

**IN THE SUPREME COURT OF IOWA**  
**No. 22-0259**

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BRIAN HORA and GREGG HORA, Individually and On Behalf Of  
Hora Farms, Inc.,

Plaintiffs-Appellants/Cross-Appellees,

vs.

KEITH HORA Individually and In His Capacity As A Shareholder,  
Director, and Officer of Hora Farms, Inc. and as Trustee of the Celeste  
N. Hora Trust; KURT HORA; HEATHER HORA; HK FARMS, INC.;  
and HORA FARMS, INC.,

Defendants-Appellees/Cross-Appellants.

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On Appeal from the Iowa District Court for Washington County,  
Business Court Case No. EQEQ006366,  
The Honorable Sean McPartland

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**APPELLEE/CROSS-APPELLANT KEITH HORA'S RESISTANCE  
TO APPELLANTS/CROSS-APPELLEES BRIAN HORA'S AND  
GREG HORA'S APPLICATION FOR FURTHER REVIEW**

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Stephen J. Holtman, AT0003594  
Abram V. Carls, AT0011818  
SIMMONS PERRINE MOYER BERGMAN PLC  
115 3rd Street SE, Suite 1200  
Cedar Rapids IA 52401-1266  
Telephone: 319-366-7641  
Facsimile: 319-366-1917  
[sholtman@spmbllaw.com](mailto:sholtman@spmbllaw.com)  
[acarls@spmbllaw.com](mailto:acarls@spmbllaw.com)

ATTORNEYS FOR APPELLEE/CROSS-APPELLANT KEITH HORA

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## **STATEMENT RESISTING FURTHER REVIEW**

Hora Farms, Inc. shareholders Brian and Gregg Hora request further review on a legal theory that has no application to the facts here. The legal theory is the so-called “adverse domination doctrine,” which tolls the limitations period on a claim against a wrongdoing director who dominates a corporation until another director, officer, or shareholder has knowledge of the claim. Last fall, Brian and Gregg dismissed the doctrine and its reach to shareholder knowledge as “not Iowa law.” Appellants’ Final Reply at 62. They now contend the court of appeals erred by declining to use it to toll the statute of limitations on claims against Hora Farms’ director Keith Hora, their father.

But Brian and Gregg unequivocally knew about the conduct they sued their dad and brother Kurt Hora for. So, adverse domination cannot revive their claims. Because it makes little sense to grant review on a question of law that Brian and Gregg’s own admissions make irrelevant, the Court should deny Brian and Gregg’s application. None of the rule 6.1103 factors are met. *See* Iowa R. App. P. 6.1103(b)(1)-(4) (“indicat[ing]” the supreme court accepts further review when important legal questions affect the outcome of an appeal).

**I. The Adverse Domination Doctrine Is Plainly Inapplicable—  
Brian and Gregg Long Knew What They Complain Of.**

“And 26 years ago the problem existed, just like it did in 2015, in traceability, no measurables, and obviously from 1994 to 2015 nothing had changed.”

Gregg Hora, App. Vol. II 446 at 173:12-14.

Brian and Gregg invoke the adverse domination doctrine to toll the limitations period to sue for two family farm practices that they participated in and have been aware of for decades. *Contra Clark v. Milam* 452 S.E.2d 714, 720 (W. Va. 1994) (adverse domination does not pause limitations where shareholders have knowledge). First, they claim that Kurt fed Hora Farms’ corn to his own hogs for nearly twenty years in a manner that caused losses to the company, and that all this was “unbeknownst” to them. Application 10. Their testimony says otherwise.

At trial, Brian’s testimony illustrated that under Kurt’s employment agreements—which Brian wrote—Kurt could take corn as compensation. App. Vol. II 251-54 at 163:7-166:20. This wasn’t a surprise to Brian because Brian’s employment agreements—which Brian also wrote—also allowed him to be paid “through bushels of grain for use or for sales” and to “sell[] HFI grain to cover earned yearly income total dollars.” App. Vol. IV 251-55; App. Vol. VI 69-71 (copies of Brian’s work agreements are attached to this briefing). Like Kurt, Brian was tasked with keeping track

of “of compensation totals from year to year[.]” App. Vol. II 258 at 172:2-9. Gregg testified that this too was his “business arrangement” with Hora Farms but conveniently forgot “how [he] kept track of the amount of [] Hora Farms’ corn that [he] used to feed [his] own pigs.” App. Vol. II 457 at 29:4-25.

Not only did Brian and Gregg know of Kurt’s corn-as-compensation deal, they knew the particular formula Kurt adopted to estimate the corn. Trial Ruling, App. Vol. I 546; App. Vol. II 148; App. Vol. II 286-87 at 33:11-34:3 (Brian testifying he objected to Kurt’s process of measuring corn in 1994 and agreeing that the same subject matter is at issue in the litigation). And in terms of Kurt’s choice to use a formula, Gregg agreed “that’s a business decision that [a] farmer is entitled to make.” App. Vol. II 461-63 at 48:4-50:4.

In the face of their testimony and written statements, Brian and Gregg simply cannot maintain that they were in the dark about Kurt feeding Hora Farms’ corn to his pigs.

Brian and Gregg try to claim ignorance of a second well-known Hora Farms practice, Keith’s receipt of personal expense payments as part of his work arrangement. Application 10. But once again, their testimony betrays them. Back in 1994, Brian objected in Gregg’s presence while at a

family meeting to having “HFI pay for all [Keith’s] personal use credit card.” App. Vol. II 148; *see* App. Vol. II 287 at 34:4-14 (Brian’s related testimony). Gregg knew of Hora Farms’ problems from 1994-2015 and chose not to get “involved.” App. Vol. II 446-47 at 173:15-174:24. Thus, as the trial court concluded, “all Hora family members were well aware of such expenditures.” Trial Ruling, App. Vol. I 569.

Given their knowledge (and participation) in family farm practices, Brian and Gregg cannot find comfort in the adverse domination doctrine. The adverse domination doctrine tolls the statute of limitations for causes of action against faithless corporate directors in “very narrow” circumstances. *F.D.I.C. v. Shrader & York*, 991 F.2d 216, 227 (5th Cir. 1993). During the time the directors “control” a corporation, the doctrine creates “a rebuttable presumption” that a corporate plaintiff cannot have notice of their wrongdoing. 3A Fletcher Cyc. Corp. § 1306.20. By tolling the limitations period, the doctrine ensures that claims survive until notice of the wrongdoing is available. *Aiello v. Aiello*, 852 N.E.2d 68, 80 (Mass. 2006).

But, “once someone has sufficient knowledge and ability to seek redress on the corporation's behalf”—like Brian and Gregg—the “statute of limitations is allowed to run[.]” *In re Marvel Ent. Grp., Inc.*, 273 B.R. 58,

75 (D. Del. 2002). Shareholders who are armed with the capacity to bring derivative actions thus trigger the statute of limitations when they “learn of misconduct that harms their corporation[.]” *Clark v. Milam* 452 S.E.2d 714, 720 (W. Va. 1994); *Aiello*, 852 N.E.2d at 80; *Marvel*, 273 B.R. at 76.

As explained by one court,

It is well-established that shareholders bringing a derivative suit do so *on behalf of the corporation*. It stands to reason, when shareholders file a derivative action, their knowledge of wrongdoing should be imputed to the corporation. For statute of limitations purposes, the shareholders' knowledge of wrongdoing constitutes discovery *by the corporation* of that same wrongdoing. In *Federal Deposit Insurance Corporation v. Paul*, 735 F. Supp. 375, 377 (D. Utah 1990) the court, construing Utah law, stated: “The pith of adverse domination is that shareholders have no realistic opportunity to bring suit against the directors because the directors' control . . . could result in concealment or nondisclosure of the grounds of the cause of action.” Therefore, the corporation's cause of action accrues when the shareholders discover the actionable wrongdoing despite any adverse domination of the corporation by officers and directors.

*Clark v. Milam*, 872 F. Supp. 307, 313-14 (S.D. W. Va. 1994), *aff'd sub nom.*

*Clark v. Allen*, 139 F.3d 888 (4th Cir. 1998) (citing further cases in support).

In light of Brian and Gregg's decades-old knowledge of the practices they sued their father and brother for, they cannot avail themselves of the adverse domination doctrine. *Id.* Neither their testimony nor the documentary record supports their new-found posture of unawareness.



Moreover, Keith's alleged "domination" of Hora Farms did not cause Brian's and Gregg's inaction. *E.g.*, App. Vol. VI 67-68 (Brian's 1994 meeting notes showing Keith's open discussion of management practices); App. Vol. II 295-96 at 133:13-134:3, 317-18 at 92:5-93:3, 787 at 105:16-19 (Hora Farms' lenders and third-party testimony identifying Keith's willingness to provide information). Rather, Brian and Gregg knew what was happening on the farm but chose to "mind [their] own business[.]" App. Vol. II 289-91 at 57:15-59:22 (Brian); App. Vol. II 446-47 at 173:15-174:24 (same for Gregg). The corporate domination doctrine cannot save them from that choice. *Clark*, 872 F. Supp. at 313-14 ("[T]he corporation's cause of action accrues when the shareholders discover the actionable wrongdoing despite any adverse domination of the corporation by officers and directors").

### **CONCLUSION**

For the above reasons, Appellee/Cross-Appellant Keith Hora respectfully requests that the Iowa Supreme Court exercise its discretion and deny Brian's and Gregg's application for further review.

Dated: March 10, 2022

Respectfully submitted,

SIMMONS PERRINE MOYER BERGMAN  
PLC

/s/ Abram V. Carls

Stephen J. Holtman AT 0003594

Abram V. Carls AT0011818

115 Third Street SE, Suite 1200

Cedar Rapids, IA 52401-1266

Telephone: (319) 366-7641

Facsimile: (319) 366-1917

Email: sholtman@spliblaw.com

acarls@spliblaw.com

ATTORNEYS FOR APPELLEE/CROSS

APPELLANT KEITH HORA

**CERTIFICATE OF ELECTRONIC FILING AND SERVICE**

I certify that, on March 10, 2023, I electronically filed the foregoing with the Clerk of Court using the Iowa Electronic Document Management System, which will send notification of electronic filing to the following counsel. Per Iowa Rule 16.317(1)(a)(2), this constitutes service of the document for the purposes of the Iowa Court Rules.

John Lorentzen  
Sarah Gayer  
Haley Hermanson  
Joseph Younker  
Matthew Barnd

/s/ Abram V. Carls

**CERTIFICATE OF COMPLIANCE WITH TYPE  
REQUIREMENTS**

This brief complies with the limitation on the volume of type set forth in Iowa R. App. P. 6.1103(4). It contains 1,292 words, excluding parts of the brief exempted by Iowa R. App. P. 6.1103(4).

This brief complies with the type-face requirements of Iowa R. App. P. 6.903(1)(e) and the type-style requirements of Iowa R. App. P. 6.903(1)(f). It has been prepared in a proportionally spaced typeface, using Microsoft Word 2013 in 14-point Calisto MT.

/s/ Abram V. Carls

HORA FARMS INC., EMPLOYMENT AGREEMENT

THIS AGREEMENT ENTERED INTO AND BETWEEN HORA FARMS INC. AS EMPLOYER AND BRIAN HORA AS EMPLOYEE. THE FOLLOWING ARE CONDITIONS FOR EMPLOYMENT.

TERMS OF EMPLOYMENT

THIS AGREEMENT IS FOR THE CALENDER YEAR 1994. THE AGREEMENT WILL BE VALID FOR SUCCESSIVE YEARS UPON SIGNATURE AND DATING OF EMPLOYER AND EMPLOYEE EACH YEAR.

EMPLOYMENT RESPONSIBILITIES

EMPLOYEE IS BEING HIRED AS OPERATIONS MANAGER UNDER THE DIRECTION OF KEITH HORA, PRESIDENT OF HORA FARMS INC.. AS OPERATIONS MANAGER EMPLOYEE WILL SUPERVISE AND ORGANIZE ALL THE ACTIVITIES THAT AFFECT THE PRODUCTION EFFICIENCY OF THE FARM. THESE RESPONSIBILITIES INCLUDE MANAGING OF EMPLOYEES, EXPENSES AND INCOME, CROP PRODUCTION, AND EQUIPMENT (REPAIR, MAINTENANCE, AND REPLACEMENT). SEE JOB DESCRIPTION FOR DETAILS.

COMPENSATION

HORA FARMS INC WILL PROVIDE THE FOLLOWING AS COMPENSATION FOR WORK LISTED ON THE JOB DESCRIPTION AND FOR RENTING LAND LISTED ON PAGE 4 FOR THE CORPORATION.

ANY WORK DONE BY THERESA (GOING FOR PARTS, MEALS, HAULING WAGONS, ETC.) WILL BE COMPENSATED WITH HOUSING AND INSURANCE.

- HOUSING FOR BRIAN AND HIS FAMILY
- MEDICAL INSURANCE COVERAGE FOR BRIAN AND HIS FAMILY
- BASE SALARY OF \$360 PER MONTH, LESS FICA AND SOCIAL SECURITY
- OTHER COMPENSATION AT A RATE OF \$30,000 PER YEAR TO BE TAKEN AS BENEFITS, TO BE RECORDED BY EITHER BRIAN OR HORA FARMS INC. AND AGREED UPON BY BOTH, OR THROUGH BUSHELS OF GRAIN FOR USE OR FOR SALES BY BRIAN. IT IS BRIANS' JOB TO KEEP TRACK OF COMPENSATION TOTALS FROM YEAR TO YEAR.

FOLLOWING ARE SOME BENEFITS THAT CAN BE INCLUDED: \$ RATE

ELECTRICITY FOR THE HOUSE	ACTUAL
HEATING FUEL FOR THE HOUSE	ACTUAL
GASOLINE FOR PERSONAL VEHICLES	ACTUAL
MEDICAL AND DENTAL EXPENSES	ACTUAL
FOOD	ACTUAL
UNILoader FOR PERSONAL USE	\$50 PER MONTH \$600
OTHER CORPORATION EQUIPMENT FOR PERSONAL USE	<i>on back</i>
OTHER AGREED UPON EXPENSES	

MISCELLANEOUS EXPENSES PAID FOR BY EMPLOYEE. INCLUDING EQUIPMENT LISTED BELOW, NEED TO BE LISTED AND WILL BE REIMBURSED ALONG WITH OTHER INCOME.

RATE FOR EQUIPMENT OWNED BY BRIAN, USED BY HORA FARMS	
GRAIN DRILL	\$4.00 PER ACRE
TRACTOR 5088	\$6.00 PER HOUR
COMBINE AND HEAD	\$10.00 PER HOUR
PICKUP	\$0.20 PER MILE (ESTIMATE MILES)

TERMINATION OF EMPLOYMENT

THIS AGREEMENT MAY BE TERMINATED BY EITHER PARTY BY GIVING A 30 DAY NOTICE.

BRIAN HORA	DATE	HORA FARMS INC., KEITH HORA	DATE
<i>Brian Hora</i>	<i>3-20-94</i>	<i>Hora Farms Inc. by Keith Hora</i>	<i>3-31-94</i>

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HORA FARMS INC JOB DESCRIPTION  
BRIAN HORA  
1994

DUTIES THAT ARE TO BE CARRIED OUT BY EMPLOYEE ARE AS FOLLOWS:

CROP PRODUCTION MANAGEMENT:

ESTIMATE HOURS	ACTIVITY
	FERTILIZER AND LIME
2/YEAR	ORGANIZE SOIL TESTING
2	MAINTAIN SOIL TEST RECORDS
10	EVALUATE TEST RESULTS W/ SALESMAN DETERMINE CROP NEEDS
2	DETERMINE COST PER ACRE OF FERTILIZERS
2	COMPARE COST WITH OTHER SUPPLIERS
10	PREPARE FERT. REPORTS FOR MONTHLY MEETINGS
10	ORGANIZE MANURE HAULING TO FIELDS
5	HAUL MANURE EXTRA DISTANCE TO NEEDED FIELDS
6	SUPERVISE CUSTOM APP. OF FERTILIZER AND LIME
10	SUPERVISE FARM APP. OF ANHYDROUS & OTHER FERT.
15	PROVIDE MAINTENANCE TO ANHYDROUS EQUIP. ( APPROX. 50% )
5	ORGANIZE RENTAL TOOL BAR
15	RESEARCH NEW INFO AND EQUIPMENT ON FERT. ESPECIALLY STARTER
2	SET UP ON FARM FERTILITY COMPARISONS
	MAKE SURE THAT FERTILITY IS NOT LIMITING YIELD

SEED

10	HANDLE SEED SALESMAN AND COMPANY REPS.
2	MAINTAIN FILES ON COMPANY INFO
20	RESEARCH NEW VARIETY INFO, PLOT TOURS, ADS, TEST RESULTS, SEED COMPANY MEETINGS, NEWSLETTERS
2	ORDER SEED FOR FARM NEEDS
6	PREPARE REPORTS ON VARIETIES FOR MONTHLY MEETINGS: ORDERS, PERFORMANCE IN THE FIELD, STRENGTHS AND WEAKNESSES
10	SCOUT FIELDS FOR POPULATION, VARIETY PERFORMANCE
2	ORGANIZE ON FARM TEST PLOTS AND COMPARISONS
2	PLAN PREPLANTING VARIETY MATCH TO FIELDS FOR BEST RESULTS
	HAVE PLAN FOR HARVESTING AS SEED IS ORGANIZED FOR PLANTING
	ORGANIZE SEED TO BE PLANTED EACH DAY DURING SPRING
2	ORGANIZE SEED DELIVERIES
	GET VARIETIES THAT WILL MAXIMIZE PRODUCTION ON EACH FIELD

CHEMICALS

10	VISIT WITH COMPANY REPS FOR NEW PRODUCT INFO, GET PRODUCT FOR TRIAL USE, SET UP ON FARM TESTS
20	SCOUT FIELDS FOR WEEDS AND INSECTS
10	MAINTAIN FILES ON FIELDS FOR WEEDS, INSECTS AND CHEMICALS
10	DO CHEMICAL PLANS FOR EACH FIELD, PRESEASON
6	PLAN CHEMICAL USE WITH SALESMAN
2	GO OVER CHEMICAL PLANS WITH KURT
10	PREPARE REPORTS FOR MONTHLY MEETINGS
	KEEP RECORD OF CHEMICAL COSTS
	COMPARE COST PER ACRE FOR DIFFERENT PRODUCTS
	GET THE MOST EFFECTIVE WEED AND INSECT CONTROL PLAN
	WORK ON ELIMINATING HISTORICAL WEED PROBLEMS

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MACHINERY  
5 PREPARE REPORTS ON EQUIPMENT FOR MONTHLY MEETINGS  
6 ORGANIZE PRE SPRING AND FALL REPAIRS  
25 GET PARTS ORDERED & WORK WITH KEVIN AND KURT TO FIX THINGS  
10 WORK WITH OFF FARM REPAIRS  
120 DO REPAIRS AND CLEANING ON EQUIPMENT PRIOR TO FIELD WORK  
30 PUT EQUIPMENT INTO STORAGE AFTER USE  
KEEP OTHERS INFORMED IF THERE IS A NEEDED REPAIR  
40 KEEP MACHINE SHED ORGANIZED  
10 ORGANIZE TOOL AND SUPPLY NEEDS  
DUE FIX IT TYPE WORK ON OTHER BUILDING SITES  
MINIMIZE MACHINERY REPAIR EXPENSES AS MUCH AS POSSIBLE  
HELP TO MINIMIZE FUEL AND UTILITY EXPENSES

FIELD WORK ORGANIZING WORK SCHEDULES  
KEEP UP ON WHEN SOMEONE WILL BE GONE DURING BUSY SEASON  
650 SPRING FIELD WORK APRIL - JUNE INCLUDING MAINTENANCE  
650 FALL FIELD WORK SEP - NOV INCLUDING MAINTENANCE  
PLAN DAILY FIELD WORK, INFORM OTHER EMPLOYEES OF PLANS  
80 OFF SEASON FIELD WORK, FERTILIZER SPREADING, MOWING, ETC  
MAXIMIZE EFFICIENCY OF FIELD WORK WITH GOOD PLAN OF ACTION

MISC. FARM WORK  
40 PLAN FENCE ROW WORK, TREES, WEEDS, DRIVEWAYS  
40 PLAN WATERWAY WORK AND OTHER CONSERVATION PRACTICES  
40 OTHER FIELD MAINTENANCE Ie. TERRACES, TILES, GULLIES, RUTS  
20 HELP WITH WORK ON GRAIN BINS  
50 HORA FARMS BUSINESS MEETINGS  
80 PARTAKE IN SEMINARS, CLASSES, OTHER INFO ON NOTILL,  
BUSINESS MANAGEMENT, MARKETING ETC.  
DO HOME MAINTENANCE AS MUCH AS POSSIBLE  
10 HELP WITH WORK ON TENANT HOUSES AND GRANNY & GRAMPS' HOUSE  
2 WORK WITH DEKALB PEOPLE ON THEIR PLOT

AUTHORITIES GIVEN TO EMPLOYEE

ORDER CROP INPUTS  
ORGANIZE CROP PRODUCTION ACTIVITIES WITH OTHER EMPLOYEES  
MAKE DECISIONS ON MACHINERY REPAIRS, CONSULTS OTHERS AT MONTHLY  
MEETINGS IF IT IS A MAJOR REPAIR Ie. OVER \$1000 DOLLARS  
SIGN PAYMENT CHECKS IF NEEDED  
RENT FARMS FOR CORPORATION, MAREKS, LISKAS, MCGRAWS, GROUTS  
USE OF CORPORATION EQUIPMENT FOR PERSONAL USE  
PROVIDE OWN EQUIPMENT FOR LEASING USE TO CORPORATION  
ORGANIZE OTHER FARM WORK WITH OTHER EMPLOYEES

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FARM CASH RENTAL AGREEMENT

TERMS FOR COMPENSATION ON FARMS. (RENTAL FARMS) THAT BRIAN IS RECORDED AS OPERATOR.

FARMS INCLUDED ARE:

MAREKS	300 ACRES
MCGRAWS	60 ACRES
LISKAS	140 ACRES
GROUTS	110 ACRES

REIMBURSEMENTS FOR EXPENSES ON THE ABOVE LISTED FARMS WILL BE PAID FOR WITH CORN SALES IN BRIANS NAME. BRIAN WILL REQUEST TO SELL GRAIN THROUGHOUT THE YEAR TO COVER EXPENSES. GRAIN CAN BE SOLD UP TO 2 MONTHS IN ADVANCE OF KNOWN EXPENSES AND AS LONG AS 1 YEAR AFTER THE FINAL EXPENSE HAS BEEN INCURRED FOR A GIVEN CROP YEAR. ANY INTEREST ON MONEY BORROWED TO COVER RENTAL FARM EXPENSES WILL ALSO BE REIMBURSED. BRIAN IS RESPONSIBLE TO KEEP TRACK OF INTEREST EXPENSES.

ANY GOVERNMENT FARM PROGRAM PAYMENTS AND INSURANCE INCOME ON ABOVE FARMS WILL BE APPLIED TO EXPENSES YET TO BE PAID OFF OR THE NEXT EXPENSES PAID BY BRIAN.

EXPENSES PAID BY BRIAN MAY INCLUDE ITEMS SUCH AS:

- RENT
- SEED
- INSURANCE
- CHEMICALS & FERTILIZER

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PLAINTIFFS 01658

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*paid*  
*of fuel used for heating hogs will be recorded by Dr. [unclear] & figured up*  
*the end of the year*

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PLAINTIFFS 01659

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## HORA FARMS INC EMPLOYMENT AGREEMENT

Contract with Brian Hora for period 1-1-2000 thru 12-31-2000.

Brians responsibilities are to organize and supervise crop production with a goal of maximum efficiency and profitability. Organization of crop inputs, crop records, field machinery and field work are included. The attached job description details the responsibilities.

Compensation - Total salary per year for labor will be based on actual hours worked with an hourly rate of \$17.00 /hour (estimating about 2000 hrs. or \$34,000 per year ). Hours are kept and totaled monthly by Brian and given to Keith the first week of the following month.

- B) Methods of paying salary to Brian, additional income may be included;  
 Monthly salary check plus FICA \$4320/yr. \$332.46 plus \$27.52/mo.

HFI paying bills for

Electricity for home or farm	Actual \$ paid
LP gas for home or farm	Actual \$
Gas from FS for Van or Pickup	Actual \$ if using HFI card
Gas from farm supply	Actual amount used x \$
Medical insurance	Actual \$
Medical expenses	Actual \$
Misc. Ins. (life vehicle etc.)	Actual \$
Food Hy Vee charges	Actual \$
Other misc. bills paid	Actual \$

Direct payment for crop scouting \$5000.00 due June 1 each year.

Brian uses HFI, Kurt or Kevins' farm equipment (see item E).

Brian uses crop input supplies purchased by HFI (see item E).

Brian sells HFI grain to cover earned yearly income total dollars based on the net receipt from the sale.

Payment for HFI use of Brians' farm Equipment can be paid with any of the above to cover earned income or as additional income if needed (see item E).

- C) Benefits / Payments in addition to labor, HFI will provide;
- \* Kubota mower for Brians' house yard and ditches.
  - \* Tractor and mower if grass east of house in ditches gets too tall.
  - \* Cellular phones: total not to exceed \$40.00 per month
  - \* Required farm licenses ( pesticide applicators, CDL).
  - \* Use of 4 wheeler for farm, personal or crop scouting purposes.
  - \* Yearly cash payment for pickup 5,000 miles/yr at \$0.32 mile or govt.rate
  - \* Cash payment for use of Brians' farm equipment if not paid with salary, ie. grain
- D) Benefits received 1/2 as salary 1/2 in addition to salary;
- \* Pickup license and repairs and maintenance on personal farm vehicles(pickup)

- E) Farm vehicles, equipment, crop inputs and grain usage for personal or farm use. Brian can use HFI farm equipment, purchased inputs and supplies as follows. Use of other employee equipment is included unless specified differently each use.
- \* Farm equipment custom rates, rental rates and management fees will be followed as listed on "HFI Custom rates". Rates are itemized and used by all employees.
  - \* Use of HFI or other employees equipment can be paid directly or deducted from earned income.
  - \* HFI, Kurt or Kevins' use of Brians' equipment will be paid directly in cash or added to other earned HFI income. Equipment use is additional income and not part of the salary based on labor.
  - \* Use of equipment should be turned in with hours, monthly.
  - \* Crop inputs will be reviewed before and after planting and finalized after harvest with Keith.
  - \* Inputs such as seed & chemicals can be paid by HFI as a method of paying salary if not paid directly by Brian. The costs of inputs purchased through HFI will be the cost per unit paid or the average cost if multiple purchases are made.
- F) Other farm business / services between Brian and HFI
- \* Crop scouting/consulting, soil sampling: HFI will pay costs for meetings, newsletters, reseed keeping materials, maps, soil sample analysis, nutrient mapping, any associated consultant fees and supplies needed for crop scouting and soil sampling on HFI farms.
  - \* Brian can sell seed to HFI following guidelines on form titled "Seed Ordering Agreement".
  - \* Brian gets use of the barn and hog shed at Maries' for seed storage for his seed business, in return HFI gets use of the Forklift and bulk seed auger. Future update costs on the barn for seed and chemicals should be split with a long term building use agreement included.
  - \* Purchase of minor farm supplies will be reimbursed by HFI ie. Orschelns Card.
  - \* HFI will pay for Brians' future computer updates and supplies needed for HFI farm and yield mapping. Supplies of paper and ink are also included.
  - \* Crop inputs purchasing negotiations: If Brian is able to secure any free product while purchasing crop inputs or farm supplies for HFI then the product, or an equivalent value, will be divided between HFI and Brian. Brian will receive a percentage of the free product or an equivalent value of product from the same company. The percentage that Brian receives can not exceed the amount of acres that Brian farms as a percentage of total acres farmed / managed by HFI . Example for 2000:  
 Total acres HFI farming = 2255  
 Total acres Brian farming = 160  
 Maximum value Brian can receive = 7%

F) Continued

- \* Brian pays rent payments on Donald Marek farm, reimbursement will be with CCC payments and grain sales income to cover costs of rent. Interest of 6% apr will be paid on the balance of rent exceeding income not received prior to rent payment dates.
  - \* HFI will pay bills or reimburse payments made by Brian on items such as:
    - Crop insurance premiums for HFI farms; Marek Liska or Grout farms
    - Country Squire / Liability premiums for same farms
    - Any legal / professional fees for same farms ( W2's, leases, etc.)
- \*\* Additional items can be added to this contract during the contract period if they are approved (written and initialed) by Brian, Kurt and Keith. (Bonuses)

Brian Hora

Date

*Brian Hora*

3-4-2000

Keith Hora HFI

Date

*Keith Hora  
President*

3/4/00