

O&R MORGAN, INC.
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October 16, 2013

Mike Linn, CEO Emeritus, NIADA
Steve Jordan, Executive Vice President, NIADA
Keith Hagler, President, NIADA
Chris Martin, Chairman, NIADA
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Gentlemen:

This is just a personal venting of frustration and disappointment, so if you don't want to experience my venting, now is the time to quit reading!

It is not often that I become this disappointed, especially with people whom I consider to be friends, but hear me out if you will.

Earlier this year, the OIADA Board of directors instructed the OIADA staff to begin affiliation cancellation proceedings with NIADA. (See OIADA letter of Affiliation Cancellation dated October 16) I had been dreading to begin this process because of a long and beneficial association with NIADA. However, due to a close friendship and working relationship with Nancy Chapman, Executive Director of the Michigan Independent Automobile Dealers Association, certain actions by NIADA lawyers that have come to my attention lead me to believe that disaffiliation is not only justified, but a necessary action to protect the OIADA and especially to protect the members of the OIADA Board of Directors.

I am referring specifically to the seventh paragraph of a letter from Shaun K. Petersen of the law firm MacMurray, Petersen & Shuster LLP, to Mr. Drouillard, President of the Michigan Independent Automobile Dealers Association, and I quote, *"Upon your installation as officers, you and each board member of the MIADA accepted a charge to be guardians of the association. This includes protecting its assets and soundness against outside scrutiny or audit. We feel this breach of contract and failure to comply with IRS rules and regulations has made the MIADA vulnerable to outside inquiry relating to this free membership program and does not, in our opinion, demonstrate proper discharge of your fiduciary responsibilities. A breach of this nature could result in personal liability against those charged with guarding MIADA's interests and assets."*

WOW! Talk about an attempt to coerce and threaten! What ever happened to *"working together to the mutual benefit of both NIADA and MIADA???"!!!*

In looking at NIADA's own monthly membership reports, we see that MIADA, at least for more than a year, has consistently and faithfully submitted the MICHIGAN/NIADA new and renewal Regular Member list **together with the dues assessment** for those members, holding their membership up into the high 300's and low 400's during a time when the Michigan economic climate was in a free fall and

membership recruitment and retention proved to be very difficult tasks. So no one can legitimately accuse MIADA of not doing their part to keep NIADA afloat.

I'm not privy to all that transpired with regard to the reason or reasons for such a letter threatening the MIADA Board Members on a **personal level**, but having worked with many of the affiliated IADAs, including MIADA, it's difficult for me to believe that MIADA or its Board of Directors would deliberately violate either the MIADA/NIADA Affiliation Agreement or the NIADA Bylaws. I know that they have diligently searched for creative ways (some with more success than others) to increase membership in both MIADA and NIADA, as have many of the affiliated associations. I suspect this may have been another effort in that direction as opposed to any effort to defraud NIADA.

It's my understanding that the NIADA Bylaws permit Honorary Members, defined as *"Any person, firm or corporation may be qualified to become an Honorary Member of NIADA. Honorary Members shall not have voting rights within NIADA in accordance with these Bylaws"*, which allows for entities to be named as Honorary Members without having to pay any dues or to receive any benefits other than to become informed of some of the benefits of becoming a Regular Member. They do not, in accordance with the NIADA Bylaws, ever become Regular Members without **first** having paid the appropriate NIADA and MIADA dues. It seems to me that if NIADA is given an opportunity accept a dealer as a member, it is NIADA's obligation to treat that dealer as an Honorary Member without benefits until it receives that dealer's dues payment. If NIADA accepts such a dealer as a Regular Member without having received that dealer's dues payment, then NIADA has violated the NIADA Bylaws, in my opinion. As a matter of fact, without the dues having been paid, there isn't even an application for a Regular Membership.

"Any applicant desiring membership in NIADA through membership in an Affiliated Association (as set forth in these Bylaws) shall not be required to submit an application form to NIADA. Submission of the applicant's name to NIADA by an Affiliated Association, accompanied by the appropriate dues or fee if any, shall constitute the application."

In addition to some NIADA authorities' negative attitude toward at least some its affiliated associations, we are also compelled to endure direct competition in several areas for the limited non-dues revenue available to the IADAs. As you should well know, the smaller IADAs especially, cannot survive on dues assessment alone, so that competition is not helping IADAs to survive

Anyway, that's my beef. I'm exercising my fiduciary duty as Executive Director of OIADA and as a dues paying member of NIADA to express my thoughts regarding those issues that affect my future and that of all OIADA members. I'm just glad that I was exposed to this current mindset of NIADA authorities sooner rather than later because I'm not inclined to want to be affiliated with or supportive of any entity that has such little respect for all that the IADAs and our Board members across the country do for NIADA. Thank you for hearing me out and I sincerely hope that my comments help to bring about a mindset within NIADA that is more friendly and supportive with regard to affiliated independent dealer associations across the country. Working together is the better way.

Sincerely,

Odell Morgan,
President, O&R Morgan, Inc.