

November 9, 2024

David Mount, Executive Director
American Saddlebred Horse and Breeders Association, Inc.
4083 Iron Works Pike
Lexington, Kentucky 40511

RE: Request to Inspect and for Copies of Association Books and Records

Dear David,

We, the undersigned Directors of the American Saddlebred Horse and Breeders Association, Inc. write to request inspection of the books and records of the Association in accordance with Article II, Part C, Section 1 and 2 of the Association's Bylaws. We look forward to conducting the inspection and receiving copies on Tuesday, November 19, 2024, and thereafter as necessary to complete the inspection.

Among the records we would like to ensure are available include:

- 1) All check registers for all accounts;
- 2) All credit card statements for all accounts;
- 3) Statements for all banking and investment accounts;
- 4) All communications with grant funding organizations, including grant requests, acknowledgements, decisions, and follow-up correspondence regarding funded grants;
- 5) All documents reflecting all agreements relating to and payments of executive compensation;
- 6) All documents and records regarding the potential new championship horse show, including any consideration for or decision to hold a new championship horse show, documents regarding the RFP process, documents regarding responses to the RFP process, documents and documents regarding any new entities created or potentially to be created related to a potential new championship horse show;
- 7) All documents and records regarding any prize money program, including but not limited to the Breeders Challenge, the Bill Wise ASHBA Sweepstakes, and any Futurity programs; records to include statements of financial records for each program as well as any records regarding manner of conducting the prize money programs;
- 8) All documents and records regarding health insurance policies provided by the Association to any employees, Officers, or Directors, or the family of any employees, Officers, or Directors; for avoidance of doubt we are not asking for any personal or personally identifiable health information, but rather records reflecting who the Association is offering

to pay health insurance coverage for and any records regarding agreements to provide any such health insurance coverage;

- 9) All documents and records regarding restricted funds accounts, accounting for how the money in the restricted funds accounts has been spent, and any accounting for commingling of restricted funds with the general fund;
- 10) Minutes for all meetings of the American Saddlebred Registry, Inc. and minutes for all meetings of the Registry Council of ASHBA; minutes for all committee meetings of ASHBA; minutes for all meeting of the ASHBA Board; all minutes to include unredacted minutes including minutes from all "Executive Sessions" of any Board, Committee, or Council of or under ASHBA, as well as any and all recordings, whether audio, video, or otherwise of any such meetings;
- 11) All contracts entered into by or on behalf of ASHBA from the time of the merger on February 18, 2021 to present.

It almost goes without saying, but of course the Association, including all employees, volunteers, Officers, and Directors should ensure that all records are preserved, and neither altered nor destroyed. Unless otherwise specified, we are requesting records in the timeframe from November 2020 to the present. We also would hope that the Association would hold off on pursuing new contracts until we are able to complete our review.

We would like to make clear, this request for records is not intended in any way to threaten the Association. We, like each of the Directors, volunteered to take on our positions because of our passion for the American Saddlebred. As all of us know, the last several months have been inordinately and perhaps unnecessarily divisive and contentious within the industry, among people who all profess a love and passion for the breed. That contentiousness has not necessarily wholly been due to anything done by anyone at the Association, but it is the reality that we all face. We do not want to see that continue. Each Director of the Association has fiduciary obligations, and we look forward to inspecting the records to be able to see that nothing is out of place. And if anything needs to be fixed or addressed we can do that, openly, honestly, and transparently. It is unfortunate we need to take this step, but the undersigned have asked questions over the last several months to understand some of this information and have not been provided with adequate or satisfactory answers.

Additionally, part of our current reality is that there are significant segments of the membership that are skeptical of the manner in which the Association has been conducting its business. We feel it is important to the health and vitality of the Association to address those concerns head on. In this regard, we hope you as Executive Director will join with us and every single member of the Board of Directors to take stock of these members' concerns. In this regard, there is perhaps some fault to be placed on the Association, and even we as Directors have often had trouble gaining access to normal and typical business information regarding the Association for which each of the individual Directors is a fiduciary. Those types of practices cannot continue, and each of us is committed to holding the Association accountable.

proceedings of members, the board of directors, and committees have any of the authority of the board. *See* KRS 273.233. Abuse of “Executive Session” to avoid openly conducting the affairs of ASHBA is improper, and violates this statutory requirement. The minutes posted to the ASHBA website do not reflect significant decisions that appear to have been made with respect to, for example, establishing a new horse show, what entity would conduct any such show, conduct of prize money programs, and the manner in which restricted funds accounts have been handled post-merger. Furthermore, there are no Registry minutes from late 2020 up to the time of the merger, and no Registry Council minutes have been posted or made available at all since the merger. I request access, as I am entitled to under the Bylaws as a member of ASHBA, to see all of those minutes, as well as those of any other minutes for Board meetings and committees who have been given any of the authority of the Board. To be clear, my request for minutes is for unredacted minutes, including any and all recordings whether audio video or otherwise. I know from my time as a Director, and the experience of other Directors, that all meetings were routinely recorded. I would suggest posting those minutes to the website would be helpful and informative to all. That is a relatively small step that would help alleviate the concerns regarding lack of openness and transparency.

In fact, I see no reason why Board meetings can’t be made open for membership to attend, observe, and in many cases ask questions and make statements. I believe that would be another small step that could go a long way toward assuaging these concerns shared by many members, and also towards healing what is seen by many members as a culture of divisiveness in the industry.

I have concerns as to the manner in which the ASHBA prize money programs are being managed and conducted, including but not limited to the Breeders Challenge. The manner in which the money in those programs are managed and handled is an extremely important function of ASHBA to ensure good stewardship that maximizes the rewards back to ASHBA members who participate in those programs. That is the purpose of those programs, but at the moment the membership has almost no insight into how those programs are managed. Furthermore, in addition to managing the funds, it is entirely unclear how ASHBA is making decisions concerning the manner in which those prize money programs are conducted.

I also have concerns as to the manner in which ASHBA is entering into contracts without following normal good governance procedures and without first presenting the issue to the Board for approval or rejection. The authority to act for ASHBA comes solely from the Board. Any contract entered into by someone on behalf of ASHBA without proper authority is subject to challenge, and I am prepared to challenge any contract that does not go through proper review by the Board and approvals of the Board of Directors with a formal vote properly recorded in the minutes of a duly noticed Board meeting.

Each of the current members of the ASHBA Board of Directors is copied on this letter. I sincerely hope that each of you takes these matters seriously, and I ask that in performing your fiduciary duties to the Membership, please review the relevant ASHBA records so that hopefully some clarity and comfort can be provided to the membership. **Since, as a member I don’t have the right under the current Bylaws to request to inspect all such records, I am asking that at least one member of the Board of Directors request to inspect all of the books and records of ASHBA as provided under Article II, Part C, Section 1 and 2 of AHBA’s Bylaws. Will at**

We look forward to inspecting and receiving copies of the requested records. And we hope this helps bring light to address any of our concerns, as well as to alleviate concerns of the membership who appear to feel excluded and ignored by the Association.

Sincerely,

/s/ Anna Marie Knipp
Anna Marie Knipp, Director

/s/ John Scheidt
John Scheidt, Director

/s/ James Nichols
James Nichols, Director

Cc: ASHBA Board of Directors