**Memo to the Concerned Unit Owners and Owners Who Should Be Concerned of Palm Aire Condo Association 2**
**From Norman B. Arnoff Esq. Dated: February 1, 2016**

In respect to Palm Aire Condo Association II, I am the husband of Joyce Arnoff whose family has owned the apartment that she now resides in for over (40) years. I am a lawyer who has practiced for 47 years including having served in the SEC, Department of Justice, and as Professional Liability Counsel for the FDIC in the North East Region. My private practice has focused upon securities arbitration, litigation and regulatory matters; lawyers and accountants liability; financial services, and commercial litigation. I am a member of the New York and Florida Bars.

Since October 2014, I have had an opportunity to take a close view of what has been happening at Palm Aire Country Club Condominium Association 2 and I am of the opinion that there are serious legal, ethical, and corporate governance issues that compromise the financial integrity and wellbeing of the Association community that need to be corrected by the forthcoming election and if not by resort to legal and regulatory processes. Some of the materials that I have compiled are posted and available and support my opinion.

The collection process for maintenance and assessment fees was and is seriously flawed. I attribute that to the Shendell lawyers and James Martin of the M&M and predecessor management company as well as to the Board (with the exception of two {2} dissenting directors) for not exercising their fiduciary and oversight responsibilities. Pre-textual delinquencies have been created and the condo owner is told (in at least the instance of my wife by James Martin) that payment of fees including tack-on attorney fees and other costs have to be sent to the Shendell attorneys instead of the management company or Association. Candidates were removed from the ballot because of these pre-textual delinquencies. In respect to one of the candidates, a check issued and delivered to the management office in August 2014 was never deposited. When the condo unit owner and prospective candidate was informed of the fact, the check, at the direction of the Shendells, was rejected because the notation in the memo portion of the check (which memo portion merely serves the record keeping purposes of the maker) had a “restrictive endorsement". This was and is specious because a "restrictive endorsement" is placed on the back of the check and imposes conditions on the check's negotiation. This was not the case with respect to the check in issue.

The candidate lost her position on the ballot because of the imputation of the false claim by attorney Tamar Shendell that the check had a "restrictive endorsement." Another candidate without timely notice or an opportunity to correct what appeared to be nothing more than an innocent miscalculation was removed from the ballot the day of the 2015 election because of a *di minimus* amount of $2.36 that could have been and was likely a miscalculation of the maker and/or the management company.

In the spring of 2015 because of the tension that had already been built up with the Shendells, my wife's checks were rejected for the same reason of a restrictive endorsement and Larry Shendell Esq. threatened my wife with mortgage foreclosure proceedings. This is either corrupt conduct coming from arrogance or blatant stupidity and/or a lack of common sense

because all that could and should have been done or has to be done going forward in such a context where there is a putative" restrictive endorsement" is to contact the maker to have the maker mark or issue a check “without prejudice” to the maker and/or Association.

In October 2014 the condo Association's auditors disclaimed from giving an audit opinion on the condo Association's 2013 financial statement in part because of the inadequacy of the Association's records including the recording of assessment payments. In respect to my wife's assessment payments, they were in some instances deposited to a different account other than the one normally used by the Association and she was not given account credit and/or account credit was withheld several months after deposit. The foregoing, Tamar Shendell, attributed this to the change of management companies.

However, I believe this is specious not only because of the extreme effort on our part to get the matter corrected but also because of the auditor's disclaimer of opinion that addressed systemic flaws in the Association’s recordkeeping and financial statement reporting process.

I am also given to understand that while the new auditors did issue a clean opinion for the 2014 fiscal year, the financial statements have not been published or distributed. Nor was there disclosure in respect to the correction of the problems that resulted in the auditor disclaimer of opinion for the prior fiscal year and this demonstrates that the two (2) different audit firms did not talk to one another meaningfully as professional standards require.

In respect to the collection process where condo owners are charged in case of delinquency, the current practices with respect to attorney fees and other tack-on costs are illegal and unethical. They represent charges to non-clients and unapproved or non-reviewed charges by the Board or an assigned delegate in neither a proper or transparent manner. The condo owners are put in a difficult position if they had or will make a payment and desire at the same point in time to dispute the legality or excessiveness of the attorney's charges.

Attorney fees can only be awarded under Chapter 718.125 when there is a provision in a lease or contract (i.e. By-Law) on the award of attorney fees and "…the court shall also allow *reasonable* attorneys fees to the unit owner or association when the unit owner or association prevails in any action ..... with respect to the contract or lease". The Florida Bar Rules of Professional Code, Rule 4-1.5 Fees and Costs for Legal Services, provides in part with respect to illegal, prohibited, or clearly excessive fees and costs "…{a} fee or cost is clearly excessive when: ... the fee or cost is sought or secured by the attorney by means of ... fraud upon ... a non-client party...as to either entitlement to, or amount of the fee". (Emphasis added) Pressuring non-client condo unit owners to settle their outstanding balance, if and only if the attorney fees and other tack-on fees charges are paid with the assessment is illegal, unethical and a fraud on a lay person. This is especially the case since the statutory exception to the American Rule against fee shifting provides that, if the party prevails in litigation, then the courts must review and approve the claimed fees for reasonableness.

Further, the removal of candidates from the ballot on the day of election in 2015 was also a manifest disregard of law by the Shendells and evidences serious legal malpractice and/or bad faith. Chapter 718.112 (By-Laws) of the Florida Condominium Statute in plain language states that an election can only be challenged within sixty (60) days after the announcement

of the results, which clearly prohibits preemption of the legal process and is mandated by the statute.

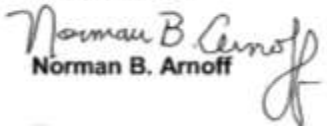
Judge Lynch's decision was non-reasoned and vacated the arbitration award on behalf of Peter Kretz who challenged the election that did not count all the votes because of the preemptory removal of candidates on the day of the election. The Judge ruled without explanation that there was a lack of standing of Director Kretz who had and continues to have fiduciary duties that he must exercise on behalf of all unit owners. I strongly believe the decision will ultimately be reversed because "standing" or access to the courts is accorded to parties who have a sufficient interest to make the controversy a real one. This Peter Kretz has for himself as a condo unit owner and because of his fiduciary responsibilities as a Director.

Lastly, I would like to comment on the "SLAPP" lawsuit against dissenting directors Peter Kretz and Joe O'Neil, who should be applauded by everyone in the Association for their courage and integrity. Chief Judge Benjamin Cardozo of the New York Court of Appeals and later Associate Justice of the Supreme Court of the United States essentially defined a fiduciary as one serving in a role in which he or she must exercise responsibility in accord with "morals above the marketplace" and this precisely fits the description of how Directors O'Neil and Kretz have conducted themselves.

The lawsuit whose pleading was signed by lawyer Tamar Shendell and is pending against Directors O'Neill and Kretz is frivolous and fits squarely within the prohibition of a "SLAPP" lawsuit under Chapter 718.1224 because such lawsuit was intended to and is interfering with the rights of free expression protected by Chapter 718 and the First Amendment to the United States Constitution. The basic allegations in the lawsuit that the dissenting directors engaged their own counsel to advise them and they participated in the distribution of ballots for new directors, independent of the current Board, is cognitive nonsense and ultimately does expose the condo Association (and most likely the Shendells who brought the action and should know better) to monetary sanctions when the lawsuit will be no doubt dismissed. It should be noted that as late as December 18, 2015, Tamar Shendell wrote a threatening litigation letter to the undersigned and two (2) members of the Concerned Condo Owners group.

It is my intent to appear at the Town Hall meeting on February 10, 2015 and I will be glad to answer any questions regarding the issues including those issues raised in this memorandum. Woodrow Wilson in his book The New Freedom, wrote: "The whole purpose of a democracy is that we may take counsel with one another so as to depend not upon the judgment of any one person, but the common counsel of all." Hopefully having such a meeting where we will discuss the issues and conduct ourselves in a civilized and constructive manner will go a long way to eliminate or mitigate the controversy now burdening this condo community. I thank everyone for their anticipated courtesy and cooperation including those who are squarely on the opposite side of the positions I am now taking in this memo.

Respectfully,



Norman B. Arnoff