

To AMHA Members

From: Marjorie Hazelwood

Re: Open letter to members

Dear AMHA Member:

I wanted to write to give you an update about the most recent AMHA annual meeting in Sacramento and about the derivative action. I have heard a lot of rumors flying around and I want you to have the facts.

As you may know in September of 2008, a group of life members and I filed a derivative action on behalf of the AMHA against certain members of the board of directors. Our aims are simple. We want to know what the board of directors is doing with AMHA's money. We want the board of directors to comply with the laws and bylaws that govern the AMHA, and we hope to inspire real leadership that is responsive to the needs of all AMHA members, not just a chosen few.

First, as you probably know, the AMHA National Convention and Annual Meeting recently took place in Sacramento, California. In the election for members of the board of directors, I ran the only contested race and lost.

What you may not know is that my presence on the board is not necessary to continue the lawsuit, and simply losing the election will not deter me from continuing the fight to increase the transparency of the AMHA. Indeed, it only increases the necessity and urgency of our case. Judicial oversight is now even more critical than when I was still on the board, because the inside directors control the entire flow of information to the members.

Just like last year, the AMHA's election practices violated New York state law, and therefore, the election itself was invalid. As explained in our Complaint, the New York Not-For-Profit Corporation Law requires members to be either present at the meeting or to send a proxy. Simply mailing in a paper ballot does not satisfy the statute, despite what the amended bylaws say. We will be filing a supplemental complaint to address the deficiencies in this year's election. It is our position that none of the regions had the quorum necessary to elect a director.

Next, you should know that Mike Goebig and Cindy Mugnier have asked that the AMHA be added to the lawsuit as a defendant. They moved to dismiss the complaint by arguing that without the AMHA the lawsuit could not be maintained. Because we have sued the Defendants *on behalf of* the AMHA, we agree that the AMHA should be a party, but we have asked the Court to join the AMHA with me and the rest of the signers as a plaintiff. None of us would be pursuing this lawsuit if we did not have the interests of the AMHA at heart, so we believe the AMHA should be joined with us. The Court has not yet ruled on this motion. Whether the