

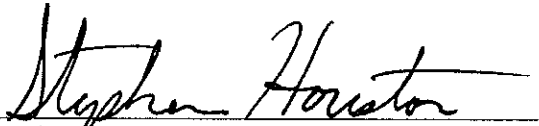
COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
22nd JUDICIAL CIRCUIT
DIVISION 3

<p>AMERICAN SADDLEBRED HORSE ASSOCIATION, INC.,</p> <p style="text-align: center;">Plaintiff</p> <p>v.</p> <p>EDWARD R. BENNETT, CARL T. FISCHER, JR., KRIS KNIGHT, TOM FERREBEE, SIMON FREDERICKS, M.D., and LYNN W. VIA,</p> <p style="text-align: center;">Defendants</p>	<p style="text-align: center;">Case No. 09-CI-05292</p> <p style="text-align: center;">THE MEMBERS' MOTION FOR SUMMARY JUDGMENT</p>
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MOTION

Defendants Edward R. Bennett, Carl T. Fischer, Jr., Kris Knight, Tom Ferrebee, Simon Fredricks, M.D., and Lynn Via (collectively the "Members"), move the Court for summary judgment as to the Plaintiff's Complaint and Count I of the Defendants' Counterclaim, pursuant to Kentucky Rule of Civil Procedure 56. In support of this Motion, the Members state that there exists no genuine issue of material fact and that they are entitled to judgment as a matter of law. The Defendants tender a Memorandum in support of this Motion.

Respectfully submitted,



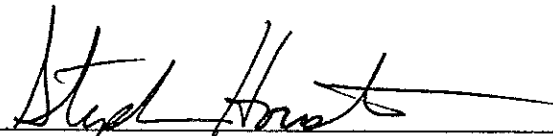
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CERTIFICATE OF SERVICE

A copy of the foregoing was served on May 14, 2010 by First Class Mail to the following:

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**COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
22nd JUDICIAL CIRCUIT
DIVISION 3**

**AMERICAN SADDLEBRED
HORSE ASSOCIATION, INC.,**

Plaintiff

v.

EDWARD R. BENNETT, et al.

Defendants

Case No. 09-CI-05292

**THE MEMBERS' MEMORANDUM IN
OPPOSITION TO THE ASHA'S MOTION FOR
SUMMARY JUDGMENT AND IN SUPPORT
OF THE MEMBERS' CROSS-MOTION FOR
SUMMARY JUDGMENT**

Defendants and Counterclaimants Edward R. Bennett, Carl T. Fischer, Jr., Kris Knight, Tom Ferree, Simon Fredricks, M.D. and Lynn W. Via (collectively "Members") tender this memorandum in opposition to the motion for summary judgment filed by Plaintiff American Saddlebred Horse Association, Inc. ("ASHA" or "Corporation") and in support of their cross-motion for summary judgment.

I. INTRODUCTION

The ASHA is a non-profit corporation responsible, among other things, for maintaining the integrity of the American Saddlebred breed of horse and promoting the American Saddlebred industry. Many of the members of the ASHA have invested significant assets in the American Saddlebred industry and, therefore, have a strong interest in the success of the ASHA. The general public is only entitled to review basic information about a non-profit corporation, such as its articles of incorporation and its annual IRS Form 990. Members of the non-profit corporation, on the other hand, are entitled, by law, to a much more detailed inspection of the

corporate records. The ASHA brought this action seeking a declaratory judgment to preclude the Members from exercising their rights to inspect the corporation's books and records. The Court should deny the ASHA's motion for summary judgment, grant the Members' motion for summary judgment and require the ASHA to provide the Members with the information they seek and to which they are entitled as a matter of law as members of the ASHA.

II. STATEMENT OF FACTS

A. Chronology of Events

By letter dated February 10, 2009, a certified public accountant identified "significant deficiencies" in the accounting policies of the ASHA which has an annual budget of approximately \$2,000,000.¹ By letter dated April 20, 2009, the Members requested books and records containing certain information and identified a proper purpose for seeking the information.² By letter dated May 15, 2009, the ASHA denied having any legal obligation to allow the Members to inspect its corporate records.³ By letter dated May 20, 2009, the Members referred the ASHA to KRS §273.233, which authorizes members of a non-profit corporation to inspect the books and records of the corporation.⁴

On June 15, 2009, the ASHA allowed representatives of the Members to inspect portions of the books and records of the corporation, but refused to permit inspection of important records including, without limitation, records relating to the salaries, bonuses and commissions paid to the ASHA's employees.⁵ Furthermore, the ASHA refused to allow the representatives of the Members to copy the records that it chose to produce for inspection.

¹ A copy of the letter dated February 10, 2009 is attached as Ex. 1.

² A copy of the April 20, 2009 letter is attached as Ex. 2.

³ A copy of the May 15, 2009 letter is attached as Ex. 3.

⁴ A copy of the May 20, 2009 letter is attached as Ex. 4.

⁵ See Houston letter to Streepey dated June 26, 2009, attached as Ex. 5.

By letter dated June 26, 2009, the Members appealed to the ASHA to comply with KRS § 273.233.⁶ By letter dated July 13, 2009, the ASHA refused to acknowledge that KRS § 273.233 authorized the Members to inspect its corporate books and records and the ASHA announced that it had amended its bylaws to identify the limited categories of documents that it deemed appropriate for inspection by its members.⁷ Specifically, the ASHA resolved that:

In addition to the inspection and copying of the records of certain nonprofit organizations permitted the public under federal Internal Revenue Code and Regulations, a member of the Association in good standing may be permitted to inspect the *articles of incorporation, bylaws, financial statements, minutes, the record of executive compensation as disclosed on IRS Form 990, and the list of the names and addresses of members of the Association* during regular business hours, upon at least five (5) business days prior written notice of his or her request stating the purpose of the inspection. The Executive Committee of the Board of Directors may in its discretion permit the copying of such documents at the expense of the individual requesting copies.⁸

Although refusing to produce all of the documents requested, the ASHA offered to make some of the documents which had been previously withheld available for inspection on July 29, 2009 at its offices in Lexington, Kentucky.

On July 29, 2009, the ASHA produced a few boxes of historic records, but once again refused to produce documents that were responsive to the requests made by the Members including, without limitation, documents relating to salaries, commissions, bonuses and correspondence between the Board of Directors and the Executive Secretary relating to the

⁶ A copy of the June 26, 2009 letter is attached as Ex. 5.

⁷ A copy of the letter dated July 13, 2009 is attached as Ex. 6.

⁸ See Amended Bylaws of the ASHA, attached as Ex. 7 (emphasis added).

resignation of one of the members of the finance committee.⁹ Furthermore, the representatives of the Members were only permitted to copy portions of the records produced.¹⁰

In approximately July, 2009, a member of the board of directors of the ASHA, Carl Holden, requested to inspect certain records of the corporation, but he was instructed by Alan Balch, then ASHA's Executive Secretary and highest paid employee, that his request was improper. After that disagreement about his right to inspect ASHA records, Mr. Holden resigned from the ASHA's finance committee.¹¹

In light of the continued discussion about the decision of the ASHA to withhold corporate records from its members, the ASHA offered to allow the Members to "inspect or review whatever they want."¹² By electronic mail dated August 12, 2009, a representative of the Members accepted ASHA's offer to allow them to inspect or review whatever they want.¹³ By electronic mail dated August 14, 2009, the ASHA confirmed the agreement to allow the Members to inspect or review whatever they want and the ASHA subsequently scheduled a meeting to take place on October 5, 2009.¹⁴

On August 25, 2009, the Members requested an opportunity to inspect the books and records before the meeting with the ASHA scheduled to occur on October 5.¹⁵ The ASHA balked at that request, but agreed to produce for inspection in September 2009 some of the records previously withheld.¹⁶

⁹ See Affidavit of Alan Balch, attached as Exhibit 8.

¹⁰ *Id.*

¹¹ See excerpt of Holden deposition (pp. 6-10), attached as Ex. 9.

¹² A copy of the offer is attached as Ex. 10.

¹³ A copy of the acceptance is attached as Ex. 11.

¹⁴ See email from Streepey dated August 14, 2009 and ASHA letter dated August 18, 2009 attached as Ex. 12.

¹⁵ See Houston letter to Streepey dated August 25, 2009 attached as Ex. 13.

¹⁶ See Streepey letter to Houston dated September 4, 2009, attached as Ex. 14.

When a representative of the Members arrived for the inspection scheduled for September 18, 2009, Mr. Balch hand-delivered to him a letter from Mr. Balch's personal attorney. The letter threatened legal action against the Members arising out of their questions about the oversight of the ASHA.¹⁷

On October 5, 2009, the Members traveled to Lexington, Kentucky to inspect books and records of the ASHA, but the ASHA continued to withhold responsive records including, without limitation, records relating to salaries, bonuses, commissions and correspondence between the Board of Directors and the Executive Secretary.¹⁸ In fact, the ASHA refused to produce a single new document despite its offer to allow the Members to "inspect and review whatever they want" if they traveled to Lexington, Kentucky on October 5, 2009. The next day, the ASHA filed this lawsuit.

B. Important Records Withheld by the ASHA

The ASHA confirms that on multiple occasions it has withheld what it deems to be "confidential information," "communications made with an expectation of privacy," and "private personnel and individually identifying payroll files and information."¹⁹ The ASHA attempts to minimize the type of information that it has withheld under those broad categories based on its own unfettered discretion. For example, the ASHA implies that much of the information it withheld relates to employee social security numbers and credit card account numbers.²⁰ To be clear, the ASHA is withholding important corporate records. Specifically, the ASHA is

¹⁷ A copy of the letter from Richard Getty is attached as Ex. 15.

¹⁸ See Plaintiff's Memorandum at 7; see also Affidavit of Alan Balch, attached as Ex. 8.

¹⁹ See, e.g., Plaintiff's Memorandum at 7, 12 and 14; see also Affidavit of Alan Balch, attached as Ex. 8.

²⁰ See, e.g., Plaintiff's Memorandum at 14; see also Affidavit of Alan Balch, attached as Ex. 8. The ASHA conveniently fails to note that concerns about social security numbers and credit card numbers can be, and were, addressed by redaction.

withholding the amounts that it pays individual employees in the form of salaries, commissions and bonuses.²¹ It is also withholding monthly financial reports.²² That type of information is the essence of a corporate record that members are entitled to inspect.

III. ARGUMENT

The Members request the Court to declare that ASHA's members are entitled to inspect and copy all books and records of the non-profit association pursuant to KRS § 273.233. In furtherance thereof, Members also request the Court to declare that while the first sentence of KRS § 273.233 mandates that the corporation maintain certain categories of records, the second sentence of KRS § 273.233 mandates that the corporation produce for inspection by its members **all** books and records of [the] corporation.²³ Furthermore, KRS § 273.233, as amended, expressly prohibits non-profit corporations from restricting the inspection rights of its members. Therefore, the Members also request this Court to declare that the ASHA's bylaw restricting the inspection rights of its members is unenforceable.

²¹ See Plaintiff's Memorandum at 7; *see also* Affidavit of Alan Balch, attached as Ex. 8.

²² See excerpt of Jones deposition (pp. 48-51), attached as Ex. 16.

²³ KRS § 273.233. The 2010 General Assembly amended KRS § 273.233 to make express that (a) the right to inspect extends to the right to copy and (b) that neither the articles nor the by-laws may restrict a member's right of inspection. *See* 2010 Acts, ch. 133, § 17, eff. July 15, 2010. As such, to the extent the Court holds that the Members may inspect ASHA records, so may those records be copied.

A. KRS § 273.233 Requires Non-Profit Corporations to Allow Their Members to Inspect All of the Books and Records of the Corporation²⁴

(i) Interpretation of Similar Statutes

The first sentence of KRS § 273.233, Kentucky's Non-Profit Corporation Act's shareholder inspection statute, identifies records that non-profit corporations are required to maintain. It states:

Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors; and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote.

The second sentence of this statute provides to the members of a non-profit corporation a right to inspect "all books and records." Specifically, it states:

All books and records of a corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

(Emphasis added). While there is no Kentucky case interpreting the scope of the inspection rights granted to members pursuant to KRS § 273.233, other courts provide persuasive guidance.

South Dakota Codified Laws ("SDCL") § 47-24-2 is identical to the language in KRS § 273.233 providing the right to inspection. Accordingly, the Supreme Court of South Dakota's interpretation of SDCL § 47-24-2 is persuasive guidance on the proper interpretation of KRS § 273.233. In 2004, the Supreme Court of South Dakota held that "as long as a member has stated a proper purpose, which is presumed, the member may inspect all books and records necessary to

²⁴ At note 38 of the Plaintiff's Memorandum, the ASHA tendered the affidavit of a purported "expert," Conley Salyer, on the precise issues of law that is before this Court. The Defendants note that this Court's interpretation of the statute is the only legal opinion that matters in this action for declaration of rights. For that reason, Defendants object to the admission of the affidavit. Furthermore, Defendants object to the affidavit on the grounds that it does not satisfy the requirements to admit expert testimony as set forth in the *Daubert* case and its progeny. The Plaintiff's self-serving characterization of Mr. Salyer is not supported by any evidence. For these reasons, the Defendants move for this Court to strike the affidavit and the statements it purports to support.

make an intelligent and searching investigation.” *Lang v. W. Providers Physician Org.*, 688 N.W.2d 403, 407-08 (S.D. 2004) (citing *Patel v. Ill. State Med. Soc’y*, 698 N.E.2d 588 (Ill. App. Ct. 1998)).²⁵

Illinois’ statute is almost identical.²⁶ The only difference is that the Illinois statute limits the right to inspection to only those members entitled to vote.²⁷ In 1998, the Appellate Court of Illinois held:

The right to examine records may even extend to records for which a proper purpose has not been directly shown, so long as one has been shown for some records: “the shareholder is *not* required to establish a proper purpose for each record he requests. Once that purpose has been established, the shareholder’s right to inspect extends to all books and records necessary to make an intelligent and searching investigation and from which he can derive any information that will enable him to better protect his interests.”

Patel v. Ill. State Med. Soc’y, 698 N.E.2d 588, 593 (Ill. App. Ct. 1998) (quoting *Meyer v. Bd. of Managers of Harbor House Condo. Ass’n*, 583 N.E.2d 14, 18 (Ill. App. Ct. 1991) (additional citations omitted).

²⁵ At note 47 of the Plaintiff’s Memorandum, the ASHA claims that *Lang* is not instructive on the interpretation of “books and records.” While the *Lang* court noted that the scope of “books and records” had not been preserved for appeal, the court confirmed that the right to inspection covered a broad category of documents, including all business documents and communications. The *Lang* court interpreted an inspection statute that is identical to the language in KRS § 273.233.

²⁶ 805 ILCS 105/107.75 states “All books and records of a corporation may be inspected by any member entitled to vote, or that member’s agent or attorney, for any proper purpose at any reasonable time.”

²⁷ Although KRS § 273.233 has no such requirement, there is no dispute that all of the Members are entitled to vote.

(ii) Inspection Statutes Are Construed Liberally

Statutes granting the right of inspection are construed liberally.²⁸ “Books and records” has been given a broad construction so as to extend to all records, contracts, paper, and correspondence to which the common law right of inspection of a stockholder might properly apply.²⁹ Other jurisdictions, while not interpreting “books and records” to include everything that can be inspected under the common law right, have determined that “books and records”

²⁸ 88 A.L.R.3d 663 § 2[a]. See also *Bank of Heflin v. Miles*, 318 So.2d 697, 701 (Ala. 1975) (“The applicable statute is not limited to ‘relevant’ books and records; it is to be liberally construed.”); *Padgett v. Westport Precision, Inc.*, 845 A.2d 455, 459 (Conn. App. Ct. 2004) (citing *Dines v. Harris*, 291 P. 1024 (Colo. 1930)); *Lehman v. Nat’l Benefit Ins. Co.*, 53 N.W.2d 872, 876 (Iowa 1952); *Bohrer v. Int’l Banknote Co.*, 150 A.D.2d 196 (N.Y. App. Div. 1989); 18 C.J.S. *Corporations* § 409.

²⁹ 18A AM.JUR.2d *Corporations* § 330. See also *Meyer v. Ford Indus., Inc.*, 538 P.2d 353, 358 (Or. 1975) (holding that “books and records of account” was not limited to books and records of account “in any ordinary, literal or otherwise limited sense, but to be the subject of a broad and liberal construction so as to extend to all records, contracts, papers and correspondence to which the common law right of inspection of a stockholder may properly apply.”); *State v. Malleable Iron Range Co.*, 187 N.W. 646 (Wis. 1922) (“The right of a stockholder to examine the records and books of account of a corporation extends to all papers, contracts, minute books, or other instruments from which he can derive any information which will enable him to better protect his interest and perform his duties.”). The Kentucky Supreme Court has held that the common law right of inspection extends to all correspondence which relates to the business affairs of the corporation if the shareholder has a proper purpose. *Otis-Hidden Co. v. Scheirich*, 219 S.W. 191, 194 (Ky. 1920) (“At common law the right of inspection covers all the books and records of the corporation. But the word ‘record’ is not used in the narrow sense of minutes of official action taken by the board of directors, but has been held to include the documents, contracts, and papers of the corporation. . . . We therefore conclude that all of the correspondence in question, which relates to the business affairs of the corporation, is subject to inspection by plaintiff, who has an interest to protect, and whose purpose is not shown to be improper or unlawful.”) (citations omitted). At note 53 of the Plaintiff’s Memorandum, the ASHA cite *Lewis v. Pa. Bar Ass’n*, 701 A.2d 551 (Penn. 1997) for the proposition that Kentucky’s statute should be interpreted narrowly. The Pennsylvania inspection statute, however, is substantially different than KRS § 273.233. While the Kentucky statute allows for the inspection of “all books and records,” the Pennsylvania statute specifically limits the right of inspection, providing, *inter alia*, “Every member shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account, and records of the proceedings of the members, directors and any other body, and to make copies or extracts therefrom.” 15 PA. STAT. ANN. § 5508.

include more than the statutory objects of "books and records of account, minutes and the record of shareholders."³⁰

(iii) Directors of Corporations, Including Non-profits, are Fiduciaries Responsible for Maintaining the Corporate Records for the Benefit of its Members

The ASHA, at pp. 15-16 of its memorandum, asserts that KRS § 273.233 is the exclusive mechanism by which the members of a non-profit corporation may review its books and records. That is simply not true. Absent express language, which does not exist in the Kentucky Non-Profit Corporation Act, statutory provisions affording shareholders/members of corporations inspection rights supplement and in part codify, but do not supplant, the common law right of inspection. It is well established that a stockholder has a common law right to inspect the books and records of the corporation.³¹ This common law right exists independently of any statute granting inspection rights to stockholders.³² Such statutes are generally regarded as conferring a

³⁰ See *Riser v. Genuine Parts Co.*, 258 S.E.2d 184 (1979) (The court found that "books and records of account" included records relating to the investment of the amount which the defendant contributed to its employee pension plan. The court also suggested that the other documents requested, including attorneys' opinions and work sheets, profit and loss projections, further breakdowns of monthly records, income tax records, and merger and investigatory files, could have been subject to inspection.); *Bank of Heflin*, 318 So.2d 697 (finding that "books and records" included certain confidential memoranda, individual files, and materials from which the books and records of the account were prepared); *Burton v. Cravey*, 759 S.W.2d 160 (Tex. App. 1988) (The trial court found that all of the files and records of the attorney for the non-profit condominium association which related to the association were "books and records" of the association; the holding was not challenged on appeal.); *Corwin v. Abbott Labs.*, 819 N.E.2d 1249 (Ill. App. Ct. 2004) (holding that "books and records of account" included internal investigatory reports as well as any and all documents received by any board members).

³¹ 18A AM.JUR.2D *Corporations* § 285. See also *Guthrie v. Harkness*, 199 U.S. 148, 153 (1905) ("There can be no question that the decisive weight of American authority recognizes the common-law right of the shareholder, for proper purposes and under reasonable regulations as to place and time, to inspect the books of the corporation of which he is a member.").

³² *Id.* See also *State of Indiana v. Circuit Court of Posey County*, 288 N.E.2d 143, 146 (Ind. 1972) ("Generally, the rights of a stockholder to inspect the books cannot be limited by the failure to include those rights in the statute."); *J.C. Schwartzman v. Schwartzman Packing Co.*, 659 P.2d 888, 891 (N.M. 1983) ("This right [of inspection] was recognized under the common law and exists independently of statute.").

right that is supplemental to the common law right to inspection rather than a restriction or abrogation of that right.³³

The ASHA also contends that a member of a non-profit corporation has only a minimal right of inspection. It argues that, because a non-profit corporation is subject to the private inurement rules, the members expect to receive no ongoing benefit from their contributions to its activities.³⁴ Such a parsimonious reading of the law is both unjustified and misleading. Rather, as set forth in a leading treatise on corporate law:

In a sense, the right to inspection arises out of the fact that those in charge of the corporation are merely the shareholders' agents, concerning whose good faith in discharging their duties, the shareholders have an interest and right to be informed. While the books and papers of the corporation are necessarily in the hands of the corporate officers and agents, they are the common property of the shareholders who have the right to know what the corporation is doing.

Managers of some corporations deliberately keep the shareholders in ignorance or under misapprehension as to the true condition of

³³ 18A AM.JUR.2D *Corporations* § 286. See also FLETCHER CYCLOPEDIA OF CORPORATIONS § 2215.10 (“While the courts of several states have construed the statutes as merely declaratory of the common-law right, the majority of these provisions, notwithstanding they differ materially in language and scope, have been construed in substantial harmony as to their general purpose. . . .”); *J.C. Schwartzman*, 659 P.2d at 891 (“[The inspection statute] is not a limitation or abrogation of the common law right of inspection”); *State of Missouri v. III Investments, Inc.*, 80 S.W.3d 855, 861 (Mo. Ct. App. 2002) (“Given the differences between the statutory and common law rights and the fact that the common law right is not expressly abrogated by the statutes, the legislature cannot be deemed to have preempted the common law right of inspection by enacting § 351.215.”); *Parsons v. Jefferson-Pilot Corp.*, 426 S.E.2d 685, 688 (N.C. 1993) (“We conclude that N.C.G.S. § 55-16-02(e)(2) preserves a shareholder’s common law rights of inspection, including the right to make reasonable inspections of the accounting records of a public corporation for proper purposes.”); *Johncamp Realty, Inc. v. Sanders*, 415 N.Y.S.2d 192, 193 (N.Y. App. Div. 1979) (“[E]nactment of the Business Corporation Law in no way diminished the Common-law safeguards already existent in this area of shareholder inspection. . . . In our opinion that statute is not exclusive; and any stockholder has a common-law right to inspect the stock books if the inspection is sought in good faith and for a valid purpose.”) (internal quotations omitted); *Meyer v. Ford Indus., Inc.*, 538 P.2d 353, 355 (Or. 1975) (“It has been stated that the purpose of this section of that Model Act was not only to ‘preserve’ the common law right of stockholders to examine books and records of account, but also to ‘enlarge’ that right, which had been ‘hampered by the delay and expense which often accompanied enforcement of the right’ by mandamus.”); *State v. Middlesex Banking Co.*, 88 A. 861, 862 (Conn. 1913) (“This subject [shareholder inspection rights], however, is one with which legislation is competent to deal and statutes have been repeatedly enacted either confirming or enlarging the common-law right. Our statute is such a statute.”); and *Pfirman v. Success Min. Co.*, 166 P. 216, 218 (Idaho 1917) (“It is the decided weight of authority that such statutes have not only adopted the common-law rule, but have extended the same, and that the statutes make the right absolute.”).

³⁴ See Plaintiff’s Memorandum in Support of Summary Judgment at fn. 34.

affairs. Business prudence demands that the investor keep a watchful eye on the management and condition of the business. Those in charge of the company may be guilty of gross incompetence or dishonesty for years and escape liability if the shareholders can not inspect the records and obtain information.³⁵

Numerous courts have endorsed this rationale of the member's right to information. For example, in *Bill Reno, Inc. v. Rocky Mountain Ford Dealers' Advertising Association*, the court observed that "A member of a non-profit corporation is entitled to be informed concerning the business activities conducted by the corporation."³⁶ As observed by the Delaware Supreme Court in *Saito v. McKesson HBOC, Inc.*, "[a]s a matter of self-protection, a stock holder was entitled to know how his agents were conducting the affairs of the corporation of which he or she was a part owner."³⁷ As observed in *Left Hand Ditch Co. v. Hill*:

Shareholders have a common law right to inspect the books and records of the corporation. This right of inspection is available to the shareholders of a nonprofit corporation. . . . The rationale for this rule derives from the notion that "the books are not the private property of the directors or managers, but are the record of their transactions as trustees for the stockholders."³⁸

It is axiomatic that the directors of a corporation, including a non-profit corporation, are fiduciaries to the business organization.³⁹ Being fiduciaries, it is entirely appropriate that they be

³⁵ 5A WILLIAM MEADE FLETCHER, FLETCHER CYCLOPEDIA OF THE LAW OF PRIVATE CORPORATIONS § 2213 (citations omitted). See also Mary Grace Blasko, Kurt S. Crossley and David Lloyd, *Standing to Sue in the Charitable Sector*, 28 U.S.F.L.R. 37, 54 (Fall 1993) ("Although members may not have 'pecuniary interest' in a charitable corporation, it has gradually been recognized that they do have an "'interest' in the corporation distinct from that of the general public.") (footnote omitted). It has even been suggested that the interests of the members of a non-profit corporation are broader than those of the shareholders in a for-profit venture. "Many state non-profit corporation acts contain provisions granting members the right to inspect records and the courts have been willing to enforce those rights. Such rights stem from the 'member's interest as a member, which may be broader than a shareholder's interest in a business corporation.'" *Id.* at 57-58.

³⁶ 378 P.2d 206, 207 (Colo. 1963).

³⁷ *Saito v. McKesson HBOC, Inc.*, 806 A.2d 113, 116 (Del. 2002) (quoting *Shaw v. Agri-Mark, Inc.*, 663 A.2d 464, 467 (Del. 1995)).

³⁸ *Left Hand Ditch Co. v. Hill*, 933 P.2d 1, 5 (Colo. 1997) (quoting *Dines v. Harris*, 291 P. 1024, 1028 (Colo. 1930)).

³⁹ See KRS § 273.215.

subject to exacting review by those on whose behalf they direct the corporation and its assets.

Again, in reliance upon a leading treatise:

The modern tendency of the courts is to permit shareholders to examine the books and records of the corporation for the purpose of ascertaining whether the business of the corporation has been properly conducted and for the purpose of soliciting proxies for use at the shareholders' meeting. It is the general rule that shareholders are entitled to full information relating to the management of the corporation and the manner of expenditure of its funds, and to inspection in order to obtain that information, especially where it appears that the company is being mismanaged or that it is being managed for the personal benefit of officers or directors or certain of the shareholders to the exclusion of others.⁴⁰

In other instances of business organization law we see that a right of inspection exists even though there is no expectation of economic return. For instance, in an LLC, one can be a member enjoying full rights of inspection of company records⁴¹ even though that same member does not have an economic interest in the LLC.⁴² The Plaintiff's assertion that the right of inspection is based upon an expectation of economic return is simply not supportable.

(iv) Even Under the ASHA's Interpretation of KRS § 273.233, the Members are Entitled to Inspect All "Accounting and Financial Records."

On page 17 of the Plaintiff's Memorandum, the ASHA concedes that KRS § 273.233 entitles members of the ASHA to inspect the books and records of account including "accounting and financial records." Accordingly, the ASHA is estopped from asserting any right to withhold

⁴⁰ FLETCHER CYCLOPEDIA, *supra* note 33 at § 2223 (citations omitted).

⁴¹ *See* KRS § 275.185(2).

⁴² *See* KRS § 275.195(3); *see also* Thomas E. Rutledge, *The 2007 Amendments to the Kentucky Business Entity Statutes*, 97 KY. L.J. 229, 258-9 (2008-09).

“accounting and financial records.”⁴³ This concession by the ASHA, although welcomed, is late in the day. It raises the question as to why the ASHA withheld, and continues to withhold, accounting and financial records such as records relating to salaries, commissions and bonuses.

B. The ASHA Has Not Produced All of the Corporate Records Subject to Inspection and Requested by the Concerned Members

The ASHA has not produced all of the records sought by the Members and subject to their inspection rights. In fact, the ASHA admits that it withheld records relating to employee salaries, commissions and bonuses as well as correspondence between directors and Alan Balch.⁴⁴ The Board of Directors relied upon Alan Balch to compile the documents. Alan Balch resigned in February, 2010 and relocated to California.⁴⁵ Despite the fact that the ASHA and Mr. Balch advised the Court and the Defendants that Mr. Balch would be produced for deposition on March 16,⁴⁶ Mr. Balch refused to be deposed on that date. The ASHA disavowed its ability to produce Mr. Balch, and the Members’ efforts to serve Mr. Balch with a subpoena proved unsuccessful. Nonetheless, in his affidavit attached to the Plaintiff’s Memorandum at Exhibit 4, Mr. Balch confirms that the ASHA withheld, among other items, compensation records, contracts, correspondence and records relating to violations of ASHA rules. Mr.

⁴³ See *Center v. Stamper*, 318 S.W.2d 853, 855 (Ky. 1958) (“Judicial admissions have been defined as: ‘concessions or voluntary acknowledgments made by a party of the existence of certain facts.’ An admission in a pleading is a judicial admission.”) (citations omitted); *Sutherland v. Davis*, 151 S.W.2d 1021, 1024 (Ky. 1941) (“[A] judicial admission is conclusive, in that it removes the proposition in question from the field of disputed issue, and may be defined to be a formal act done in the course of judicial proceedings which waives or dispenses with the necessity of producing evidence by the opponent and bars the party himself from disputing it”) (citation omitted).

⁴⁴ See Affidavit of Alan Balch, attached as Ex. 8.

⁴⁵ See Adamson e-mail to Houston dated March 12, 2010, attached as Ex. 17; see also Getty letter to Houston dated March 30, 2010, attached as Ex. 18.

⁴⁶ See Scheduling Order tendered by the ASHA, attached as Ex. 19; see also Scheduling Order entered on February 24, 2010, attached as Ex. 20.

Balch's affidavit also confirms that the Members were not permitted to copy records that were produced for inspection.

In addition, the ASHA amended its bylaws on July 6, 2009 to describe the limited categories of documents that it is willing to share with its members. The new bylaws limit inspection rights to "the articles of incorporation, bylaws, financial statements, minutes, the record of executive compensation as disclosed on IRS Form 990, and the list of the names and addresses of members of the Association during regular business hours."⁴⁷ Of course, this attempt to restrict the inspection rights of its members violates both the express language and the spirit of KRS § 273.233. See Section D of this Memorandum.

There can be no genuine dispute that the ASHA has refused to produce for inspection documents sought by the Members and subject to their rights of inspection pursuant to KRS § 273.233.

C. The Right to Inspect Records Includes the Right to Make Photocopies of Those Records

The ASHA argues that the right to inspect under KRS § 273.233 does not include the right to make photocopies of the books and records.⁴⁸ The ASHA compares the language of KRS § 273.233, which refers simply to "inspect," with the language contained in KRS § 271B.16-020, which refers to a shareholders right to "inspect and copy." The ASHA claims that the differences in those statutes indicate a policy determination by the General Assembly that the right to copies is afforded to members of a Kentucky Business Corporation, but not the members of a Kentucky Non-Profit Corporation. The ASHA asserts that "If the General Assembly

⁴⁷ See Amended Bylaws attached as Ex. 7.

⁴⁸ Plaintiff's Memorandum at 17.

intended to provide an additional entitlement for members to copy documents, it would have included such language in the statute.”⁴⁹

The ASHA’s untenable position that its members may inspect, but not copy, corporate records is wrong for two reasons. First, numerous courts have made clear that the right to inspect includes the right to copy.⁵⁰ Accordingly, the Members are entitled to copies of the books and records under the old version of KRS § 273.233. Second, the Kentucky General Assembly has already responded to the ASHA’s request to clarify that members of a non-profit corporation have the right to copy the books and records of the corporation. 2010 Senate Bill 150 was approved by the 2010 Kentucky General Assembly and signed by Governor Beshear on April 13, 2010.⁵¹ Section 17 of that bill amended KRS § 273.233 as follows:

Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors; and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote. All books and records of a corporation may be inspected and copied by any member, or the member’s agent or attorney, for any proper purpose at any reasonable time. The member’s right of inspection shall not be abolished or limited by the corporation’s articles of incorporation or bylaws.

It is now beyond argument that the Kentucky General Assembly intends to provide members of Kentucky Non-Profit Corporations the right to inspect and copy the corporation’s books and records.

⁴⁹ Plaintiff’s Memorandum at 24.

⁵⁰ See, e.g., 18A AM.JUR.2D Corporations § 338; 5A FLETCHER CYCLOPEDIA OF THE LAW OF PRIVATE CORPORATIONS § 2241 (“The right of a shareholder to make copies, abstracts and memoranda of documents, books and papers is an incident to the right of inspection, being recognized at common law.”) (citations omitted); *Kaufman v. The Bryn Mawr Trust Co.*, 28 Pa. D. & C.3d 594, 600-01, 1981 WL 394, at *4 (Pa. Com. P1. 1981); *State v. Jessup & Moore Paper Co.*, 77 A.16 at 19-20 (Del. 1910); *Mickman v. Am. Int’l Processing, LLC*, 2009 WL 2244608 (Del. Ch. July 28, 2009).

⁵¹ 2010 Acts, ch. 133, Eff. July 15, 2010.

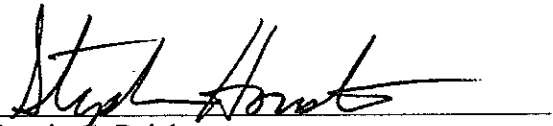
D. The ASHA Cannot Limit its Members' Rights Under KRS § 273.233 by Amending its Bylaws

The sentence added to the end of KRS § 273.233 prohibits the ASHA from restricting its members' access to the corporation's books and records to anything less than those rights provided under KRS § 273.233. Specifically, the amended statute states that "The member's right of inspection shall not be abolished or limited by the corporation's articles of incorporation or bylaws." This amendment renders null and void the ASHA's efforts to restrict the inspection rights of its members by amending its bylaws.⁵²

IV. CONCLUSION

For the foregoing reasons, the ASHA's motion for summary judgment should be denied and the Members' motion granted.

Respectfully submitted,



Lewis G. Paisley
Culver V. Halliday
Stephen A. Houston
STOLL KEENON OGDEN PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
(502) 333-6000

Attorneys for Defendants


⁵² Section 3 of the Kentucky Constitution provides the Kentucky General Assembly with the authority to alter the inter-se rules of an organization by amending its organizational act.

CERTIFICATE OF SERVICE

A copy of the foregoing was served on May 14, 2010 by First Class Mail to the following:

James B. Cooper
Boehl, Stopher & Graves
444 West Second Street
Lexington, Kentucky 40507-1009

Edward H. Stopher
Jefferson K. Streepey
Boehl, Stopher & Graves
400 West Market Street, Suite 2300
Louisville, Kentucky 40202-3354



Attorneys for Defendants

106586.133594/629627.3

EXHIBIT 1

BENNETT & COMPANY, CPAs
Accountants and Advisors

February 10, 2009

Board of Directors
American Saddlebred Horse Assn., Inc.
4083 Iron Works Parkway
Lexington, KY 40511

In planning and performing my audit of the financial statements of American Saddlebred Horse Assn., Inc. as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered its internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies as of December 31, 2008.

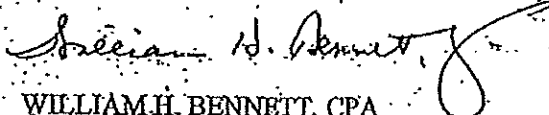
A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the following deficiencies to be significant deficiencies in internal control as of December 31, 2008:

1. The Association does not have sufficient personnel to be able to segregate duties properly. Cash, accounts receivable, and accounts payable should be segregated such that entering invoices, entering deposits, and writing checks are performed by employees who are independent of signing checks and reconciling bank statements. Consider hiring additional personnel for further segregation of duties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above as of December 31, 2008.

This communication is intended solely for the information and use of the board of directors, management, those charged with governance and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


WILLIAM H. BENNETT, CPA

WHB:rh

EXHIBIT 2

April 20, 2009

American Saddlebred Horse Association, Inc.
4083 Iron Works Parkway
Lexington, KY 40511

Ms. Victoria Gillenwater
1st Vice President, ASHA
900 Vista Oaks Lane
Knoxville, TN 37919

Mr. Paul Treiber
Secretary, ASHA
Pine Meadows Farm
2220 Lakewood Court
Hartland, WI 53029

Mr. Scott Matton,
Bd. of Dir., ASHA
2800 Oakwood Rd.
Hartland, WI 53029

Dr. Alan Raun
Bd. of Dir., ASHA
Reedannland Farm
2291 50th Avenue
Cumming, IA 50061

Mr. Carl Holden
Bd. of Dir., ASHA
8007 Westover Dr.
Prospect, KY 40059

Mr. Art Zubrod
Bd. of Dir., ASHA
Fair Island Farm
1590 Pisgah Pike
Versailles, KY 40383

Ms. Louise Gilliland
Bd. of Dir., ASHA
Winsdown Farms
Route 6
Box 166A
McAlester, OK 74501

Ms. Judy Werner
President, ASHA
Redwing Farm
Waterloo, IL 62298

Ms. Barbara Molland
2nd Vice President, ASHA
5000 Carroll Road
Petaluma, CA 94952

Mr. Jim Ruwoldt
Treasurer, ASHA
3004 Village Lane
Roswell, GA 30075

Ms. Mary Ann Pardieck
Bd. of Dir., ASHA
4181 South Summit Lane
Columbus, IN 47201

Mr. Jimmy Robertson
Bd. of Dir., ASHA
P.O. Box 616
Simpsonville, KY 40067

Dr. Margaret McNeese
Bd. of Dir., ASHA
2719 Ferndale
Houston, TX 77098

Ms. Betsy Boone
Bd. of Dir., ASHA
8651 Boone Farm Road
Concord, NC 28027

Mr. Nelson Green
Bd. of Dir., ASHA
1242 Catnip Hill Road
Nicholasville, KY 40356

Mrs. Germaine Johnson
Bd. of Dir., ASHA
4025 Peppertree Drive
Lexington, KY 40513

Mr. William Whitley
Bd. of Dir., ASHA
913 Queensferry Rd.
Cary, NC 27511

American Saddlebred Horse Association, Inc.

Dear ASHA Directors:

We are senior members in good standing of the American Saddlebred Horse Association, Inc. ("ASHA"). We have become increasingly concerned about the decline in popularity of the American Saddlebred horse in recent years. Since 2005, there has been a steady decrease in the total number of registered Saddlebred horses. The erosion of popularity of our breed is further evidenced by steadily declining attendance over the past decade at the World's Championship, our industry's signature event.

As you know, one of the primary purposes of the ASHA is to stimulate and promote interest with respect to the history, breeding, exhibiting, and improvement of the American Saddlebred. As concerned members of the ASHA, we want to be sure that the ASHA is utilizing its assets in a prudent manner, and in furtherance of the purposes of the ASHA.

After request, the ASHA provided copies of tax returns and certain related financial reports of the ASHA for calendar years 2006 and 2007. After our initial review, these reports seem to indicate that the ASHA has expended significant sums on items for which we are unable to determine what benefit, if any, the ASHA received in return. Those expenditures range from a few thousand dollars to more than \$400,000. Furthermore, none of the financial reports identify the recipients of these disbursements. We believe it is important for the members of the ASHA to be provided with more detailed information about the expenditures of the ASHA, and we are therefore enclosing a list of questions related to certain expenses as to which we would appreciate receiving additional information.


Included in the enclosed list is our request for a copy of the "employment agreement and deferred compensation package" for Alan Balch, the Executive Secretary of the ASHA. According to the ASHA Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2007 ("2007 Statements"), the ASHA approved "an employment agreement and deferred compensation package" with Alan F. Balch on October 31, 2007. The 2007 Statements indicate that the compensation agreement with Mr. Balch was given retroactive effect beginning November 1, 2006. The IRS Form 990 filed on behalf of the ASHA for the year 2007 indicates that Mr. Balch's base salary increased to \$100,000, but the financial records we received fail to disclose the additional benefits that Mr. Balch is entitled to receive, in addition to his salary, as part of his "deferred compensation package." As members of the ASHA, we respectfully request a copy of Mr. Balch's "employment agreement and deferred compensation package" so that we may determine the total compensation and benefits that Mr. Balch is entitled to receive from the ASHA while key barometers of the Saddlebred industry are falling. We also want to determine if any deferred compensation owed to Mr. Balch poses a substantial off-balance sheet expense which will become due for payment in future years. In today's

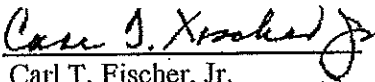
challenging economic environment, and in light of the particular decline in our industry, we want to be certain that the ASHA has not entered into any agreements that might not be in the best interest of the ASHA.


We are confident that you respect the fiduciary responsibilities that you, as Directors, have to the ASHA and its members, including your oversight of the budget and expenditures of the ASHA. We look forward to receiving the information we have requested from you at your earliest convenience. Please provide your response to us by delivering the same to Stoll Keenon Ogden, PLLC, c/o Stephen A. Houston, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, KY 40202.

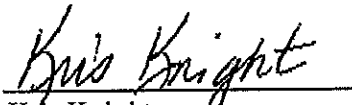
This request is being submitted by the signatories to this letter, indicated below, as well as the individuals listed on the next page who have authorized us to include their names in this request.

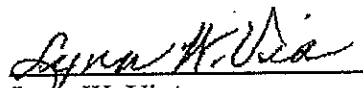
Sincerely,


Tom Ferrebee


Carl T. Fischer, Jr.


Simon Fredericks M.D.


Kris Knight


Lynn W. Via

Enclosure

Additional Individuals Joining In This Request

Moe Anson

Matthew Heiman, Esq.

John Jones

Billy Knight

Betty Moore

Ron Moore

James Nichols

Randy Stoess

Allison Walker

AMERICAN SADDLEBRED HORSE ASSOCIATION, INC.

1. Provide a copy of the employment agreement and deferred compensation package entered on October 31, 2007 between ASHA, Inc. and Alan F. Balch, as identified in the Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2007 ("2007 Financial Statements").
2. Identify the individuals who voted to approve the agreement and deferred compensation package described in number 1 above.
3. Identify the individuals who voted against the agreement and deferred compensation package described in number 1 above.
4. Identify each individual and entity who received any portion of the "professional fees" totaling \$16,400 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
5. Identify each individual and entity who received any portion of the "professional fees" totaling \$15,650 in 2006 listed in the Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2006 ("2006 Financial Statements"), and identify the specific purpose for those expenditures.
6. Identify each individual and entity who received any portion of the expenditures for "meetings/conferences" totaling \$222,166 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
7. Identify each individual and entity who received any portion of the expenditures for "meetings/conferences" totaling \$159,865 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
8. Identify each individual and entity who received any portion of the expenditures for "printing" totaling \$200,796 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
9. Identify each individual and entity who received any portion of the expenditures for "printing" totaling \$180,497 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
10. Identify each individual and entity who received any portion of the expenditures for "commissions" totaling \$29,369 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
11. Identify each individual and entity who received any portion of the expenditures for "commissions" totaling \$26,105 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.

12. Identify each individual and entity who received any portion of the expenditures for "contract fee" totaling \$9,600 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
13. Identify each individual and entity who received any portion of the expenditures for "contract fee" totaling \$78,443 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
14. Identify each individual and entity who received any portion of the expenditures for "advertising/promotion" totaling \$13,523 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
15. Identify each individual and entity who received any portion of the expenditures for "advertising/promotion" totaling \$63,287 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
16. Identify each individual and entity who received any portion of the expenditures for "bank fees" totaling \$19,442 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
17. Identify each individual and entity who received any portion of the expenditures for "bank fees" totaling \$13,214 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
18. Identify each individual and entity who received any portion of the expenditures for "interest expense" totaling \$26,179 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
19. Identify each individual and entity who received any portion of the expenditures for "interest expense" totaling \$32,949 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
20. Identify each individual and entity who received any portion of the expenditures for "Market Research" performed in 2007 for a total cost of \$12,796 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures. Provide a copy of any document indicating the results of that research.
21. Identify each individual and entity who received any portion of the expenditures for "Market Research" performed in 2006 for a total cost of \$38,721 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures. Provide a copy of any document indicating the results of that research.
22. Identify each individual and entity who received any portion of the expenditures for "web page/email" totaling \$20,136 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.

23. Identify each individual and entity who received any portion of the expenditures for "web page/email" totaling \$4,267 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
24. Identify each individual and entity who received any portion of the expenditures for the "Comm. and Publications" portion of "salaries" in 2007 totaling \$90,157 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
25. Identify each individual and entity who received any portion of the expenditures for the "advancement" portion of the "salaries" totaling \$77,428 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
26. Identify each individual and entity who received any portion of the expenditures for the "administration" portion of the "salaries" totaling \$413,691 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
27. Identify each individual and entity who received any portion of the expenditures for the "Comm. and Publications" portion of "benefits" in 2007 totaling \$12,530 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
28. Identify each individual and entity who received any portion of the expenditures for the "advancement" portion of the "benefits" totaling \$9,758 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
29. Identify each individual and entity who received any portion of the expenditures for the "administration" portion of the "benefits" totaling \$66,990 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.

EXHIBIT 3



BOEHL STOPHER & GRAVES LLP

AEGON CENTER · SUITE 2300
400 WEST MARKET STREET · LOUISVILLE, KENTUCKY 40202-3354

TELEPHONE: 502-589-5980
FACSIMILE: 502-561-9400

JEFFERSON K. STREEPEY
PARTNER
EXTENSION 234
JSTREEPEY@BSC-LAW.COM

May 15, 2009

BY FACSIMILE AND U. S. MAIL

Mr. Stephen A. Houston
STOLL KEENON & PARK LLP
2000 PNC Plaza
500 West Jefferson
Louisville, KY 40202-2828

Re: American Saddlebred Horse Association
American Saddlebred Registry

Dear Mr. Houston:

We represent the American Saddlebred Horse Association and American Saddlebred Registry. This responds to your letter of May 12, 2009 addressed to the Presidents of these entities and also responds to the May 4, 2009 letter sent by Dr. Simon Fredricks on behalf of your clients.

Although the ASHA and the Registry have no legal obligation to do so, they will provide documentation on terms as follows:

1. Portions of the ASHA and Registry general ledgers itemizing the account detail covering the requested information for calendar years 2006 and 2007 will be available for review by your representative at the ASHA office in Lexington on June 15, 2009 between the hours of 8:30 a.m. and 4:30 p.m. You will need to identify your representative and his/her profession at least three days prior to the inspection date, so the office will know whom to expect.

444 WEST SECOND STREET
LEXINGTON, KENTUCKY 40507-1040
TELEPHONE: 859-252-6721
FACSIMILE: 859-253-4445

410 BROADWAY
PADUCAH, KENTUCKY 42001
TELEPHONE: 270-442-4369
FACSIMILE: 270-442-4589

137 MAIN STREET, SUITE 200
MKEVILLE, KENTUCKY 41502
TELEPHONE: 606-432-0670
FACSIMILE: 606-432-0680

ELSBY EAST · SUITE 204, 400 PEARL STREET
NEW ALBANY, INDIANA 47150
TELEPHONE: 812-948-5053
FACSIMILE: 812-948-9233

BOEHL STOPHER & GRAVES LLP

Mr. Stephen A. Houston
May 15, 2009
Page 2

2. Joan Jones, the ASHA controller, will be available during those hours to answer questions your representative may have concerning the account detail. Obviously, Ms. Jones is not in a position to discuss matters of policy or to make discretionary decisions; she can only provide information regarding the contents of the account detail.

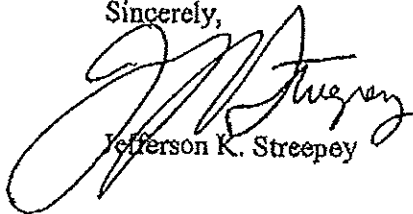
3. Except with respect to Alan Balch the compensation of any individual employee will not be disclosed. We believe our employees are entitled to privacy on compensation issues. Mr. Balch has consented to disclosure of his compensation, and his employment contract and deferred compensation agreement will be available for your representative's review. You may be sure Mr. Balch's total compensation is as reflected in these agreements; he has received no bonuses, commission, royalties, or other forms of compensation and has in fact during the contract term voluntarily foregone significant salary and expense reimbursement to which he was entitled under his contract. Both Mr. Balch's employment contract and deferred compensation agreements were unanimously approved by the directors in attendance at the ASHA board meeting where they were discussed in detail and referred to the Executive Committee for approval of a final form incorporating the approved terms. All duly elected directors were at that board meeting except Mr. Heiman, who did not attend. Minutes of the meeting have been available on the ASHA Web site for over a year.

4. Your representative's review will be in lieu of the meeting we previously suggested between your group and the ASHA and Registry boards during their regular July meeting.

We will provide you copies of the ASHA and Registry Form 990 for 2008 after they are completed.

Please direct all future communications to me and not to the ASHA or Registry officers and directors.

Sincerely,



Jefferson K. Streepey

JKS:mfk

cc: Judith Werner
Barbara Molland

EXHIBIT 4



STOLL · KEENON · OGDEN
PLLC

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

STEPHEN A. HOUSTON
DIRECT DIAL: (502) 568-5768
DIRECT FAX: (502) 333-6099
stephen.houston@skofirm.com

May 20, 2009

By Electronic Mail
jstreepey@bsg-law.com

Jefferson K. Streepey, Esq.
Boehl Stopher & Graves LLP
Aegon Center, Suite 2300
400 W. Market Street
Louisville, KY 40202-3354

ASHA and Registry

Dear Mr. Streepey:

By letter dated May 12, 2009, on behalf of a group of senior members, I requested that the American Saddlebred Horse Association, Inc. ("ASHA") and the American Saddlebred Registry, Inc. ("Registry") produce certain documents or, in the alternative, provide an opportunity for an accountant and other representatives of the senior members to review and copy the documents.

By letter dated May 15, 2009, you responded on behalf of the ASHA and Registry agreeing to produce some, but not all, of the documents requested. In that letter, the ASHA and Registry contend that they "have no legal obligation" to produce the documents. That is not correct. For example, in Kentucky, "all books and records of a [nonprofit] corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time." See KRS §273.233. Accordingly, the ASHA and Registry should provide access to all of the documents previously requested.

Although we remain troubled by the ASHA and Registry's response and the delay in making the existing documents available, we look forward to the opportunity to review and copy the documents on June 15, 2009. As you requested, we will provide a list of the individuals who will attend the document production at the ASHA office in Lexington.

Sincerely

Stoll Keenon Ogden PLLC

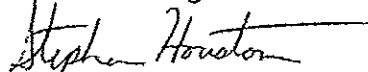

Stephen A. Houston

EXHIBIT 5



STOLL · KEENON · OGDEN
PLLC

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

STEPHEN A. HOUSTON
DIRECT DIAL: (502) 568-5768
DIRECT FAX: (502) 333-6099
stephen.houston@skofirm.com

June 26, 2009

By Electronic Mail
istreepey@bsg-law.com

Jefferson K. Streepey, Esq.
Boehl Stopher & Graves LLP
Aegon Center, Suite 2300
400 W. Market Street
Louisville, KY 40202-3354

American Saddlebred Horse Association, Inc.

Dear Mr. Streepey:

The American Saddlebred Horse Association, Inc. ("ASHA") is a Kentucky non-profit organization. KRS §273.233 entitles members of a Kentucky non-profit organization, and their representatives, to have access to "all books and records" maintained by the non-profit organization. By letter dated April 20, 2009, certain members of the ASHA asked it to produce documents relating to its financial expenditures. The ASHA agreed to produce some, but not all, of the responsive documents at its office in Lexington on June 15, 2009.

Mr. Walter Newell, CPA, and I appeared at the ASHA office on June 15, 2009 as representatives of certain members of the ASHA. You and the ASHA's controller, Ms. Joan Jones met with us on behalf of the ASHA. Notwithstanding the clear language in KRS §273.233, you confirmed that the ASHA refused to produce all of the records previously requested. Furthermore, the ASHA refused to allow us to retain photocopies of the select documents it was willing to let us see. You stated that you were following instructions provided to you by Mr. Alan Balch. You also stated that it was your understanding that Mr. Balch conferred with some of the Officers or some of the Executive Committee, but not the full Board of Directors, regarding the decision to withhold documents.

Pursuant to KRS §273.233, we continue to demand to inspect and copy all of the books and records previously requested. If possible, we wish to avoid petitioning a court to allow members of this non-profit organization to have access to its books and records. As you and I discussed, please present this issue to the ASHA's Board of Directors for consideration. It is our hope that the ASHA will comply with the law and make its records available to its members.

Jefferson K. Streepey, Esq.
June 26, 2009
Page 2

You permitted me to ask the ASHA controller, Ms. Joan Jones, questions about some of the ASHA's financial expenditures. Ms. Jones stated that the ASHA pays commissions to some of its employees, but it does not have a formal written policy regarding commissions, including the eligibility of ASHA employees and the amounts available to be earned. Please confirm that the ASHA has no formal written policy regarding commissions. If a written policy regarding commissions exists, please produce a copy of it.

Similarly, Ms. Jones stated that the ASHA has also paid bonuses to some of its employees, but it does not have a formal written policy regarding the payment of bonuses. Please confirm that the ASHA has no formal written policy regarding bonuses. If a formal written policy regarding bonuses does exist, please produce a copy of it.

When asked about a financial expenditure identified as a "draw" of approximately \$6,000, Ms. Jones stated that it was an advance payment to William Wood for potential fundraising commissions. Ms. Jones stated that she did not believe the ASHA memorialized that agreement in writing. Ms. Jones also stated that Mr. Wood was told that he would not need to return the advanced money even if he never earned the commission by raising the necessary amount of funds for the ASHA. Please confirm that the agreement with Mr. Wood was not memorialized in writing. If an agreement was memorialized in writing, please provide a copy of the written agreement.

The letter to the board of directors dated February 10, 2009 from Bennett & Company, CPAs indicates that there is a concern about "segregation of duties" in the ASHA's accounting department. Please provide documents indicating whether this matter is a "control deficiency," "significant deficiency" or a "material weakness" as defined by SAS 112 *Communicating Internal Control Matters Identified in an Audit*. Also, please provide documents indicating the ASHA's investigation into this issue and its efforts to resolve the issue.

Based upon our review of the documents that were produced on June 15, it is apparent that the ASHA should also produce for inspection and copying, without limitation, the 22 categories of invoices and other specific documents discussed below:

1. Please produce documents indicating where the \$20,000 related to Mr. Balch's annual deferred compensation is accrued in the December 31, 2007 audited financial statements.
2. Expenditures identified as "Meetings and Conferences" totaled \$222,166 in 2007. Please provide all of the invoices supporting those expenditures including, without limitation, the following:
 - \$29,522 Kentucky State Fair
 - Saddlebred Daily \$2,970
 - Monday \$593

- Tuesday \$1,317
- Wednesday \$1,317
- Thursday \$1,317
- Friday \$830
- Saturday \$1,264
- Sunday \$1,416
- Contract Labor \$2,500
- 06 Ring 1,250
- KSF Results Commission \$2,043
- \$29,010 Youth Conference Expense.
 - Printing cost of \$724
 - Embassy Suites of \$6,525
- \$26,502 Lordosis
- \$40,838 annual meeting expense
 - Embassy Suites \$18,791
 - Convention Sponsors of \$2,070
- \$28,171 Fundraiser Auction
 - Rocking Horse \$2,000
 - Saddle \$1,200
 - Derby Tickets
 - Executive West \$8,293

3. Meetings and Conferences totaled \$159,865 in 2006. Please provide all of the invoices supporting those expenditures including, without limitation, the following:

- \$22,000 American Saddlebred Ball
 - \$12,536
 - \$2,468
- \$35,091 Annual Meeting Expense
 - \$12,418
 - \$7,723

- \$50,211 Kentucky State Fair Expense
 - \$5,775
 - Online Payment \$5,221
 - Online Payment \$2,500
 - L. Weatherman \$2,904

4. Printing expenditures totaled \$200,796 in 2007. Please provide all of the invoices supporting those expenditures including, without limitation, the following:

- \$21,691
- \$12,932
- \$15,751
- \$14,893
- \$45,297
- Susanna Thurston \$15,180
- Susanna Thurston \$6,225
- Marcia Carothers \$5,652

5. Printing expenses totaled \$180,497 in 2006. Please provide all of the invoices supporting those expenditures including, without limitation, the following:

- \$11,015
- \$39,531
- \$19,880
- \$12,442
- \$14,009
- \$13,858
- \$10,458

6. Contract fees totaled \$9,600 in 2007. Please provide invoices supporting those expenditures. Also, please provide a copy of any agreements with Mae Condon and Brenda Newell.

7. Contract fees totaled \$78,442 in 2006. Please provide invoices supporting those expenditures.

8. Advertising/Promotion totaled \$13,523 in 2007. Please provide all of the invoices supporting those expenditures including, without limitation, the following:

- Primea \$1,732
- Advertising \$1,000

9. Advertising/Promotion totaled \$63,287 in 2006. Please provide all of the invoices supporting those expenditures including, without limitation, the following:

- Primedi \$1,648
- Derby Tickets \$2,300
- \$2,173 World Equestrian Games

10. Bank fees totaled \$19,442 in 2007.

- Please provide copies of bank statements for the months of January 2007 through December 31, 2007.

11. Bank fees totaled \$13,442 in 2006.

- Please provide copies of bank statements for the months of January 2006 through December 31, 2006.
- Please provide the invoice supporting the "APS Settlement" charge of \$1,119.

12. Interest expenses totaled \$26,179 and \$32,949 for 2007 and 2006, respectively. Please provide a copy of the lease agreement and respective amortization schedule that indicates the necessity of these expenditures.

13. Market Research totaled \$12,796 in 2007.

- Please provide all documents supporting those expenditures, including the name and address of all payees.
- Please provide a copy of all agreements and contracts to perform work relating to market research.

14. Market Research totaled \$38,721 in 2006.

- Please provide all documents supporting those expenditures, including the name and address of all payees.

Jefferson K. Streepey, Esq.
June 26, 2009
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- Please provide a copy of all agreements and contracts to perform work relating to market research.
15. Web page/email totaled \$20,136 in 2007.
- Please provide all documents supporting those expenditures, including the name and address of all payees.
 - Please provide a copy of all agreements and contracts to perform work relating to web page / email expenditures.
16. Web page/email totaled \$4,267 in 2006.
- Please provide all documents supporting those expenditures, including the name and address of all payees.
 - Please provide a copy of all agreements and contracts to perform work relating to web page / email expenditures.
17. Salaries for fiscal years 2006, 2007 and 2008
- Please provide invoices and other documents that support these amounts for "administration," "Comm. And Publications" and "advancement."
 - Please provide documents indicating all commissions paid
 - Please provide documents indicating all bonuses paid
 - Please provide all job descriptions, employment agreements and other documents indicating the ASHA and Registry employees responsible for selling advertisements in magazines or other ASHA productions.
18. Benefits for fiscal years 2006, 2007 and 2008
- Please provide invoices and other documents that support these amounts for "administration," "Comm. And Publications" and "advancement."
19. Executive compensation for the Registry totaled \$81,687 \$74,737 in 2007 and 2006, respectively. Please provide all invoices supporting those expenditures, including any such invoices for contract labor.
20. Please provide documents indicating all written requests by Alan Balch to participate in "outside activities" as stated in his employment agreement. Please provide all written responses to those requests.

Jefferson K. Streepey, Esq.
June 26, 2009
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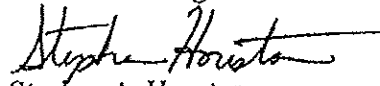
21. Please provide a copy of all documents and communications that indicate that the ASHA's audits for fiscal years 2006, 2007 and 2008 comply with *Statement on Auditing Standards (SAS) No. 114, "The Auditors Communication With Those Charged with Governance."*

22. Please provide documents indicating that the organization has adopted FIN 48 accounting for income taxes to ensure that it does not have any tax positions that could jeopardize its tax exempt status.

Please let me know at your earliest convenience, but no later than July 13, 2009, if the ASHA will produce all of the documents requested. Of course, please let me know if you have questions.

Sincerely

Stoll Keenon Ogden PLLC



Stephen A. Houston

EXHIBIT 6



BOEHL STOPHER & GRAVES LLP

AEGON CENTER · SUITE 2300
400 WEST MARKET STREET · LOUISVILLE, KENTUCKY 40202-3354

TELEPHONE: 502-589-5980
FACSIMILE: 502-561-9400

JEFFERSON K. STREEPEY
PARTNER
EXTENSION 234
JSTREEPEY@BSG-LAW.COM

July 13, 2009

Mr. Stephen A. Houston
STOLL KEENON OGDEN, PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2828

Re: American Saddlebred Horse Association

Dear Mr. Houston:

This responds to your June 26, 2009 letter. Your letter contains misstatements concerning events of June 15, 2009. You assert I advised you I was following instructions provided me by Mr. Balch in refusing photocopies. That is wrong. I clearly recall our exchange. You asked me on whose authority I refused photocopies. I specifically told you "not Mr. Balch," but rather the officers of the Association and Registry to whom responsibility was delegated by both boards. I believe you have mischaracterized Ms. Jones' statements to you concerning commissions, bonuses, and draws. She did not state ASHA had no written policies pertaining to these matters; she said she did not know whether written policies exist.

We continue to disagree on the applicability of KRS 273.233 to your clients' request for documents. We do not believe the request is covered by the statute. At its July 6, 2009 meeting the ASHA Board adopted a bylaw amendment covering document inspection, a copy of which is enclosed.

The ASHA Board reviewed your June 26 letter at its July 6, 2009 meeting. Even though not obligated to do so, the Board authorized the production for inspection of the additional documents requested in that letter.

444 WEST SECOND STREET
LEXINGTON, KENTUCKY 40507-1040
TELEPHONE: 859-252-6721
FACSIMILE: 859-253-1445

410 BROADWAY
PADUCAH, KENTUCKY 42001
TELEPHONE: 270-442-4369
FACSIMILE: 270-442-4689

137 MAIN STREET, SUITE 200
PIKEVILLE, KENTUCKY 41502
TELEPHONE: 606-432-9670
FACSIMILE: 606-432-9680

ELSBY EAST · SUITE 204, 400 PEARL STREET
NEW ALBANY, INDIANA 47150
TELEPHONE: 812-948-5053
FACSIMILE: 812-948-9233

BOEHL STOPHER & GRAVES LLP

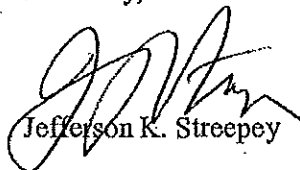
Stephen A. Houston
July 13, 2009
Page 2

The documents will be available for inspection at the ASHA office in Lexington, Kentucky between 10 a.m. and 4 p.m. on July 29, 2009. Your clients are invited to attend or to send their representatives, or bring their representatives with them. Please let me know by July 22, 2009 who will be attending for your clients.

Except with respect to Mr. Balch, the compensation of any individual employee of ASHA will not be disclosed by name. ASHA continues to believe its staff members are entitled to privacy with respect to their individual compensation.

You should know that effective August 1, 2009 ASHA will designate the third Tuesday of each month, until the annual convention in February 2010, beginning at 10 a.m. as regular monthly office hours for any member to come to the ASHA office to inspect ASHA records, provided that requests are made at least five business days in advance for those materials described in the above-referenced bylaw amendment, and ten business days in advance for other materials such member wishes to review. This is an internal operating policy which will be reevaluated at the time of the annual convention and may be modified or discontinued. It is not part of the new bylaw. Personnel matters, compensation of individual staff members by name, except for the current executive secretary, information furnished to ASHA on a confidential basis, and other records legally privileged or determined by the executive secretary with advice of counsel to be inappropriate for disclosure will not be disclosed during these monthly sessions.

Sincerely,



Jefferson K. Streepey

JKS:mfk
Enclosure

EXHIBIT 7

WWW.

A M E R I C A N
SADDLEBRED
.COM

HORSE ASSOCIATION, INC.



BYLAWS OF AMERICAN SADDLEBRED HORSE ASSOCIATION, INC.

(Effective July 7, 2009)

ARTICLE I. OFFICES

The principal office of the American Saddlebred Horse Association, Inc. (herein called the Association), shall be located in Lexington, Kentucky. The Association may have such other offices, either within or without the State of Kentucky, as the Board of Directors may designate or as the business of the Association may require from time to time.

ARTICLE II. MEMBERSHIP

Part I. Individual Members

Section 1. The Association shall have seven (7) classes of Individual Members, which may be held under the name of an individual. The designation of such and the qualification and right of the members of each class shall be as follows:

(a) **Lifetime Members.** Upon payment of the fee prescribed by the Board of Directors, an individual may become a member for life with no additional amount due to maintain membership during his/her lifetime. A lifetime member under age 18 shall have the rights of a special junior member and at age 18 all the rights of a senior member. A Lifetime Member shall receive a custom-made 10K gold pin and an embossed certificate of membership.

(b) **Contributing Members.** Contributing Members are those individuals who have reached their 18th birthday and pay the annual dues prescribed by the Board of Directors. They shall have all the rights and privileges of a Senior Member and shall receive an embossed certificate of membership.

(c) **Senior Members.** Senior Members are those individuals who have reached their 18th birthday and pay the annual dues prescribed by the Board of Directors.

(d) **Charter Club Affiliate Members.** Affiliate Members are those individuals who have reached their 18th birthday and who are members of one of the official ASHA Charter Clubs. They shall have all the rights and privileges of a Senior Member. Their annual dues shall be prescribed by the Board of Directors.

(e) **Junior Members.** Junior Members are those individuals who are age 17 and under. They shall be eligible to attend all meetings of the membership and take part in all junior programs developed by the Association but shall have no voting power. Their annual dues shall be prescribed by the Board of Directors.

(f) **Special Junior Members.** Special Junior Members are those individuals who are age 17 and under. They shall be eligible to attend all meetings of the membership and take part in all Junior Programs developed by the Association. They shall have all the rights and privileges of a Senior Member but shall have no voting power. Their annual dues shall be prescribed by the Board of Directors.

(g) **Youth Club Affiliate Members.** Youth Club Affiliate Members are those individuals who are age 17 and under and who are members of one of the official ASHA Youth Clubs. They shall be eligible to attend all meetings of the membership and take part in all junior programs developed by the Association. They shall have all the rights and privileges of a Senior Member but shall have no voting power. Their annual dues shall be prescribed by the Board of Directors.

Section 2. Members of the Association shall be admitted, retained and expelled in accordance with Procedures set forth in these Bylaws. Each member entitled to vote shall be entitled to one vote either in Person or by proxy on each matter submitted to a vote of members.

Section 3. The annual meeting of members shall be held for the purpose of transacting such business as may be properly brought before the meeting at such

place, either within or without the State of Kentucky, on such date and at such place as the Board of Directors or the Executive Committee may determine.

Section 4. Special meetings of the members may be called by the President or Board of Directors and shall be called by the President at the request of one-fifth (1/5) of members, then in good standing. Special meetings of members may be held at such time and place, either within or without the State of Kentucky, as may be designated in the notice thereof.

Section 5. Written notice stating the place, day and hour of meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by public notice and by mailing such notice not less than thirty-five (35) days before the date of the meeting to each member at his or her last known address as it appears in the Association's records, who was in good standing on the sixtieth (60th) day preceding the date of such meeting for which such notice is being given.

Section 6. Except as otherwise provided in this paragraph, five percent (5%) of the members entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of the members. The acts of a majority of the members present in person or by proxy at a meeting at which a quorum is present shall be the acts of the members, except that it shall require the affirmative vote of two-thirds (2/3rds) of such members at such meeting (i) to amend the articles of incorporation, (ii) to adopt a plan of merger or consolidation with another corporation, (iii) to authorize the sale, lease, or mortgage of substantially all of the assets or property of the Association, (iv) to authorize a voluntary dissolution of the Association or revoke a proceeding thereof, or (v) to adopt a plan for the distribution of the assets of the Association. One percent (1%) of the members represented in person or by proxy shall constitute the quorum at the annual meeting of members for the purpose of electing two members of the Nominating Committee as provided in Article III, Part II, Section 1. In the event there is not a quorum of 1 percent represented in person or by proxy at the annual meeting of members, then the Board of Directors may select the two members of the Nominating Committee who are to be elected at the annual membership meeting.

Section 7. Members entitled to vote at a meeting of members shall include all Senior Members who are in good standing at the time of such meeting.

Section 8. Membership in the Association is a privilege and not a right and is open to any natural person who has indicated his or her interest in furthering the purposes of the Association.

Section 9. Application for membership in the Association shall be made on a form acceptable to the Association and sent to the Association office with a check for the annual membership fee made payable to the American Saddlebred Horse Association, Inc. The Applicant shall then become a member of the Association and shall be issued a Membership Card.

Section 10. Except as otherwise limited by the Articles of Incorporation or these bylaws, all members in good standing shall (i) obey and be bound by all Bylaws, rules and regulations of the Association and decisions or actions of the Board of Directors or Executive Committee, and (ii) have the right to hold office and committee assignments.

Section 11. Term of membership is 12 months and expires the last day of the month in which dues were paid the preceding year. A member shall be considered not in good standing if the annual fee has not been paid on or before the expiration date.

Section 12. A member not in violation of the rules and regulations of the Association can be reinstated to good standing by simply paying the membership

fee for the current year. There is no penalty for such reinstatement.

Section 13. The annual membership fee shall be considered paid on the day it is postmarked, if mailed, or on the date received by the Association if delivered by means other than mail.

Section 14. Application for membership will be considered at any time during the calendar year, but no applicant, regardless of when his or her application is submitted, may become a member without paying the full annual membership fee due for the entire year in which he or she becomes a member.

Section 15. Membership shall terminate upon the occurrence of any one of the following: (i) resignation in writing delivered to the Association, (ii) death, (iii) failure to pay the annual membership fee on or before the annual expiration date.

Part II. Charter Members

Section 1. The Association shall have Charter Members consisting of associations or clubs of twenty (20) or more members whose primary interest is in promoting the Saddlebred horse.

Section 2. A minimum of 25% of the membership of the association or club must be members of the American Saddlebred Horse Association.

Section 3. Each Charter Member must be incorporated under the laws of its state.

Section 4. Application to become a Charter Member must be completed and submitted to the Association with payment of the annual fee prescribed by the Board of the Directors of the Association.

Section 5. Each Charter Member is responsible for producing a minimum of two annual events: a horse show, clinic, mall promotion, horse fair, trail ride, etc.

Section 6. The Bylaws of each Charter Member must state a deadline for reporting club elections to its members.

Section 7. Only Association Members in good standing shall be eligible for a Charter Member's elections, and all current officers must be Association Members in good standing.

Section 8. Bylaws of each Charter Member must contain a provision for stating the annual meeting and notice thereof in keeping with the laws of its state.

Section 9. The Treasurer of each Charter Member must make an annual report to the members. At least one annual budget must be prepared.

Section 10. Charter Members with annual budgets in excess of \$5,000.00 must be reviewed annually by an outside audit presented to the club members.

Part III. Inspection of Records

A director shall be entitled to inspect during regular business hours at the Association's main office any of the books, records, and other documents of the Association, provided that the director gives the Association written notice at least five (5) business days before the date on which the director wishes to inspect such books and records.

A director may copy any such books, records and documents, but except with the approval of the board of directors may not disseminate such copies to anyone other than his/her attorney, accountant, or other expert advisor whose opinion the director deems necessary to assist him/her in the discharge of his/her fiduciary obligations as a director.

In addition to the inspection and copying of the records of certain non-profit organizations permitted the public under the federal Internal Revenue Code and regulations, a member of the Association in good standing may be permitted to inspect the articles of incorporation, bylaws, financial statements, minutes, the record of executive compensation, as disclosed on IRS form 990, and list of the names and addresses of members of the Association during regular business hours, upon at least five (5) business days prior written notice of his or her request stating the purpose of the inspection.

The Executive Committee of the Board of Directors may in its discretion permit copying of such documents at the expense of the individual requesting copies.

Part IV. Litigation

No member of the American Saddlebred Horse Association or participant in its programs may invoke the aid of the courts of the United States or any state without first exhausting all remedies available under the procedures provided in these bylaws.

Any such member or participant alleging to have been aggrieved by an act or omission of the American Saddlebred Horse Association shall petition the United States Equestrian Federation to hear a grievance against ASHA under procedures substantially similar to those outlined in USEF bylaw 704 and related rules.

ARTICLE III. DIRECTORS

Part I. Directors

Section 1. The Board of Directors shall consist of eighteen (18) members and shall exercise all of the powers of the Association subject only to the restrictions imposed by law, by the Association's Articles of Incorporation, as amended, or by these Bylaws. Directors must be Senior Members of the Association in good standing.

Section 2. A majority of the number of Directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 3. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and in the same place as, the Annual Meeting of members. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Kentucky, for the holding of additional regular meetings without other notice than this resolution. Meetings of the Board of Directors shall be conducted according to Sturgis' Standard Code of Parliamentary Procedure.

Section 4. Special meetings of the Board of Directors may be called at the request of the President or any five Directors. The person or persons authorized to call such special meetings of the Board of Directors may fix any place, within or without the State of Kentucky, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice of any special meeting, stating the time, place and purposes thereof, shall be given at least ten (10) days previously thereto in person or by telephone or by written notice delivered personally or electronically, or telefaxed, telegraphed, mailed, or delivered by other reasonable means to each Director at his or her address as listed in the records of the Association.

Section 6. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting if such Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 7. A Director who is absent from two consecutive meetings without approval of the Board of Directors will be considered to have resigned.

Section 8. Directors shall serve without compensation.

Section 9. Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if consent in writing setting forth the action taken is signed by all Directors.

Section 10. Meetings of the Board of Directors may be held by telephone conference or other means of communication whereby all Directors participating in the meeting can hear each other. Participation in a meeting by telephone or other similar means shall constitute presence in person at the meeting.

Section 11. Minutes shall be kept of any and all meetings (regular or special) of the Board of Directors. The minutes shall be transcribed within forty-five (45) days after any meeting. Minutes may be approved by written consent of a majority of directors. Such written consent may be delivered by hand, mailing, delivery service, fax or electronically. A copy of the minutes shall be published by the Association electronically, or in the Association magazine, or other Saddlebred publication, after approval by the Board of Directors. Notice of availability of minutes which have been approved by the Board of Directors shall be published in the magazine and made available to any member in good standing within seven (7) days upon request.

Part II. Election of Directors

Section 1. Directors shall be elected annually by mail ballot. The Directors shall be divided into three (3) classes, each of which shall consist of six (6) Directors who shall be elected for a term of three (3) years and until their respective successors are elected and qualify. The terms of the three (3) classes shall be staggered so that only the Directors of one class shall be elected each year.

No Director shall serve more than two (2) consecutive three-year terms without a period of one (1) year intervening before his re-election. This restriction shall not apply to any term of less than three (3) years. However, a person who is serving as an officer at the end of his second consecutive three-year term may be elected as a Director for one additional three-year term.

Notice of the annual election of Directors, together with a ballot containing a slate of candidates recommended by the Nominating Committee, shall be in-

cluded in a publication of the Association, or sent by direct mail to each member at his or her last known address as it appears in the Association's records.

The ballot shall contain a line for write-in candidates. Marked ballots must be received at the Association office no later than the date set by the Board of Directors for the receipt of marked ballots, which date will be established annually by the Board at the same meeting in which it approves the Nominating Committee's slate of nominees. Such date will be shown on the ballot. The ballots will be tabulated by the Executive Secretary and three (3) directors chosen by lot, excluding those directors standing for election. Those who received the six (6) highest vote totals shall be elected and shall take office at the annual meeting of the members next after their election.

All issues concerning the validity of a ballot shall be resolved by the Executive Committee. The results of the election will be published.

The Nominating Committee shall select nominees for each vacancy on the Board of Directors from Senior Members of the Association. The Nominating Committee shall present the slate of nominees to the Board for its approval. The Nominating Committee shall consist of five members, two of whom shall be elected by the Membership at the Annual Meeting, two of whom shall be selected by the Association Board of Directors, and the Chairman who shall be appointed by the President. The members of the Nominating Committee shall serve until the next Annual Meeting. Any vacancies in the Nominating Committee shall be filled by the Board of Directors.

The Nominating Committee shall select a slate of six (6) or more candidates for the Board of Directors from Senior Members of the Association who have been members for at least the three years preceding nomination.

The Nominating Committee must consider the following criteria in selecting its recommended slate of nominees:

(1) The geographical representation on the Board of Directors in relationship to the concentration of members in a given geographical area.

(2) Membership in horse associations in addition to the Association, such as the U.S. Equestrian Federation, United Professional Horsemen's Association, ASHA Charter Club, or ASHA Futurity.

(3) The prospective nominee's level of participation in horse activities, such as whether the proposed nominee is an officer or director of a charter club or futurity; activity in Association committees, Grand National, youth clubs or futurities; activity in U.S. Equestrian Federation committees; membership on horse show committees; ownership or operation of a breeding, training, or riding lesson program; current service as a U.S. Equestrian Federation judge or steward; current owner, breeder, or exhibitor of American Saddlebreds.

(4) The Nominating Committee should give special consideration to the following attributes:

(a) Ten or more years' involvement in Saddlebred activities.

(b) High level of expertise in financial, organizational and communication skills or other areas needed by the Association.

(c) Experience in innovative programs for American Saddlebreds.

(d) The financial ability, availability and desire to attend Board and Committee meetings.

The Nominating Committee shall present its slate of nominees to the Executive Committee, which shall review the process for compliance with the above criteria. If the Executive Committee finds substantial compliance with the nominating criteria, then it will forward the slate of nominees to the Board of Directors for approval. If the Executive Committee does not find substantial compliance with the criteria, it will return the proposed slate of nominees to the Nominating Committee with a written report setting forth the Executive Committee's reasons for finding non-compliance, and the Nominating Committee will then present a new or amended slate of nominees to the Executive Committee, taking into account such written report.

Section 2. Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of the majority of the remaining Directors even if less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

ARTICLE IV. OFFICERS

Section 1. The officers of the Association shall be a President, First Vice President, Second Vice President, Secretary, Executive Secretary, Treasurer, and Parliamentarian, each of whom shall be elected by the Board of Directors. Each officer, except the Executive Secretary, and Parliamentarian must be a member of the Board of Directors.

Section 2. The Nominating Committee for Officers shall recommend to the Board of Directors a nominee for each office from the members of the Board except that nominees for the office of Executive Secretary and Parliamentarian need not be Board members. The Nominating Committee for Officers shall consist of three members of the Board of Directors who shall be appointed by the President to serve until the regular meeting of the Board next after the annual meeting of members. The President shall designate one of the members of the Nominating Committee for Officers as Chairman. The Nominating Committee for Officers shall also recommend to the Board of Directors eleven (11) nominees to serve as directors of the American Saddlebred Registry, Inc., at least six (6) of whom shall be members of the American Saddlebred Horse Association Board of Directors. The Nominating Committee for Officers shall make its recommendation to the Board at the regular meeting held immediately after the annual meeting of members.

Section 3. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting held after each annual meeting of members. Each officer shall hold office for a term of one year and until his or her successor shall have been duly elected and shall have accepted his or her election, unless such officer shall die, resign or be removed from office prior thereto. Directors of American Saddlebred Registry, Inc. shall be elected by the Board of Directors of the Association at the same meeting. Officers are elected and shall serve for one (1) year and until his or her successor shall have been duly elected and accepted his or her election. Each Director of American Saddlebred Registry, Inc. is elected and shall serve for one (1) year until his or her successor shall have been duly elected and qualified.

Section 4. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. The election of an officer shall not itself create contract rights.

Section 5. A vacancy in any office of the Association may be filled by the Board of Directors for the unexpired portion of the term.

Section 6. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general be responsible for enforcing observance of policies formulated by the Board of Directors. He or she shall, when present, preside at all meetings of the Members and of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform such other duties as may be prescribed by the Board of Directors from time to time.

The immediate past president shall serve as an ex officio member of the Board of Directors until the current president has left office.

Section 7. In the absence of the President or in the event of his or her death, inability, or refusal to act, the First Vice President shall perform the duties of the President and when so acting shall have all the powers and be subject to all of the restrictions imposed upon the President. The First Vice President and Second Vice President shall perform such duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 8. The Executive Secretary shall be the principal manager of the Association and shall have general supervision of its affairs and in addition, he or she shall perform such other duties as may from time to time be assigned to him or her by the President or by the Board of Directors.

Section 9. The Secretary or his or her designee shall keep the minutes of the proceedings of the members and the Board of Directors in one or more books provided for that purpose. The Secretary shall perform such other duties as from time to time may be assigned to him or her by the President or the Board of Directors.

Section 10. At the Annual Meeting, the Parliamentarian shall advise the presiding officer with respect to points of order and procedure in the conduct of the meeting which shall be conducted according to Sturgis' Standard Code of Parliamentary Procedure.

Section 11. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such

banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 12. Officers shall not be compensated, except the Executive Secretary whose compensation shall be fixed by the Board of Directors. The compensation of other employees shall be fixed by the officer or officers so authorized by the Board of Directors.

ARTICLE V.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Indemnification by the Association. To the fullest extent permitted by law, and in accordance with the provisions of the Kentucky Nonprofit Corporation Acts and this Article V, the Association shall indemnify any person against reasonable expenses (as defined herein) incurred by him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative ("Proceeding"), to which he or she is or is threatened to be made a party, because he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, other enterprise or employee benefit plan if such person ("Person") was determined, in the manner prescribed by Section 4 of this Article V, to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and regarding any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful ("Standard of Conduct"), except in relation to matters as to which he or she has been adjudged in the Proceeding to be liable for negligence or misconduct in the performance of duty to the Association.

Section 2. Expenses Defined. For the purposes of this Article V, the term "expenses" shall mean all costs actually incurred and disbursements made by a Person in connection with a Proceeding, including, without limitation, amounts paid as a result of a judgment, fine, tax or penalty, or in settlement of any Proceeding, and attorneys' fees and court costs incurred in connection therewith.

Section 3. Reimbursement of Expenses

(a) The Association shall pay or reimburse reasonable attorneys' fees and reasonable costs actually incurred by a Person in connection with the defense of a Proceeding in advance of the final disposition of such Proceeding if both of the following conditions have been satisfied:

(i) There has been a determination in the manner prescribed by Section 4 (a) that the facts then known to those making the determination would not preclude indemnification under Section 1 of this Article V and the Kentucky Nonprofit Corporation Acts; and

(ii) The Board of Directors has received from the Person who is a party to the Proceeding a written agreement to repay all amounts paid or reimbursed by the Association if he or she is ultimately adjudged liable for negligence or misconduct in the performance of duty to the Association.

(b) The undertaking required by the Person under Section 3 (a) (ii) of this Article V shall be an unlimited general obligation of that Person, with such security, if any, as the Board of Directors may reasonably require.

Section 4. Determination of Standard of Conduct and Reasonableness of Expenses. Determinations of whether the Standard of Conduct has been met and whether expenses are reasonable shall be made as follows:

(a) By the Board of Directors by a majority vote of a quorum consisting of Directors not at the time parties to the Proceeding;

(b) If such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors, duly designated to act in the matter by a majority of the full Board of Directors (in which the Directors who are parties to the Proceeding may participate), consisting solely of two or more Directors not at the time parties to the Proceeding; or

(c) By special legal counsel selected either by the Board of Directors or a committee thereof by a vote in accordance with Subsections (a) or (b) of this Section 4, or if the requisite quorum of the full Board of Directors cannot be established, by a majority vote of the full Board of Directors (in which the Directors who are parties to a Proceeding may participate).

Section 5. Purchase of Insurance. The Association may purchase and main-

tain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, regardless of whether the Association would have had the power or be obligated to indemnify him or her against such liability under the provisions of this Article V or the Kentucky Nonprofit Corporation Acts.

Section 6. Scope of Indemnification. The indemnification for which this Article V provides shall not be deemed exclusive or a waiver of any other rights to which the Person may be entitled under any statute, provision of the Association's Articles of Incorporation, any other provision of these Bylaws or resolution of the Board of Directors and shall inure to the benefit of the heirs and personal representatives of a Person.

ARTICLE VI.

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 1. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII. FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year.

ARTICLE VIII. CORPORATE SEAL

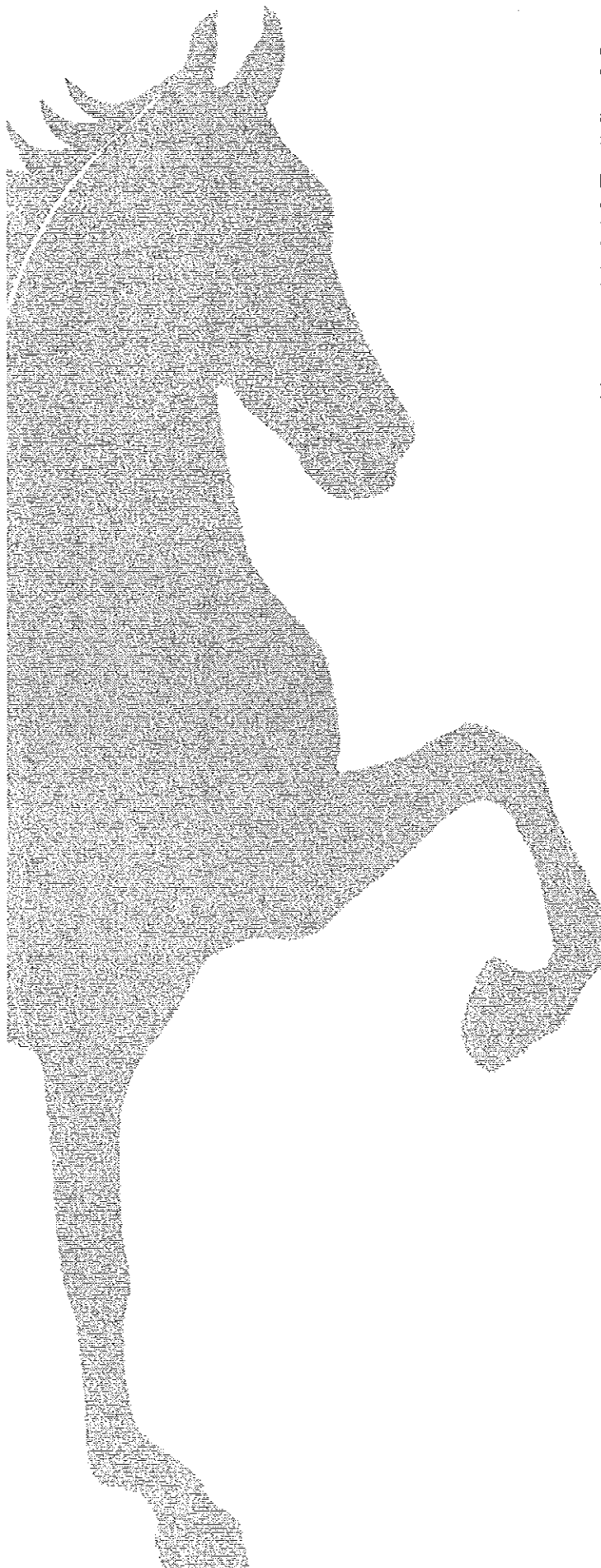
The Board of Directors shall provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the words "Corporate Seal."

ARTICLE IX. EXECUTIVE COMMITTEE

Section 1. The Board of Directors, by resolution adopted by a majority of the full board, shall authorize an Executive Committee. The Executive Committee shall consist of the President, First Vice President, Second Vice President, Secretary, and Treasurer of the Association, and the Board of Directors may designate one (1) or more additional Executive Committee members from members or former members of the Board of Directors. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

Section 2. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by resolution of the Board of Directors and except also that the Executive Committee shall not have the authority of the Board of Directors in reference to (i) amending, altering or repealing the Bylaws, (ii) designating or removing any member of the Executive Committee or any Director or officer of the Association, (iii) amending or restating the Articles of Incorporation of the Association, (iv) adopting a plan of merger or consolidation with another corporation, (v) authorizing the sale, lease or mortgage of substantially all of the property or assets of the Association, (vi) authorizing the voluntary dissolution of the Association or revoking proceedings therefor, (vii) adopting a plan for the distribution of the assets of the Association, or (viii) amending, altering or repealing any resolution of the Board of Directors.

Section 3. Each member of the Executive Committee shall hold office until the regular meeting of the Board of Directors next following the annual meeting



of members and until his or her successor is designated a member of the Executive Committee and has accepted his or her designation.

Section 4. Regular meetings of the Executive Committee may be held at such time and place as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than five (5) days notice stating the place, date and hour of the meeting. Notice may be written or oral, (including telephonically) and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at his or her business address. Written notice may also be given by telefax, telegram, electronically or by other reasonable means. Any member of the Executive Committee may waive notice of any meeting, and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting. Notice of each regular or special meeting of the Executive Committee shall be delivered in the manner prescribed above to each member of the Board of Directors. Any director may attend any meeting if he or she so desires, but without any right to vote.

Section 5. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of the Executive Committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present, provided, however, that meetings of the Executive Committee may be held by telephone.

Section 6. Any action required or permitted to be taken by the Executive Committee, at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Executive Committee.

Section 7. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

Section 8. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the Association, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. The President shall serve as presiding officer. The Executive Committee may fix its own rules of procedure, which shall not be inconsistent with these Bylaws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

Section 10. Minutes shall be kept of any and all meetings of the Executive Committee. The minutes shall be transcribed within forty-five (45) days after any meeting. A copy of the minutes shall be published in the Association magazine, electronically, or by other Saddlebred publication, after approval by the Executive Committee. Minutes which have been approved by the Executive Committee shall be made available to any member in good standing within seven (7) days upon request.

ARTICLE X. HONORARY DIRECTORS

The Board of Directors may elect Honorary Directors, each of whom must be a member and a former Director of the Association. Honorary Directors shall be elected annually and shall have the right to (i) receive notice of, (ii) attend, and (iii) be heard at all meetings of the Board of Directors, but shall not have the right to vote.

ARTICLE XI. STOCK NONEXISTENT

All shares of stock of the Association issued by it at any time in the past are deemed nonexistent, and no holder of any such shares shall have any rights with respect thereto.

ARTICLE XII. COMMITTEES

The President may appoint such committees and the chairpersons thereof for such terms as the President deems necessary or appropriate to further the purposes of the Association, which committees will report to the Board of Directors. The President will report the name of each committee and the members thereof to the Board of Directors within fifteen (15) days of appointment.

ARTICLE XIII. AMENDMENTS

The Board of Directors shall have the power to make Bylaws not inconsistent with law or the Articles of Incorporation of the Association and shall have the power to alter, amend or repeal the same. The Bylaws may be amended by the members at any meeting of the membership, provided written notice, including the text or proposed amendment, shall be given to all members at least thirty (30) days preceding said meeting.

EXHIBIT 8

AMERICAN SADDLEBRED HORSE
ASSOCIATION, INC.

PLAINTIFF

v.

AFFIDAVIT OF ALAN F. BALCH

EDWARD R. BENNETT, CARL T.
FISCHER, JR., KRIS KNIGHT, TOM
FERREBEE, SIMON FREDRICKS,
M.D. AND LYNN W. VIA

DEFENDANTS

* * * * *

Comes ALAN F. BALCH, being duly sworn, and states as follows:

1. I am the Executive Secretary of the American Saddlebred Horse Association, Inc.

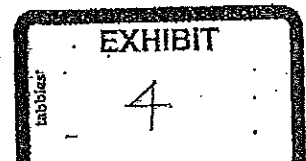
2. I have reviewed the defendants' request for production of documents.

3. Except as described in the following paragraphs, to the best of my knowledge the documents requested were produced to counsel for the defendants for review prior to the filing of this declaratory judgment action. Many of the subject documents were posted on the plaintiff's Website after review by defendants' counsel where they are available to all members of the American Saddlebred Horse Association including the defendants.

4. The following documents, if existing, were not produced for inspection:

a. Compensation records of individual employees and staff of the American Saddlebred Horse Association were not produced for inspection, although total annual payroll figures were produced.

b. Contracts between ASHA and individual staff members were not produced, although the employment contract and deferred compensation agreement of Alan F. Balch were produced.



c. Documents, including electronic mail, reflecting correspondence between officers, including Alan F. Balch, and members of the Executive Committee and directors of ASHA.

d. E-mails between Alan F. Balch and former finance committee member and director Carl Holden.

e. Documents relating to information received by Ms. Werner relative to the September 18, 2009 Executive Committee meeting.

f. Documents reflecting, regarding, or relating to potential violations of ASHA and Registry rules by ASHA and Registry employees and board members.

5. The following documents, if existing, were produced to the defendants, but photocopies were not furnished:

a. The employment agreement and deferred compensation agreement between ASHA and Alan F. Balch.

b. All documents reflecting, regarding or relating to the ASHA's Registry internal control policies and procedures with respect to finance receipts, expenditures, and accounts.

c. All documents reflecting, regarding or relating to the date upon which the internal control policies and procedures were adopted and implemented.

d. Documents reflecting Mr. Balch's time spent at work, on vacation, and absent due to illness.

e. Documents related to work performed by ASHA employees including Mr. Balch on behalf of the USA Equestrian Trust and the USEF and any other individual except ASHA and Registry.

Alan F. Balch
Alan F. Balch

Subscribed and sworn to before me by ALAN F. BALCH this January 27,

2010.

My commissions expires: March 27, 2011

Aun C. Hill
Notary Public, State at Large, KY.

EXHIBIT 9

COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
22nd JUDICIAL CIRCUIT
DIVISION 3
CIVIL ACTION NO. 09-CI-05292

AMERICAN SADDLEBRED
HORSE ASSOCIATION, INC.,

PLAINTIFF

vs.

EDWARD R. BENNETT,
CARL T. FISCHER, JR.,
KRIS KNIGHT, TOM FERREBEE,
SIMON FREDERICKS, M.D.,
and LYNN W. VIA,

DEFENDANTS

) DEPOSITION TAKEN ON
) BEHALF OF DEFENDANTS
) BY: NOTICE

COPY

) WITNESS:
)
) CARL HOLDEN

* * * *

* * * *

The deposition of CARL HOLDEN was taken before Ann E. Chastang, Court Reporter and Notary Public in and for the State of Kentucky at Large, at the law offices of STOLL, KEENON, OGDEN, PLLC, 300 West Vine Street, Suite 2100, Lexington, Kentucky, on Thursday, March 11, 2010, commencing at the approximate hour of 9:00 a.m. Said deposition was taken pursuant to Notice, heretofore filed, to be read and used on behalf of the Defendants at the trial in the above-captioned action and all other purposes as permitted by the Kentucky Rules of Civil Procedure.

* * * *

* * * *

1 twenty-five years ago.

2 Q. Okay, is that the only instance?

3 A. Yes.

4 Q. Were you a party in that?

5 A. No, I just happened to be going down the road
6 and a horse and rider -- or horses ran across
7 the road and the car hit one of them and
8 that's really all I remember. I was there
9 only as a witness of the accident.

10 Q. Okay, did you do anything to get ready for
11 the deposition today?

12 A. I did meet with Mr. Stopher.

13 Q. Did you review any documents?

14 A. I reviewed e-mails that I had in my
15 possession.

16 Q. What e-mails?

17 A. E-mails between myself and Alan Balch.

18 Q. Approximately how many e-mails?

19 A. Three, approximately three or four.

20 Q. And what was the nature of those e-mails?

21 A. Those were e-mails between Alan and myself
22 concerning some budgetary items that I had
23 questioned.

24 Q. Which budgetary items had you questioned?

25 A. When the -- I was on the finance committee at

1 the time, and when the finance committee
2 approved the 2009 budget or reviewed the 2009
3 budget, we knew that 2009 was going to be a
4 difficult year. And the staff of ASHA had
5 prepared the budget. And in recognition of
6 our anticipated revenues being down just
7 because of the economy and the registration
8 of horses, et cetera, we knew it was going to
9 be a difficult year from an expense
10 standpoint also. So the staff, in my
11 opinion, had done a very good job in putting
12 together a budgeted expense budget and had
13 made ASHA's budget. A significant item in
14 the expense budget are the salaries and the
15 payroll data, and the staff had made some
16 recommendations to reduce some hours and some
17 positions. And then Alan volunteered to take
18 a twenty-five percent reduction in his
19 payroll, in his salary. And that was -- that
20 was in the approved budget that the finance
21 committee approved and the board ultimately
22 approved. In reviewing our operating expense
23 schedules and financials, I think it was
24 probably the April financials in my review I
25 couldn't detect whether or not all of those

1 anticipated reductions had been implemented.
2 And I called the office, spoke with Ms.
3 Jones, who was the association accountant, to
4 inquire as to whether the anticipated expense
5 reductions had been implemented. And Ms.
6 Jones told me that some of the hours -- some
7 of the staff reductions had been implemented
8 but that the proposed reduction that Alan had
9 made had not been implemented. And I
10 expressed my concern in disappointment that
11 we had not either implemented all of those
12 and/or had plans to implement them, and she
13 merely said well, you'll have to speak with
14 Alan about that; those aren't my decisions.
15 The next day Alan called me -- I'm sorry, e-
16 mailed me and was concerned that I had gone
17 directly to Ms. Jones and stipulated that in
18 the future I should direct those questions to
19 either Mr. Balch or to the president of the
20 association, Judy Werner. And in those e-
21 mails he indicated that -- I had two
22 questions. One was that his proposed salary
23 reduction and the other was just raising a
24 question about long-term insurance premium.
25 And in his e-mail, Alan stipulated to me that

1 the long-term insurance was in his contract
2 and really was not -- should not be a
3 discussion item. And I didn't have a problem
4 with that if that was in his contract. I
5 hadn't seen his contract. In his e-mail he
6 indicated to me that I was correct in my
7 assumption of recalling that twenty-five
8 percent which was \$25,000 reduction had been
9 volunteered by him, but as of that date it
10 had not been implemented because he was
11 working on planning as to how to effect that
12 reduction as to whether he would take a
13 salary reduction or whether he would make a
14 contribution to the association of the like
15 amount. But it was the tone of the e-mails
16 concerned me and the fact that he had
17 basically not just directed the e-mail to my
18 attention but had copied the treasurer of the
19 association, had copied the president of the
20 association, Judy Werner, and had copied our
21 legal counsel, Jeff Streepey. And the tone
22 of his e-mails concerned me and I responded
23 back to Alan that I was somewhat concerned
24 from the tone and I was concerned of his
25 basically direction that I was only to

1 communicate with him and not to the staff.
2 And we exchanged two or three e-mails of that
3 nature, my expressing concern that he was
4 making such an issue of it. And basically my
5 final e-mail to Alan was that I'm just doing
6 my fiduciary responsibilities as a member of
7 the finance committee. I'm a volunteer and I
8 really don't appreciate the heavy-handedness
9 of the responses. And as a result of that, I
10 don't feel comfortable in continuing to sit
11 on the finance committee and I resigned from
12 the finance committee.

13 Q. You said you didn't feel comfortable staying
14 on the finance committee. What led to your
15 discomfort?

16 A. Well, there really actually were two
17 situations. I also had a health issue. In
18 April 13th of last year, I had brain surgery.
19 I had a sledding incident with my grandson.
20 We had a little incident and I had ruptured a
21 blood vessel in my brain. And on April 13th
22 I had a hole drilled in my head and the blood
23 drained off my head -- off my brain. Those
24 kind of operations tend to leave an
25 individual a little bit anxious and with as

EXHIBIT 10

Alan Balch ●
Junior Member

Join Date: Nov 2007
Posts: 13

Win/Win

I haven't had the time to look at this thread for a few days, and it took me a while to catch up through all the er, well, let's just say it took me a while to sort through it. Interesting that some very vocal people aren't even ASHA members!

Someone asked for a win/win solution. I think I already offered one a long ways back in this thread, and the boards of directors offered essentially the same one early on:

The small group of concerned members should avail themselves of the opportunity offered to them to sit down with the board as a whole and **talk**** about their concerns, determine what they are with precision, and inspect or review whatever they want.**

People of good faith -- all of whom are purportedly interested in the same thing, the welfare and improvement and sustainability of the breed -- should ****talk through their concerns****, together, not indirectly through representatives, surrogates, and lawyers . . . and not (with all due respect) on an Internet message board!

As I said before, I'm quite confident that even the most private compensation questions can be handled in this manner. We can certainly figure out a way that will answer any legitimate question and also preserve the privacy of the staff members concerned. It's just not that hard to envision.

If there are really other policy or management concerns, not personally directed at any particular staff member, then such a meeting would also be valuable to air out any of those differing perspectives.

Let's view this problem as an opportunity -- difficult as that may seem -- and ****all**** the members could then be confident that ****their**** financial resources and staff time are not being diverted from the really important problems facing our breed and all horses.

Alan

EXHIBIT 11

From: Houston, Stephen
Sent: Wednesday, August 12, 2009 2:42 PM
To: 'jstreepey@bsg-law.com'
Subject: ASHA and Registry
Follow Up Flag: Follow up
Flag Status: Completed

Dear Jeff,

As we discussed, here is a copy of the offer made today by Mr. Balch on behalf of the ASHA and Registry. We accept the ASHA and Registry's offer to allow concerned members to meet with the full boards and "review whatever they want." I look forward to scheduling the meeting at the boards' earliest convenience.

Regards,
Stephen

Stephen A. Houston
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
(502) 333-6000
www.skofirm.com

This message, and any documents or previous e-mails attached to it, may contain confidential information protected by the attorney-client privilege. If it was sent to you in error, do not read it. Please inform the sender that you received it and then delete it. Thank you.

■ Today, 12:27 PM

Alan Balch ●
Junior Member

Join Date: Nov 2007
Posts: 13

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Alan

EXHIBIT 12

Houston, Stephen

From: Jeff Streepey [JStreepey@BSG-Law.com]
Sent: Friday, August 14, 2009 3:23 PM
To: Houston, Stephen
Subject: RE: ASHA and Registry
Follow Up Flag: Follow up
Flag Status: Completed
Stephen,

The ASHA office is working on a date.

Jefferson K. Streepey
400 W. Market St. Ste 2300
Louisville, Ky. 40202
502-589-5980
Fax 502-561-9400

Because the extensive disclosures required by IRS Circular 230 in tax communications to clients are not contained in this document, you may not rely on any tax advice contained in this e-mail (or attachments) to avoid tax penalties.

-----Original Message-----

From: Houston, Stephen [mailto:Stephen.Houston@skofirm.com]
Sent: Wednesday, August 12, 2009 2:42 PM
To: Jeff Streepey
Subject: ASHA and Registry

Dear Jeff,

As we discussed, here is a copy of the offer made today by Mr. Balch on behalf of the ASHA and Registry. We accept the ASHA and Registry's offer to allow concerned members to meet with the boards and "review whatever they want." I look forward to scheduling the meeting at the boards' earliest convenience.

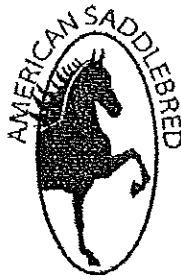
Regards,
Stephen

Stephen A. Houston
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
(502) 333-6000
www.skofirm.com

This message, and any documents or previous e-mails attached to it, may contain confidential information protected by the attorney-client privilege. If it was sent to you in error, do not r it. Please inform the sender that you received it and then delete it. Thank you.

Today, 12:27 PM

American Saddlebred
Horse Association, Inc.



American Saddlebred
Registry, Inc.

4083 Iron Works Parkway, Lexington, KY 40511

August 18, 2009

Mr. Tom Ferrebee, Post Office Box 540, Westfield Center, Ohio 44251
Mr. Carl T. Fischer, Jr., 1041 Alta Vista Road, Louisville, Kentucky 40205
Dr. Simon Fredricks, 101 Westcott, #1002, Houston, Texas 77007
Ms. Kris Knight, Post Office Box 114, Simpsonville, Kentucky 40067
Ms. Lynn W. Via, 3358 Peakwood Drive, Roanoke, Virginia 24014

Dear ladies and gentlemen,

Last week, Dr. Fredricks publicly accepted our invitation for you to meet with our directors and discuss any concerns you may have.

After polling the boards of the Association and Registry, we will be noticing our Fall meeting for Monday, October 5, in Lexington, Kentucky, and will be hoping to see you at 1:30 p.m. Eastern Time. We will be meeting at the Hospitality Tower of the Johnson Outdoor Stadium, located at the Kentucky Horse Park.

Please let us know on or before Monday, September 21, which of you will be attending, and if there are any subjects beyond those covered in your previous correspondence you would like us to address.

Sincerely yours,

Barbara Molland, President
American Saddlebred Registry

Judith Werner, President
American Saddlebred Horse Association

copy: Moe Anson
Matthew Helman, Esq.
John Jones
Billy Knight
Betty Moore
Ron Moore
James Nichols
Randy Stoess
Allison Walker

Directors, American Saddlebred Horse Association
American Saddlebred Registry

EXHIBIT 13



STOLL · KEENON · OGDEN
PLLC

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

STEPHEN A. HOUSTON
DIRECT DIAL: (502) 568-5768
DIRECT FAX: (502) 333-6099
stephen.houston@skofirm.com

August 25, 2009

By Electronic Mail
jstreepey@bsg-law.com

Jefferson K. Streepey, Esq.
Boehl Stopher & Graves LLP
Aegon Center, Suite 2300
400 W. Market Street
Louisville, KY 40202-3354

ASHA and Registry

Dear Jeff:

As you are aware, our clients are senior members of the American Saddlebred Horse Association, Inc. ("ASHA"), a Kentucky non-profit organization. KRS §273.233 entitles members of a Kentucky non-profit organization, and their representatives, to have access to "all books and records" maintained by the non-profit organization. Accordingly, our clients have requested to review certain documents maintained by the ASHA and the American Saddlebred Registry ("Registry"). Unfortunately, the ASHA and Registry refused to produce pertinent documents. That decision to not comply with the law, which requires complete transparency for its members, was deeply troubling. It resulted in unnecessary delays and increased costs for our clients.

Nonetheless, after four months of delay and obfuscation, the ASHA and Registry apparently reconsidered their positions and agreed to produce all of the documents we requested. Specifically, on August 12 the ASHA and Registry agreed to allow our clients to "inspect or review whatever they want." In addition, the ASHA and Registry agreed to allow us to meet with the full boards of the ASHA and Registry to present questions and discuss our concerns. We accepted both offers that same day.

By letter dated August 18, the ASHA and Registry proposed to meet with us on October 5 in Lexington, Kentucky. However, the ASHA and Registry failed to offer us a date to review the documents it has thus far withheld. Of course, it is imperative that we have an opportunity to

Jefferson K. Streepey, Esq.
August 25, 2009
Page 2 of 4

review all of the pertinent documents before meeting with the boards of the ASHA and Registry. Accordingly, please produce the following documents on or before September 4, 2009.

1. Please produce copies of all documents reflecting the ASHA's and Registry's internal control policies and procedures with respect to financial receipts, expenditures and accounts.
2. Please produce a copy of Mr. Balch's employment contract.
3. Please produce a copy of Mr. Balch's deferred compensation agreement.
4. Please produce a copy of documents indicating Mr. Balch's time spent at work, on vacation, and absent due to illness from January 1, 2007 through today.
5. Please produce copies of all documents reflecting any employment agreements and compensation arrangements for all ASHA and Registry employees from January 1, 2007 through today.
6. Please produce all documents reflecting the amount and nature of work performed by any ASHA and Registry full-time employees, including without limitation Mr. Balch, on behalf of the United States Equestrian Trust, Inc. ("USET"), the United State Equestrian Federation ("USEF") and any other entity or individual other than the ASHA and Registry.
7. Please produce copies of documents reflecting all of the commissions paid to ASHA and Registry employees for the period January 1, 2007 through today.
8. Please produce copies of documents reflecting all of the bonuses paid to ASHA and Registry employees from January 1, 2007 through today.
9. Please produce a copy of all contracts between Marcia Carothers and either the ASHA or Registry.
10. Please produce copies of all contracts between Mae Condon and either the ASHA or Registry.
11. Please produce copies of all documents reflecting the business purpose for all of the Kentucky Derby tickets purchased or sold by the ASHA and Registry.
12. Please produce all documents reflecting the ASHA and Registry's actions, if any, in response to the letter dated February 10, 2009 in which the ASHA's independent auditor identified "significant deficiencies" in the ASHA's internal control.
13. Please produce all documents, including without limitation all electronic mail, reflecting correspondence between Alan Balch and former finance committee member Carl Holden between January 1, 2009 and today.

Jefferson K. Streepey, Esq.
August 25, 2009
Page 3 of 4

14. Please produce all documents, including without limitation all electronic mail, reflecting correspondence between Alan Balch and members of the executive committee between January 1, 2008 and today.

In the alternative to producing all of the above documents, please confirm that the ASHA and Registry will not honor their offer, dated August 12, 2009, to allow our clients to "inspect or review whatever they want."

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in black ink, appearing to read "Stephen A. Houston", with a long horizontal flourish extending to the right.

Stephen A. Houston

cc: Dr. Simon Fredricks (By Electronic Mail)
Mr. Tom Ferrebee (By Electronic Mail)
Mr. Carl Fischer Jr. (By Electronic Mail)
Ms. Kris Knight (By Electronic Mail)
Ms. Lynn W. Via (By Electronic Mail)

EXHIBIT 14



BOEHL STOPHER & GRAVES, LLP

AECON CENTER · SUITE 2300
400 WEST MARKET STREET · LOUISVILLE, KENTUCKY 40202-3354

TELEPHONE: 502-589-5980
FACSIMILE: 502-561-9400

JEFFERSON K. STREEPEY
PARTNER
EXTENSION 234
JSTREEPEY@BSG-LAW.COM

September 4, 2009

BY E-MAIL

Mr. Stephen A. Houston
STOLL KEENON OGDEN, PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2828

Re: American Saddlebred Horse Association and American Saddlebred Registry

Dear Mr. Houston:

We have your August 25, 2009 letter.

The Association and Registry made an offer in the form of a posting by the Executive Secretary/Registrar on trot.org to arrange a meeting between the directors of the ASHA and Registry with your clients. That proposal provided in part "the small group of concerned members should avail themselves of the opportunity offered to them to sit down with the Board as a whole and talk about their concerns, determine what they are with precision, and [underline added] inspect or review whatever they want." That offer was accepted by Simon Fredricks on behalf of your clients, also by a posting on trot.org in which Dr. Fredricks said "thank you for your offer we ACCEPT and ask for a date as soon as possible." Your August 12, 2009 e-mail to me stated "we accept the ASHA and Registry offer to allow concerned members to meet with the full boards and review whatever they want. I look forward to scheduling the meeting at the boards' earliest convenience." Neither your e-mail nor Dr. Fredricks' posting contained any conditions on acceptance, nor did either suggest an additional document production prior to the meeting. The offer certainly did not contemplate yet a third document production prior to the

444 WEST SECOND STREET
LEXINGTON, KENTUCKY 40507-1040

TELEPHONE: 859-252-6721
FACSIMILE: 859-253-1445

410 BROADWAY
PADUCAH, KENTUCKY 42001

TELEPHONE: 270-442-4369
FACSIMILE: 270-442-4689

137 MAIN STREET, SUITE 200
PKEVILLE, KENTUCKY 41502

TELEPHONE: 606-432-9670
FACSIMILE: 606-432-9680

ELSBY EAST · SUITE 204, 400 PEARL STREET
NEW ALBANY, INDIANA 47150

TELEPHONE: 812-948-5053
FACSIMILE: 812-948-9233

BOEHL STOPHER & GRAVES LLP

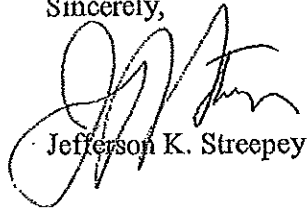
Stephen A. Houston
September 4, 2009
Page 2

meeting. In short we have an agreement that does not contemplate yet another document production prior to the October 5 meeting.

Nevertheless, pursuant to ASHA's previously announced guidelines for the availability of document inspection by its members upon written request, ASHA will make documents you requested in your August 25 letter available for inspection by all the members on the third Tuesday of this month, September 15, 2009, at 10 a.m. at the Association offices in accordance with those guidelines. Many of the documents you have requested have already been provided, but will be made available once again. The only exception will be any documents which the full Association Board has not yet had an opportunity to discuss. Please let me know by September 10 who will be attending the document production on September 15 for your clients.

The ASHA and Registry directors have rearranged their fall meeting schedule in order to meet with some or all of your clients on October 5. The directors look forward to meeting with them at that time.

Sincerely,



Jefferson K. Streepey

JKS:mfk

cc: Alan Balch
Judy Werner
Barbara Molland

EXHIBIT 15

GETTY & CHILDERS PLLC

ATTORNEYS AT LAW

1900 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Telephone: (859) 259-1900
Facsimile: (859) 259-1909

Richard A. Getty, Member
Extension 17
E-Mail: rgetty@gettychilders.com

Via dello Studio
No. 8
50122 Florence, Italy
Telephone: 011-39-055-290-394
Facsimile: 011-39-055-267-8800

HAND DELIVERED

September 18, 2009

Stephen A. Houston, Esq.
Stoll Keenon Ogden, PLLC
500 West Jefferson Street, Suite 2000
Louisville, Kentucky 40202-2828

Re: Alan F. Balch/American Saddlebred Horse Association And American Saddlebred Registry

Dear Mr. Houston:

This firm and the undersigned have been retained by Alan F. Balch ("Mr. Balch") with respect to the conduct of certain members of the American Saddlebred Horse Association (the "ASHA") represented by you and your firm. Specifically, certain persons who are clients of your firm have engaged in a campaign calculated to intimidate both the ASHA and Mr. Balch with a view toward destroying the organization and Mr. Balch's reputation. That pattern of wrongful activity has included the repeated submission of requests for information well beyond the extent to which the ASHA is obligated to provide information to members.

Far more serious has been the constant effort to disparage and demean Mr. Balch personally with, at the very least, defamatory innuendo if not direct per se defamatory comments concerning his honesty, integrity and conduct as the Executive Secretary of the ASHA. For example, without the slightest bit of concrete information to support such allegations, assertions have been made that Mr. Balch has an interest in entities located in California that derive profits from certain internet projects involving the ASHA. Notwithstanding the fact that the ASHA and Mr. Balch have been completely forthright and open regarding the availability of documentation belying such assertions, your clients have accused Mr. Balch of "stonewalling" with respect to the information sought regarding such matters. Threats of litigation against the ASHA have been made arising from your incessant and unreasonable requests for information and Mr. Balch has been accused of being a "master at delay and deception" – a statement which clearly libels Mr. Balch per se. Totally false and unsupported statements have been directed at Mr. Balch in an

GETTY & CHILDERS PLLC

ATTORNEYS AT LAW

Stephen A. Houston, Esq.

September 18, 2009

Page 2

attempt to undermine his position with the ASHA and in an effort to wrongfully interfere with his existing and prospective contractual arrangements with the ASHA.

All of these actions give rise to very serious tort claims, ranging from defamation claims to claims for tortious interference with Mr. Balch's existing and prospective advantage – all of which claims provide for the recovery of not only compensatory damages, but also punitive damages, which are for the purpose of deterring and punishing those who have engaged in such conduct.

The purpose of this letter is to clearly and unequivocally place you and the clients represented by you who have engaged in such conduct on notice that unless they cease and desist from making such unsupported, unsubstantiated and wrongful comments disparaging Mr. Balch and attempting to intimidate the ASHA into terminating or altering the existing contractual arrangements with Mr. Balch, he is prepared to initiate a legal action either directly suing the persons responsible or initiating an action to perpetuate testimony in order to place third parties under oath confirming the wrongful and defamatory statements or conduct of your clients. When I refer to your clients, I refer to a number of persons purportedly represented by you, including Mr. Edward R. Bennett, Dr. Simon Fredricks and others who appear to have either engaged in such conduct themselves or to have aided and abetted such conduct.

I understand that you have now been provided with Mr. Streepey's letter on behalf of the ASHA accompanied by the Affidavit of Mr. Balch confirming that he has no interest in any companies engaged in internet projects for the ASHA and that he has never received any payment, compensation or consideration of any nature from any entity or individual related in any way to business done by that entity or individual with the ASHA or the American Saddlebred Registry (the "ASR"), or any contractor of the ASHA or the ASR.

Mr. Streepey's letter and the Balch Affidavit should finally put to rest the unsupported and unsubstantiated allegations directed toward Mr. Balch. Having now received such a sworn Affidavit, any further disparaging, inaccurate or unsupported allegations regarding Mr. Balch's alleged conduct will be deemed to have been made intentionally which will not only support a tort claim for compensatory damages, but will also support a claim for punitive damages under the applicable Kentucky law.

I trust that you will pass this letter and the information contained in it on to each of your clients who have been engaged in the conduct directed at the ASHA and Mr. Balch and will warn them of the clear implications of any continuation of their wrongful conduct. I hope you clearly understand that Mr. Balch has reached the point where he absolutely will not tolerate this conduct any further and that at the first notice of any continuation of such conduct, he will be

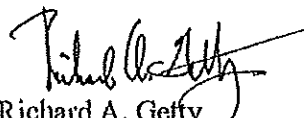
GETTY & CHILDERS PLLC
ATTORNEYS AT LAW

Stephen A. Houston, Esq.
September 18, 2009
Page 3

prepared to initiate litigation in the appropriate forum to vindicate his legal rights and to hold all responsible parties fully accountable for their wrongful conduct. Please instruct your clients and others who have participated with them or acted in privity with them to preserve all communications regarding the ASHA or Mr. Balch, including all electronic communications.

Should you have any questions at all regarding this matter, please feel free to contact the undersigned directly.

Sincerely yours,


Richard A. Getty

RAG/kjl

cc: Mr. Alan F. Balch
Jefferson K. Streepey, Esq.
Joe F. Childers, Esq.
ragltr6715

EXHIBIT 16

COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
THIRD DIVISION
CASE NO. 09-CI-5292

COPY

AMERICAN SADDLEBRED
HORSE ASSOCIATION, INC.

PLAINTIFF

v.

EDWARD R. BENNETT, et al.

DEFENDANTS

* * * * *

The deposition of JOAN JONES was taken before Shannon L. Wheeler, Court Reporter and Notary Public in and for the State of Kentucky at Large, at the offices of Stoll Keenon Ogden, PLLC, 300 West Vine Street, Suite 2100, Lexington, Kentucky, on March 17, 2010, commencing at the approximate hour of 9:00 a.m. Said deposition was taken pursuant to Notice, heretofore filed, for any and all purposes permitted under the Kentucky Rules of Civil Procedure.

* * * * *

1 reconcile the -- or I write all the checks,
2 and I write them for the registry, the
3 association, and even the prize programs,
4 except for grand national. Another employee
5 writes those because she can, but I do not
6 sign any checks.

7 The payroll is done by direct deposit, and I
8 do handle that, but I give a payroll audit
9 report -- I gave it to Mr. Balch when he was
10 there, and now I give it to the president
11 and -- the presidents and Mr. Ruwoldt. So he
12 gets a copy of that, and I send a copy to --
13 I send them a copy of my direct deposit
14 report so that they know that it ties into
15 the payroll.

16 I do the payroll deposits online. I send
17 them a copy of that confirmation so they see
18 what's being done, not by check, and I try --
19 and any payments to the state for taxes, I
20 also send them a copy of the confirmation
21 that it's going to be paid so that they know
22 what's going to come out of our bank account,
23 and then I reconcile the bank accounts.

24 Q You mentioned the payroll audit report. Is
25 that prepared monthly?

1 A It's a report that comes out with every
2 payroll. It shows all the details of each
3 individual's payroll.

4 Q So is it twice per month?

5 A Yes. We do it bi-weekly. It's every other
6 week, and there are several months this year
7 that we have three payrolls.

8 Q And was a copy of the audit reports for the
9 time period requested by the concerned
10 members, were copies of that provided to the
11 concerned members?

12 MR. STOPHER: Copies of what?

13 MR. HOUSTON: That audit report that you
14 just --

15 MR. STOPHER: Which audit report?

16 MR. HOUSTON: I'm sorry, Mr. Stopher, do you
17 have an objection?

18 MR. STOPHER: I do. The question's not
19 clear. Which audit report are you asking
20 about?

21 MR. HOUSTON: The one we were just
22 discussing.

23 MR. STOPHER: Which was what?

24 MR. HOUSTON: Are you familiar with which
25 audit report we were just talking about?

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MR. STOPHER: No, don't answer the question until he identifies the audit report.

MR. HOUSTON: Thank you for that speaking objection, Mr. Stopher.

BY MR. HOUSTON:

Q Did the ASHA provide the concerned members with copies of the payroll audit report?

A No, sir. I did -- the ASHA did provide the last page of the annual. I mean, we printed an annual report showing the total payroll, and it tied to the W3. Now, we did provide that for inspection, and I don't know if you -- if we provided a copy of that to take out, but we did provide that for inspection.

Q Showing the annual total?

A The total.

Q But not the individual --

A Not the individual.

Q I'm sorry, not the individual payroll audit reports prepared each payroll?

A Yes, sir, that's correct. The annual total, but not the individual.

Q Who made the decision not to allow the concerned members to have copies of documents that were produced to them?

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A I don't understand exactly what you mean.
Q You just mentioned that you were not sure if
the concerned members were allowed to copy
certain documents, and I believe you're
referencing the fact that concerned members
were not allowed to copy most of the
documents that were produced to them. Who
made that decision?

A I would say Mr. Balch.

MR. HOUSTON: Thank you. I think that's all
the questions I have.

* * * * *

THEREUPON, the deposition of JOAN JONES was
concluded at approximately 10:30 a.m.

* * * * *

EXHIBIT 17

From: Jeff Adamson [jadamson@BSG-Law.com]
Sent: Friday, March 12, 2010 10:12 AM
To: Houston, Stephen
Cc: Edward Stopher; Jeff Streepey
Subject: RE: ASHA v. Bennett, et al.

Follow Up Flag: Follow up

Flag Status: Completed

Stephen: Mr. Balch is no longer an ASHA employee and is now represented by Richard Getty. We've been advised that Mr. Getty is not available to attend a deposition on March 16, 2010. I suggest you communicate with Mr. Getty.

Getty & Childers PLLC
1900 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Phone: (859) 259-1900
Fax: (859) 259-1909
rgetty@gettychilders.com

-----Original Message-----

From: Houston, Stephen [mailto:Stephen.Houston@skofirm.com]
Sent: Thursday, March 11, 2010 5:59 PM
To: Jeff Adamson
Subject: ASHA v. Bennett, et al.

Dear Jeff:

This is in response to your letter to me dated March 10, 2010, in which the ASHA proposes to reschedule the deposition of Alan Balch.

The Defendants asked for a date to depose Mr. Balch approximately 4 months ago. On January 4, 2010, the ASHA advised the Defendants that March 16, 2010 would be a convenient day for the deposition of Mr. Balch. Accordingly, the Defendants issued a notice of deposition of Mr. Balch for March 16, 2010. Furthermore, the Court's scheduling order provides for the deposition of Mr. Balch on March 16, 2010, and it provides for dispositive issues to be addressed shortly thereafter.

The Defendants do not agree to rescheduling Mr. Balch's deposition.

Regards,
Stephen

Stephen A. Houston
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
(502) 333-6000
www.skofirm.com

5/12/2010

EXHIBIT 18

GETTY & CHILDERS PLLC

ATTORNEYS AT LAW

1900 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Telephone: (859) 259-1900
Facsimile: (859) 259-1909

Richard A. Getty, Member
Extension 17
E-Mail: rgetty@gettychilders.com

Via dello Studio
No. 8
50122 Florence, Italy
Telephone: 011-39-055-290-394
Facsimile: 011-39-055-267-8800

E-MAILED AND MAILED

Stephen.Houston@skofirm.com

March 30, 2010

Stephen A. Houston, Esq.
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202

Re: American Saddlebred Horse Association, Inc. v. Edward R. Bennett, et al.
Case No. 09-CI-05292 (Fayette Cir. Ct.)

Dear Mr. Houston:

This will acknowledge receipt of your e-mail of yesterday enclosing the Notice to Take the Deposition of Alan Balch on April 14, 2010, along with a Subpoena which you have asked me to accept on behalf of Mr. Balch.

First, the date previously given to you, April 14th, is no longer available either to me or to Mr. Balch. As you may know, Mr. Balch has taken a new position in California and must be in that state during the entire week of April 12th.

I understood from Jeff Streepey that you informed counsel for the American Saddlebred Horse Association, Inc. (the "ASHA") that Mr. Balch's deposition had been taken off the schedule for April 14th and would possibly be rescheduled at a later time. As a result of receiving that information, both Mr. Balch and I scheduled other matters for April 14th.

If you still desire to take Mr. Balch's deposition, I understand that he would be available on Friday, April 30, 2010, here in our offices in Lexington. Please check your schedule and coordinate with counsel for the ASHA to determine whether that date would be feasible and get back to me.

GETTY & CHILDERS PLLC

ATTORNEYS AT LAW

Stephen A. Houston, Esq.
March 30, 2010
Page 2

In light of the foregoing, I obviously cannot accept service of a Subpoena for an April 14th deposition of Mr. Balch. Nor am I in a position to accept the service of a Subpoena on behalf of Mr. Balch at any time.

Should you have any questions regarding the foregoing matters, please feel free to call me at your convenience. With best regards, I remain

Sincerely yours,



Richard A. Getty

RAG/kjl

cc: Mr. Alan F. Balch
Joe F. Childers, Esq.
Jefferson K. Streepey, Esq.
Edward H. Stopher, Esq.

ragltr7076

EXHIBIT 19

NO. 09-CI-5292

FAYETTE CIRCUIT COURT
DIVISION 3
HONORABLE JAMES D. ISHMAEL

AMERICAN SADDLEBRED HORSE
ASSOCIATION, INC.

PLAINTIFF

v.

ORDER

EDWARD R. BENNETT, CARL T.
FISCHER, JR., KRIS KNIGHT, TOM
FERREBEE, SIMON FREDRICKS,
M.D. AND LYNN W. VIA

DEFENDANTS

* * * * *

This matter came on before the Court for hearing on February 2, 2010 at 8:30 a.m., on the motion of the Defendants to compel production of documents pursuant to CR 34.01 *et seq.* The Court having reviewed the briefs and having heard oral argument of counsel and being otherwise duly and sufficiently advised hereby ORDERS the following:

1. Defendants' Motion to Compel Discovery be and the same is hereby Ordered to be held in abeyance pending further rulings of the Court;
2. The following depositions shall take place, unless the parties agree otherwise, as follows: Carl Holden on March 11, Alan Balch on March 16, Joan Jones on March 17, and Jennifer Wasserzug on March 18. The deposition of Beth Blanton will be rescheduled due to inclement weather at a time and date agreed upon by the parties;
3. On or before April 15, 2010, Plaintiff shall file its Motion for Summary Judgment on the merits of the Declaratory Judgment action;
4. On or before May 15, 2010, Defendants shall file their Response to Plaintiff's Motion for Summary Judgment;

5. On or before June 1, 2010, Plaintiff shall file its Reply in Further Support of its Motion for Summary Judgment; and

6. Counsel for the parties shall arrange a joint call with the Court to assign this matter for oral argument in June, 2010.

ENTERED this _____ day of _____, 2010.

JUDGE

282414.1

EXHIBIT 20

NO. 09-CI-5292

FAYETTE CIRCUIT COURT
DIVISION 3
HONORABLE JAMES D. ISHMAEL

AMERICAN SADDLEBRED HORSE
ASSOCIATION, INC.

FEB 24 2010

PLAINTIFF

v.

PROPOSED ORDER

EDWARD R. BENNETT, CARL T.
FISCHER, JR., KRIS KNIGHT, TOM
FERREBEE, SIMON FREDRICKS,
M.D. AND LYNN W. VIA

DEFENDANTS

This matter came before the Court for hearing on February 2, 2010 at 8:30 a.m., on the motion of the Defendants asking the Court to enter an Order (i) compelling Plaintiff to produce Carl Holden for deposition and to provide a date for the deposition of Jennifer Wasserzug; and (ii) overruling the objections made by the Plaintiff in response to discovery requests and requiring the Plaintiff to answer the interrogatories and produce responsive documents. The Court having reviewed the briefs and having heard oral argument of counsel and being otherwise duly and sufficiently advised hereby **ORDERS** the following:

1. The following depositions shall take place, unless both parties agree otherwise, as follows: Carl Holden on March 11, Jennifer Wasserzug on March 15, Alan Balch on March 16 and Joan Jones on March 17.

2. Defendants' Motion to Compel Plaintiff to answer interrogatories and produce documents is held in abeyance;

3. On or before April 15, 2010, Plaintiff shall file its Motion for Summary Judgment on the merits of its action;

4. On or before May 14, 2010, Defendants shall file their Response to Plaintiff's Motion for Summary Judgment and their Cross Motion for Summary Judgment on the merits of their Declaratory Judgment action;

5. On or before June 1, 2010, Plaintiff shall file its Reply in Further Support of its Motion for Summary Judgment and its Response to Defendants' Motion for Summary Judgment;

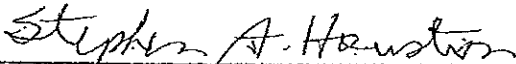
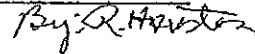
6. On or before June 15, 2010, Defendants shall file their Reply in Further Support of their Motion for Summary Judgment; and

7. Counsel for the parties shall arrange a joint call with the Court to assign this matter for oral argument at the Court's earliest convenience.

ENTERED this 24th day of February, 2010.

/s/ JAMES D. ISHMAEL, JR.
A TRUE COPY
ATTEST: WILMA F. LYNCH, CLERK
JUDGE FAYETTE CIRCUIT COURT
BY Aluttm DEPUTY

Tendered by:


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CLERK'S CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served, by U.S. Mail, on this the 24th day of FEB., 2010, on the following:

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