing this action.

Name: _____

Membership No. _____

Date: _____