

March 1, 2010

Hello again,

I'm just writing to update you again on these corporate issues regarding Payback.

The State of Maryland confirmed today that there has been no change to the original corporation since an amendment we filed in July of 2009. (Their phone number is 410/767-1340.) The Resident Agent has not been "lost" or changed. The only Directors of this corporation are Laura Wood and myself, therefore neither one can be removed by the other and I certainly never resigned.

You can see the Articles of Inc. at the State's website here, just type in SHN PAYBACK INC. in the search box.

http://sdatcert3.resiusa.org/UCC-Charter/CharterSearch_f.aspx

A phone call last week to the Florida Department of State (850/245-6052), and again today, confirmed that the Florida corporation is a separate entity, not a transfer of corporate office. According to the IRS, neither the non-profit status of the Maryland corporation, nor the EIN number can be transferred to the new Florida corporation. You can view these FL Articles of Inc. here:

<http://sunbiz.org/pdf/63751864.pdf>

The Secretary of State in Maryland and authorities in Florida have been notified of this situation and are investigating it. As you can see, there are many inconsistencies in the statements made by this new corporation. There has also been a change in the payout structure that has not been disclosed to participants.

Although the CPA has not finished his review, I will be posting the income/expense report at the original website located at www.sporthorsepayback.com today. They are not official yet, but will give you an idea of the numbers.

I would also like to address the allegations that I "refused" to let anyone receive emails for Payback. From 2007, Laura had the email of laura@shnpayback.com that forwarded to her yahoo email account. It stayed that way for over 2 years with no changes requested. Only recently (December) did she want a communal email account. On Jan. 9th, I passed that duty solely to Laura, because I thought it was a bad idea to have more than one person answering all emails randomly. I felt it would be too confusing.

Additionally, the mailing list I have compiled does not belong to Payback, but to me personally. It is not limited to Payback participants, although I did use it to

publicize the program. Stallion owners' contact info was on the original website that Laura copied, so she does obviously have them.

Thank you all for your support and for understanding that my intentions here are to keep you informed and to put this wonderful program back where it belongs. The Arabian Breeders Network is a good place to stay current on developments as they occur as well.

Sincerely yours,
Peggy Ingles
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