

March 16, 2020

VIA EMAIL hackett@naaa.com
Mr. Frank Hackett
Chief Executive Officer
National Auto Auction Association
5320 Spectrum Drive
Suite D
Frederick, Maryland 21701

Re: COVID-19 and Mass Gatherings

Dear Frank:

This morning you, Tricia Heon and I participated in a conference call with representatives of Manheim, ADESA and independent members of the Association to discuss the implications of the Corona Virus Disease (COVID-19) and its impact on our members' businesses.

As you know, the National Auto Auction Association ("NAAA") and we, as its counsel, have been following the day-to-day developments concerning the spread of COVID-19 in the United States and the evolving guidelines concerning events involving large groups of people gathered in one location, such as for an auction sale at a member location. Such events have been referred to in executive orders, regulations and in the national media as "mass gatherings". The question for our member auctions is whether such gatherings should be cancelled, postponed or to determine the conditions under whether they may be conducted.

The guidelines on this issue have been changing from day-to-day and hour-to-hour and the Center for Disease Control, issued new guidelines on Sunday, recommending that gatherings of 50 or more people should be postponed or cancelled for the next eight weeks so as to prevent the spread of the COVID-19 virus. We also have been following the state and municipal guidelines concerning mass gatherings which also have been evolving over the course of the last several days. Predictably, over time, these guidelines are becoming increasingly restrictive and, in some instances, states have prohibited certain types of businesses from continuing operations. At this point, no such directive has occurred to our knowledge involving

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the automotive or auto resale market, but that condition can change in the immediate future.

In fact, the Governor of Maryland, Larry Hogan, convened a press conference not long after our call concluded and indicated that the state police, local authorities and even the National Guard will be enforcing his newly entered executive order prescribing gatherings of more than 50 people.

With this as the background, we recommend to our member auctions the following: if you are considering conducting a sale in the upcoming weeks at which more than 50 people may be in attendance, you would be well-advised to consult with counsel and/or your state and local regulatory officials to ensure that you understand the current state of directives that are applicable to your location. When you do conduct such due diligence as to what is permitted, please maintain a chronology or diary of all of your due diligence efforts to include the date, the time, the person with whom you had contact, the information you obtained, the person in your organization who made the contact and any record, including confirmatory emails, as to the advice you have been provided.

In addition, if you do proceed with the sale, there are certain precautions you should take that should include identification of those areas in your facility where you may have a congregation of people and the risk may be the greatest of potential exposure. Those locations would include your lobby or areas where badges are issued, lunch rooms, bathrooms and even in the lanes, if you are conducting actual auction sales and not virtual sales. You may want to consider having extra sanitation and wash stations, more toilet facilities, and a means of identifying where the greatest risks may exist in your business, whether it is with customers, vendors, employees or independent contractors.

If the NAAA can be of further assistance to you, please do not hesitate to reach out to us. The safety of your workforce, your customers and all those who do business with our member auctions is our highest priority during these unprecedented times. We are all in this together and it is important for us to ensure that we remain in contact with each other to observe best practices, so as to avoid any spread of the COVID-19 virus.

My personal best wishes to you and please call with any questions.

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Very truly yours,

A handwritten signature in blue ink, appearing to read 'Tom Lynch', is written over the typed name.

Thomas E. Lynch, III

TEL/cll