



NATIONAL GRANGE

OF THE ORDER OF PATRONS OF HUSBANDRY

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American Values. Hometown Roots.

August 18, 2015

To all State Grange Masters,

Today, Judge Brown granted the National Grange's motion for summary judgment filed in Sacramento Superior Court. In his words he clearly and unequivocally ruled in favor of the National Grange.

1. "In the first cause of action, National Grange seeks a declaration that because the Now Unchartered State Grange's Charter was revoked under the Bylaws of the Order, and Defendants have acknowledged their voluntary disaffiliation from the Order, they have no standing to retain the real and personal property belonging to the Grange."

In regard to the first cause of action, the judge answered that while the Grange By-Laws did not automatically require the corporation to dissolve upon the surrendering or revocation of the Charter in this instance, it is clear that the rules of the Grange apply. McFarland's argument that the California State Grange Constitution was superseded by the act of incorporating in 1946 was not adopted by the Court. "Based on its Charter, Constitution, Articles of Incorporation, Bylaws and actions, it is apparent that the Now Unchartered State Grange, whether it was specifically adopted in its incorporation documents or not, was supposed to and did recognize the National Grange's Digest of Laws as governing them as a subordinate part of the Order." The Judge also cited the O'Sullivan case from the State of Washington as authority that incorporation does not destroy the relationship between the divisions of the Grange.

Judge Brown recognized the vital role of the Digest when he ruled, "...it is undisputed that the Now Uncharted State Grange recognized and was governed by the National Grange's Digest of Laws, the supreme laws of the Order. Accordingly, based on the undisputed language of the National Grange's Digest of laws, the revocation of the Now Unchartered State Grange's charter, the subsequent inability of the Now Unchartered State Grange to operate as a Grange, and the Now Uncharted State Grange's acknowledgment that it is no longer

affiliated with the Order, it has no standing to retain any real and personal property belonging to the Grange."

He also listed several reasons why McFarland's legal arguments regarding the conflict between the California Corporations Code and Grange law were unfounded.

1. "In the second cause of action, National Grange seeks a declaration that by following its rechartering rules under the Bylaws of the Order, the Newly Chartered State Grange is properly recognized as the sole chartered Grange entity entitled to use and control Grange property in California."

In deciding on the second cause of action, Judge Brown was brief and clear: "Because it is also undisputed that the Now Uncharted State Grange's Charter was revoked, it therefore could not operate as a Grange, and it acknowledged it was no longer affiliated with the Order (as discussed above), the Newly Chartered State Grange is the only Grange entity entitled to use and control Grange property in California pursuant to the National Grange's Digest of Laws."

1. "In the third cause of action, National Grange seeks a declaration that the property should revert to possession and/or control of the Newly Chartered State Grange under the Bylaws."

Here, Judge Brown relied on precedent from a Masonic Case where the "... the California Court of Appeal held that the assets of a fraternal association are the property of all the members, not of any number less than all of them." This reaffirms the rules of the Grange as it relates to property belonging to the Order. Grange property belongs to the organization, which is governed by rules that apply to all.

The Judge concluded with this forceful point regarding McFarland's arguments: "Indeed, it is a "fundamental mistake" ... "to rely solely on California corporations law in a vacuum, without reference to the articles of incorporation and bylaws" of the subordinate corporation, as well as the constitution of the larger entity."

In addition, Judge Brown summarily rejected separate legal argument advanced by McFarland uniquely against the National Grange.

This ruling is consistent with years of settled precedent both in California and elsewhere. This result is what our attorneys predicted would happen when the Court took action on our motion. Just as the recent Trademark ruling in Federal

Court for the National Grange and the O'Sullivan Case in Washington, this ruling in California State Court will stand as another important victory for the rights of Grange Members and the National Grange and the Order. While the legal actions may take time to wind down, we are now, to paraphrase the great Winston Churchill, at the beginning of the end of this litigation. Mr. McFarland has repeatedly said to our members to wait until the Court rules before taking any new actions. Well, the Court has now ruled, so hopefully he will keep his promise and work with the National Grange. There comes a time when things must end. And that time is now, consistent with the sound rulings of the State and Federal Courts.

I would like to thank all of you who have stood up for the Grange rules and structure during this difficult time. Our California Brothers and Sisters who have stood with us have been much maligned and deserve our thanks. I have great confidence that a large number of our California Brothers and Sisters will be rejoining the Grange organization now that the Court has made such a clear ruling.

I will not sugar-coat today's victory: it was expensive, time-consuming and completely avoidable if the obligations of the Digest had been followed. But having been forced into this situation, it was necessary to preserve our Order.

A copy of the ruling is attached. [Click here](#) to view the full text of the court ruling.

Fraternally Yours,

Edward L. Luttrell, Master
National Grange