

ED DUFURRENA
820 CR 133
Gainesville, Texas 76240

June 14, 2018

Officers and Directors
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, Texas 76107

Re: Accusations Against Ed, Brandon and Rieta Dufurrena

To the Officers and Directors of the NCHA:

The Dufurrena family has been falsely accused and prejudged in the tabloid media website of Glory Ann Kurtz. The false information scattered from the rapidly grinding rumor mill has skewed the facts beyond recognition. I challenge every member of the National Cutting Horse Association (“NCHA”) governing body to become educated with the facts and make fair and just decisions based on the evidence. I challenge you to stop this attack that is forcing us to defend ourselves against frivolous accusations that will escalate and expand outside of our own governance.

As a director of the NCHA, I expect you to hold its officials accountable to uphold our rights to be judged based on evidence and without the arbitrary and capricious abuse of due process that comes from trial by rumor. All of the members of the NCHA share the same expectation of basic fairness that we have come to expect through the US constitution and our inalienable rights when we stand accused of rule violations.

The accusations against us began with the filing of a lawsuit by Janie and Don Vogel and accusations that the Vogels owned a part of certain horses contrary to how the horses were owned in American Quarter Horse Association (“AQHA”) records, NCHA records, Dufurrena records and the Vogels’ signed statement of ownership history, Exhibit 1.

Since approximately 2006, I have conducted business with Janie Vogel. On March 25, 2011, Shona and I entered into a co-ownership agreement with Janie and her husband, Don Vogel.

The agreement provided for the co-ownership of six (6) horses or embryos that would be owned 49% by the Vogels and 51% by us, and a 100% Vogel-owned horse. Exhibit 2 is a copy of the agreement. This agreement was entered into by the Vogels, Shona and me with no knowledge or participation whatsoever of Brandon or Rieta Dufurrena, our son and daughter. The Vogels had no business dealings with them, as Janie Vogel admitted in her deposition. Exhibit 3 contains deposition extracts showing her statements.

In the co-ownership agreement, the two co-owned embryos listed in the agreement were out of Miss Ella Rey. One was by Auspicious Cat and the other was by Metallic Cat. Both were

successfully flushed and transferred into recipient mares in 2011. The embryo from Auspicious Cat and Miss Ella Rey was conceived on January 31, 2011 and transferred into recipient mare 1094, as confirmed by Hartman Equine Reproductive Center (“HERC”) records on February 8, 2011. Exhibit 4 is a copy of the records. The other embryo listed in the co-ownership agreement was by Metallic Cat out of Miss Ella Rey, and it was conceived on April 9, 2011. It was transferred into recipient mare 1178 on April 17, 2011, as confirmed by HERC records. Exhibit 5.

Upon confirmation of the pregnancy of recipient mares 1094 and 1178, pregnant recipient mares were accepted by Ed and Shona Dufurrena and the Vogels as co-owners. The Dufurrenas had fulfilled the original contract to deliver live embryos with no further duty to be performed.

On January 1, 2012, recipient mare 1094 foaled, resulting in the mare subsequently named Crezy Train, which was by Auspicious Cat out of Miss Ella Rey. As per the AQHA rules (Exhibit 6), the foal was originally registered to Brandon Dufurrena, as he owned the mare. Per Janie Vogels’ request to register the mare into the Dufurrena/Vogel AQHA membership, on December 1, 2012, transfer paperwork was sent to her. Exhibit 7.

On January 30, 2012, recipient mare 1178 spontaneously aborted as confirmed in Exhibit 5. This unfortunate loss was absorbed by the Dufurrenas and Vogels as co-owners. Pursuant to the agreement, there was no warranty or obligation for replacement or reimbursement. After discussing the spontaneous abortion of recipient mare 1178 with Janie Vogel, I offered her 100% of a replacement embryo by Metallic Cat out of Nievas, who had won more money at that time than Miss Ella Rey. Janie Vogel accepted the other horse. Exhibit 8 is an affidavit from Sharon Baker who was present during the discussion involving the loss of the unborn foal and the acceptance by Janie Vogel of a new embryo, despite the lack of any obligation on our part to provide another embryo. Sharon Baker confirmed these facts. Despite her lawsuit claims, Janie Vogel admitted in her deposition that we had a discussion concerning the spontaneously aborted foal and she admitted that we offered her another embryo. Then, in 2017, and despite the acceptance of a different horse, Janie Vogel said that she wanted 49% of Brandon’s 2011 embryo by Metallic Cat of Miss Ella Rey. She ignored several basic facts. There was no warranty of a live nursing foal in the co-ownership agreement and only a promise of an embryo, so there was no obligation to provide another embryo. Importantly, the other foal that was born from a Metallic Cat and Miss Ella Rey embryo belonged to Brandon Dufurrena and was not part of the agreement. Moreover, Brandon was not a party to the agreement with the Vogels. Janie Vogel clearly knew of the loss by spontaneous abortion of the co-owned embryo, and that the offer of a new embryo by the same stallion and from a higher earning mare was an accommodation and goodwill gesture to her. She accepted the replacement embryo. That other embryo, by Metallic Cat out of Nievas, was successfully transferred in 2012 and foaled in 2013, resulting in the horse known as LL Cool Cat. Exhibit 9. Janie Vogel later sold that horse.

What seems to have been ignored by the rumor mill is how I could have been expected to know whether a horse sired by Metallic Cat out of Miss Ella Rey would have been better or worse than a horse sired by the same stallion, but out of Nievas. At the time, the higher earner was Nievas. Janie Vogel was offered and accepted a good embryo after the original embryo from Miss Ella Rey failed to produce a foal.

Another fact ignored by the rumor mill is that Stevie Rey Von won the Futurity in December of 2015, which was a significant and well publicized event in NCHA circles. The Vogels did not make the claim that they owned 49% of the horse until 2017, which is an inexplicable delay if their claim was true and well past the Texas 4-year statute of limitations to dispute.

Per Janie Vogel's request, the standard business procedure for over a decade observed by the Vogels and me has included the selling of horses to third parties or one party buying out the interest of the other party, and then crediting proceeds to invoices as payment.

The Vogels had acquired 49% of Whata Sneaky Cat through the co-ownership agreement. On November 29, 2012, I purchased the Vogels' 49% share of Whata Sneaky Cat. Exhibit 10. I then sold Whata Sneaky Cat to Brandon Dufurrena. Exhibit 11.

The Vogels had 49% of Ozzum Man, which was through the agreement. On October 28, 2013, I purchased the Vogels' share of Ozzum Man. Exhibit 12.

On January 1, 2014, Ozzum Cat, which was owned 49% by the Vogels, was sold to a third party with proportionate proceeds to be applied to the co-owners.

On November 1, 2015, I purchased the Vogels' share of Crezy Train, which was previously known as Miss Vella Rey. Exhibit 13. The name was changed after I purchased the Vogels' share.

On January 1, 2016, I purchased the Vogels' share of Auspicious Cat. Exhibit 14. At that time, the co-ownership agreement was over as there were no horses remaining. Auspicious Cat was owned by me before the Vogels acquired 49% of him. The horse was originally part of Dos Cats Partners that was, at one time, a partnership. I ultimately bought out the other partners and kept the name. The partnership ceased to be such an entity when there were no other partners. I used it like an assumed name, or "dba." Once the Vogels no longer owned 49%, I kept the horse under the same name.

As stated in the co-ownership agreement at paragraph 6, anytime the Vogels became over 90 days behind on payment of charges, I could take ownership of the Vogels' 49% share of the horses. Despite the fact, in some cases I could have exercised that right, credits were applied to invoices. All of the horse sales were mutually agreed to be credited to invoiced charges. The dates of the sales from the Vogels to me were confirmed in the Vogels' ownership statement signed on February 7, 2018. Exhibit 1. AQHA records reflected the same ownership. At no time did Brandon or Rieta Dufurrena ever show a horse that was not solely owned by our family and all horses ridden by them met all requirements of the NCHA and AQHA.

The lawsuit between the Vogels and us grew from a dispute that arose in 2017 while the Vogels were behind on payments, and they disagreed with their invoices. On February 6, 2017, the Vogels gave me a \$100,000 check so they could pick up approximately 10 horses. By removing the horses from our property, they frustrated my stableman's lien that required me to retain possession of the horses. The horses were released in good faith, but the Vogels' bank said

that there were insufficient funds for the check to clear. The horses picked up by the Vogels were not part of the co-ownership agreement, since Auspicious Cat was bought out on January 1, 2016, and was the last of the co-owned horses.

After months of trying to get the Vogels to pay the rest of their bills and to collect on the \$100,000 check, I finally said I wanted to turn it over to somebody for enforcement. Within days I was served with a lawsuit, which was filed on September 27, 2017. Rather than to plead that they owed money to us and ask the court to determine the correct amount, they alleged that they still owned a percentage of Auspicious Cat and Crezy Train, although they had agreed to take a credit from me when I bought out their interests in those horses almost two years earlier. The Vogels also alleged that they owned 49% of Stevie Rey Von. The claim was false as well as time barred, as it was well past the 4-year statute of limitations. The horse was born in 2012. Shona and I filed a counterclaim and a separate lawsuit against the Vogels.

The facts related to Stevie Rey Von are crystal clear. Brandon owned Miss Ella Rey in 2011. Exhibit 15. Brandon used his 2010 Metallic Cat contract, reissued in 2011, to breed Miss Ella Rey. Exhibit 16. Such breeding took place on February 14, 2011, the embryo was flushed on February 23, 2011, and transferred into recipient mare 535. These facts are confirmed by HERC records. Exhibit 17. AQHA rules, Exhibit 6, state that a foal belongs to the owner of the mare. Brandon had no agreement or business dealings with the Vogels, which facts were confirmed in Janie Vogel's deposition. Exhibit 3. The resulting foal was Stevie Rey Von, in which the Vogels confirmed they never had any interest or ownership in their signed ownership history statement. Exhibit 1.

In 2017, Janie Vogel obtained breedings from Stevie Rey Von through EE Ranches as though she had lifetime breeding rights to the horse. She had no such rights and to obtain breedings by such means clearly was inconsistent with her claim that she and her husband owned 49% of the horse. Although the possibility of obtaining such rights had been discussed with us, no lifetime breeding rights agreement existed with her and nothing was paid for one. Nevertheless, Janie Vogel entered into stallion breeding agreements through EE Ranch in behalf of the Vogels' company, Jandon, Ltd. as though she had a lifetime breeding agreement. Documents were produced by EE Ranches, Inc. in response to subpoenas issued by the Vogels' attorneys that showed her getting two Stevie Rey Von breedings as though she had a lifetime agreement. Janie Vogel attempted to excuse the inconsistencies between her actions and her lawsuit allegations by accusing EE Ranches of altering the documents. Exhibits 18 and 19 are copies of the breeding agreements. Exhibit 20 contains extracts from the Janie Vogel deposition in which such allegations were made. EE Ranches would have had no reason to fabricate documents and falsify evidence.

In January 2018, as we were going through Janie Vogel's deposition process, a unique opportunity arose. The Vogels expressed an interest in purchasing Stevie Rey Von, Auspicious Cat and Crezy Train. This drew my interest because as of late 2017, due to family health issues and an adjustment in my business model, our family was considering selling Miss Ella Rey, who we shopped around but had not yet sold. We were also considering selling Stevie Rey Von, for which there was an appraisal done for insurance purposes and another one received from the Vogels. Stuart Barringer appraised Stevie Rey Von at \$434,500. Exhibit 21. The appraisal from

the Vogels produced in the litigation was for \$1,029,450, but it was based on nonexistent and reduced priced breedings, which would exaggerate and elevate the results. Exhibit 22. We were able to reach a deal as shown in the Bill of Sale for the Vogels to purchase 100% of Stevie Rey Von, Auspicious Cat and Crezy Train for \$1,150,000. Exhibit 23. The latter two horses were worth far less than Stevie Rey Von. We included as part of the deal the Vogels' acceptance of the responsibility to honor previously committed breedings at the original prices and terms. Exhibit 24. We then mutually signed a final release of claims and suits. Exhibit 25.

After the Vogels bought the three horses, they sold Stevie Rey Von to the Fults Ranch.

When I sold the horses to the Vogels, I retained trademarks and similar rights such as the copyrights, websites and Facebook pages involved with Stevie Rey Von. Later on, Alvin Fults and I eventually reached an agreement for the purchase of the intellectual properties for a confidential amount. Apparently, this was enough to spawn accusations through the ever-grinding rumor mill that I had been involved with the brokering of Stevie Rey Von to Alvin Fults, which was absolutely false.

In conclusion, this ordeal has created a buzz of fake news being consumed by our members through their cannibalistic nature. None of this gossip is based in fact. The evidence I have laid out for you is decisively clear and reflects the true nature of the transactions, all of which are consistent with AQHA records and NCHA rules and the Vogels' confirmation of actual ownership. Exhibit 1. The Vogels retracted their previous horse ownership accusations that were inconsistent with known facts.

We have been encouraged many times to turn this into a public spectacle or an NCHA smear campaign, but we have chosen to be respectful of the NCHA procedures and have faith in the system.

Thank you for your focused attention on this matter which not only affects my livelihood and my kids' futures, but it reflects heavily on our industry's ability to make fair and reasonable decisions based on the preponderance of the evidence.

I expect you, as a director of the NCHA, to hold your officials accountable so that they will base decisions on valid evidence, not gossip, rumors and fabrications.

Sincerely,

Ed Dufurrena