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Keith Anderson, President  
Audi Club North America  
111 North Main Street  
Oconomowoc, Wisconsin 53066-5201

Re: *Newly enacted bylaw amendments – legal concerns*

Dear Keith:

I am writing to bring to the attention of yourself and the Board of Directors (the “Board”) several legal concerns relating to the recent bylaw amendments and their implementation. This letter is written in my capacity as a member of the organization, not in any capacity as attorney for Audi Club North America (“ACNA”), Craig Liechty, Mike Fisher, or any other individual members. This communication is not intended to be in the nature of an attorney-client communication.

This letter has been prompted by the letters of January 12, 2007 from you to Craig Liechty and to Mike Fisher informing them of purported action by the Executive Committee to remove them from the Board of Directors. For the reasons set forth below, this action contradicts the bylaws of ACNA. Moreover, the recent bylaw amendments that form the basis of the action of removal (the “2006 Amendments”) may be unenforceable, and perhaps entirely invalid. The Executive Committee is hereby requested to withdraw this decision.

***1. The Executive Committee lacks the authority to take action to remove a Board member and officer without proper action by the Board of Directors.***

Craig Liechty serves ACNA in two capacities: he is a member of the Board, and he is Chairman. Mike Fisher serves ACNA as a member of the Board of Directors.

Craig serves as a Board member through December 31, 2007 or until the end of the meeting at which his successor has been elected. ACNA Bylaw (“Bylaw”) sec. 5.2. Mike serves through December 31, 2008, or until the end of the meeting at which his successor has been elected. *Id.* The Bylaws do not provide any other procedure for removal of a member of the Board of Directors.

Craig serves as Chairman for a one year term commencing on his appointment date in January, 2006 or until his successor is chosen. Bylaw sec. 6.1 and 6.3. The Bylaws provide for removal of an officer as follows, "Any officer may at any time be removed by the Board of Directors with or without cause." Bylaw sec. 6.1. The Bylaws do not provide any other procedure, not even a due process internal appeal, for removal.

Nothing in the 2006 Amendments changes the above.

The January 12, 2007 letter to both Craig and Mike states, "[O]n December 21, 2006 the executive committee met regarding compliance with bylaw Article V, Directors. 5.2. After careful consideration the executive committee voted to enforce the bylaw requirement that you are no longer eligible to serve on the ACNA Board of Directors. As a result, the executive committee is writing to advise you that you are no longer on the Board of Directors." The Executive Committee's attempt to remove Craig and Mike is invalid.

First, as noted above, neither the Executive Committee, nor the Board of Directors, has authority to remove anyone as a member of the Board.

Second, also as noted above, Bylaw sec. 6.1 requires action of the Board of Directors as a whole to remove an officer. The Board of Directors acts through a majority vote at a meeting with a quorum. Section 5.5. A quorum consists of 2/3 of the Board of Directors. Since the corporation has nine members of the Board, a quorum is six Board members. A majority of Board members at a quorum is required to remove an officer under Section 6.1.

Action by the Executive Committee does not constitute a vote of the majority of Directors as required by the bylaws. The action is therefore contrary to the bylaws. The January 12 letter appears to assume that the 2006 Amendment relating to term limitations, by itself, automatically terminates Craig and Mike as Board members and Craig as an officer. This is not correct. First, the 2006 Amendments are unenforceable for reasons set forth below. But even if they were enforceable, they do not in any way offer a new method of terminating a Board member or officer.

Involuntary removal would have to follow the Bylaw procedures. There is no automatic forfeiture of an office or Board membership under the current bylaws or under the 2006 Amendments.

Finally, even if the proper removal procedure for removal of an officer were followed as written, that procedure would be subject to a legal challenge in that there is no due process hearing or appeal that appears in the Bylaws. The Board of Directors would be best advised to adopt a due process hearing or appeal so as to -- at minimum -- give the Board member or officer the opportunity to be heard. This concern is especially acute in light of the status of a Board

member as a person who has been elected by the membership, not merely appointed by the Board of Directors.

2. ***The 2006 Amendments are unenforceable because they have no effective date. Even if the effective date were stated, the 2006 Amendments would be prospective, not retroactive, in application.***

Although the date of the election that adopted the bylaw amendments was December 5, 2006, there is no indication of when the amendments are effective. Article XI sets forth the procedure for amending the bylaws. Neither Article XI nor any of the election materials states an effective date.

Thus, there is no authority to say that the amendment is effective as of December 5, 2006 or any other date. The 2006 Amendments are unenforceable for this reason alone.

Nevertheless, assuming that some date now or in the future constitutes the effective date, the amendment cannot retroactively be applied against earlier years of service and terms of office. At the time that the membership elected Craig and Mike to the Board, the membership invested them with the authority of a three year term in accordance with Bylaw sec. 5.2. No Bylaw change or Board action can retroactively revoke the will of the membership as set forth in the earlier election.

No one has the power to turn back the clock and cancel the vote of the membership.

The 2006 Amendments, if they are enforceable at all, can only apply to future years of service and terms of office. I am told that this point was addressed in some way during a chapter president conference call when certain Board members acknowledged that the 2006 Amendments would not affect current Board members and officers. Hopefully those remarks indicate a correct understanding that the 2006 Amendments cannot be applied retroactively but must be only applied prospectively, if at all.

3. ***The Executive Committee, on its own, does not have the authority to change, or even to interpret, the bylaws.***

As set forth above, the attempt by the Executive Committee to change the bylaws relating to removal of a Board member or officer is invalid. The Executive Committee has no such power.

Even if one could say that the 2006 Amendments are valid, there is clearly nothing in those amendments that results in forfeiture of an elected or appointed office.

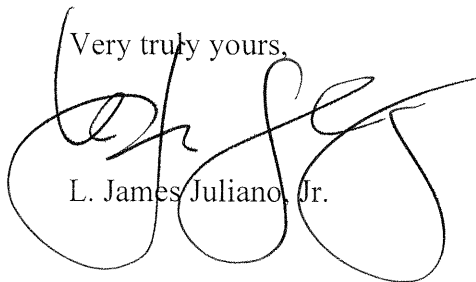
And if one could say the 2006 amendments are valid but require some interpretation, the Board of Directors, not the Executive Committee, has the power to interpret the bylaws pursuant to

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Section 5.4. Again, a majority vote of the Board at a meeting with a quorum is required to take such action. Section 5.5.

In conclusion, it is unfortunate that this letter needs to be written. You all have worked hard to make ACNA a very successful organization. I and the other members of this organization would like to see this situation resolved, and hopefully these comments will assist in that process. However, the attempt by the Executive Committee to enforce the 2006 Amendments offers fertile ground for expensive litigation. Even if my opinion means little to you and the Board, a court may very well consider the entire package of 2006 Amendments to be invalid on its face with serious and expensive remedies to compensate for the groundless actions that the Executive Committee has taken. That result would be unfortunate for you, the Board, and for the entire membership, all of whom would be forced to bear the financial and organizational burden.

Very truly yours,

A handwritten signature in black ink, appearing to read 'L. James Juliano, Jr.', written over a printed name.

L. James Juliano, Jr.

LJJ/rgg