



Brothers and Sisters -

Today, the California Superior Court ruled on the use and management of the Morgan Stanley account and confirmed the court's previous preliminary injunction ruling that funds in those accounts are to be returned to the California State Grange (CSG), and until that time, only usual business expenses can be distributed. Specifically from the Morgans Stanley accounts, usual business expenses are explicitly identified by the judge to include quarterly accounting and interest income distribution to Subordinate Granges with funds held in trust in those accounts. This is an important recognition that funds held in trust for our active Subordinate Grange stakeholders must be held for (and interest payments from those funds be distributed to) those Granges, and not diverted to the California State Guild under Mr. McFarland's leadership.

\$200,000 lost -

Unfortunately, I can confirm that restricted Grange Funds in Morgan Stanley have been raided by the Guild. In October, \$200,000 was paid to the Guild's attorneys (legal fees that Mr. McFarland had indicated were covered/paid by insurance) from the restricted building loan fund account. This raid was approved by the Guild EC, except for Sister Saxton. Mr. Hoag, the Guild's bookkeeper, attested in his declaration available below that these funds were to be distributed per their intent. Hence the title "restricted."

\$300,000 + saved -

We have successfully uncovered and stopped the plot to distribute funds from the Morgan Stanley account to an entity claiming to be the Ranchito Grange. That entity (under the leadership of Bob Alvarez and other officers of the Guild) was not reorganized pursuant to Grange Law, and so cannot function as the Ranchito Grange. Going forward, a distribution to Mr. Alvarez's entity of \$300,000 along the lines plotted by the Guild is prohibited under the preliminary injunction. Thus, these funds will be preserved in the Morgan Stanley account until the Ranchito Grange is properly reorganized under Grange law, or otherwise returned to the Grange.

Transparency and Accountability:

The Guild's actions as they relate to the spending and distribution of our Grange property will be monitored by the California State Grange to ensure compliance with the Court's judgment and preliminary injunction. We want to ensure that EVERY active Grange that has funds held in trust receives their current interest payments with full account reporting, and also past interest payments that were not distributed. A full forensic investigation is in process on all banking accounts, and specifically the Morgan Stanley accounts, and there will be reviews for deposits and distributions. Over the past several years, I am aware of numerous Subordinate Granges that have not received ANY interest payments on the funds held in trust in those accounts, or even any accounting from the Guild on the status of those funds. If the Guild has been pocketing those interest payments instead of distributing them to those Granges, that now has to stop. A full accounting is every active stakeholder's right and should be provided without a request on a quarterly basis with appropriate distribution, and end-of-year documents should also be provided for year-end tax preparation and reporting. If your Grange has not received any interest payments on or a full accounting of any funds held in the trust in the Morgan Stanley accounts, please let me know. The California State Grange can help.

The Court's recent ruling emphasizes that the property judgment has meaning, and the Guild is not free to disregard it to do whatever it wishes with Grange property. That property must be preserved until it is returned to the California State Grange.

It remains my sincere hope that we will soon put the litigation behind us.

Reconciliation means returning to good standing, and it remains my sincere hope that all Granges that currently are not in good standing take the necessary steps to return to good standing. As always, you can e-mail or call me anytime to discuss.

Fraternally yours,

Ed Kowski
President and Master, California State Grange
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[John Hoag Declaration](#)

[Ruling 1/29](#)

[email Ed Kowski](#)