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June 3, 2011

BY ELECTRONIC MAIL

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Jeff W. Adamson, Esq.
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American Saddlebred Horse Association, Inc.

Dear Jeff:

By Orders dated December 2, 2010 and January 6, 2011, the Fayette Circuit Court ruled that, because ASHA is a non-profit corporation, its members are entitled to inspect "any and all books and records of the ASHA" (hereinafter the "Judgment"). ASHA appealed the Judgment to the Court of Appeals. ASHA also moved the Fayette Circuit Court to enter a stay preventing the Members from inspecting ASHA's records pending the completion of the appeal. The Court denied ASHA's request. ASHA then moved the Court of Appeals to prevent the Members from inspecting ASHA's records pending the completion of the appeal. On May 18, 2011, a panel of three appellate judges denied ASHA's request. The deadline for ASHA to seek extraordinary relief in the Kentucky Supreme Court has now expired. Accordingly, the Members are entitled to inspect any and all of ASHA's books and records including, without limitation, all financial records.

By letter dated June 2, 2011, the Members requested to begin their inspection of ASHA's records on June 14, 2011 at ASHA's headquarters in Lexington. That same day, you telephoned me about this issue. You stated that ASHA's board of directors ("Board") instructed you to inform me that ASHA is in the process of copying a large number of boxes of records that it believes the Members have asked to inspect. You informed me that ASHA would send those boxes to me along with a list of the records that ASHA plans to continue to withhold. You stated that ASHA would expect the Members to pay for all of the copies. In response, I explained to you that the Members are entitled to inspect all of ASHA's records and select the records they wish to copy. I also told you that the proposal you relayed to me does not satisfy ASHA's obligations under the law and the Judgment. At that time, you said that the Members would not be allowed to inspect the records at the headquarters of ASHA because it would be too burdensome and disruptive to ASHA's

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operation. You concluded by stating that you would confer with your client and call me back later that same day.

When you called me later that afternoon, Jeff Streepey joined in the conversation on your end. You said that you had spoken with "Paula," and that she had authorized you to make a new offer to the Members. Specifically, you informed me that a portion of ASHA's records would be shipped to Louisville for inspection by the Members. You said that the Members could inspect those records, as compiled by ASHA, and identify which, if any, the Members wished to copy. Further, you dictated that the Members would not be allowed to make follow up requests for records that were not produced for inspection by ASHA. As I told you that day, neither the law nor the Judgment limits the inspection rights of the Members in that fashion. At that point, the discussion ended because you had another meeting to attend. You proposed meeting in person on Monday, June 6, 2011, at 2:30 to discuss this dispute.

Upon further reflection, there is no need for a meeting. A meeting will only waste time and money. As stated in my letter to Mr. Streepey dated June 2, 2011, the Members are prepared to begin their inspection of ASHA's records on June 14, 2011 at ASHA's headquarters in Lexington. Please confirm, in writing, that ASHA will comply with the law and the Judgment and allow the inspection to move forward on that date and at ASHA's headquarters. If the date we propose is not convenient, please propose other dates that same week.

Sincerely,



Stephen A. Houston