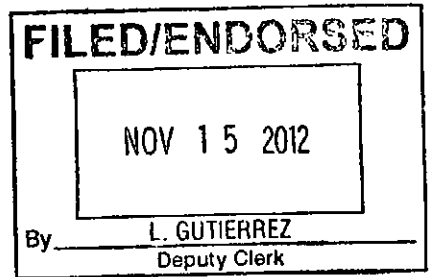


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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SACRAMENTO**
10

11
12 THE NATIONAL GRANGE OF THE)
ORDER OF PATRONS OF)
13 HUSBANDRY, a Washington, D.C., non-)
profit corporation,)

14 Plaintiff,

15 vs.

16 THE CALIFORNIA STATE GRANGE, a)
California nonprofit corporation, and)
17 ROBERT McFARLAND, JOHN)
LUVAAAS, GERALD CHERNOFF and)
18 DAMIAN PARR,)

19 Defendants.

20 THE CALIFORNIA STATE GRANGE, a)
California non-profit,)

21 Cross-complainant,

22 vs

23
24 THE NATIONAL GRANGE OF THE)
ORDER OF PATRONS OF)
25 HUSBANDRY, Washington D.C., non-)
profit corporation; and Edward L. Luttrell,)
26 an individual, and ROES 1 through 10,)
Inclusive.)

27 Cross-defendants.
28

Case No.: 34-2012-00130439

THE CALIFORNIA STATE
GRANGE'S CROSS-COMPLAINT

Date Action Filed: 10/01/12

1 1. Cross-complainant The California State Grange ("California Grange") is a California
2 non-profit mutual benefit corporation with its principal place of business in Sacramento County.

3 2. Cross-defendant The National Grange of the Order of Patrons of Husbandry
4 ("National Grange") is a Washington D.C. non-profit corporation.

5 3. Cross-defendant Edward L. Luttrell ("Luttrell") is an individual and an officer of
6 National Grange. In all relevant respects, Luttrell personally participated in and directed the tortious
7 conduct alleged herein on behalf of National Grange.

8 4. California Grange does not know the true names or capacities of cross-defendants
9 sued as ROES 1-10. On information and belief, each fictitiously named cross-defendant is legally
10 responsible for the acts, transactions, and obligations herein alleged, or is otherwise interested in
11 or affected by the relief herein sought. California Grange will amend this cross-complaint to allege
12 these fictitiously named cross-defendants' true names and capacities when ascertained.

13 5. On information and belief, at all times herein mentioned, cross-defendants, and
14 each of them, were acting on their own behalf and as the agents, employees, representatives,
15 partners, joint venturers, co-conspirators, and/or servants of each of the other cross-defendants,
16 and the acts hereinafter described were done within the course and scope of such agency,
17 employment, or conspiracy.

18 6. California Grange has been in existence since 1873 and is now and has been for over
19 60 years a California corporation. California Grange is comprised of subordinate/local Granges
20 ("Subordinate Granges") and Pomona/county Granges ("Pomona Granges"). There are
21 approximately 208 total Subordinate and Pomona Granges in California. The Subordinate Granges
22 number approximately 180. The Subordinate Granges and Pomona Granges rely on California
23 Grange for their non-profit tax status.

24 7. Subordinate Granges pay dues to California Grange. The dues are paid annually, on a
25 quarterly basis according to California Grange bylaws, to which all Subordinate Granges have agreed
26 to abide. Pomona Granges are not required to pay dues. California Grange's operations are in large
27 part dependent on the revenue it receives from the payment of dues by the Subordinate Granges.

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1 California Grange has, over the years, paid a portion of the dues it collects from the Subordinate
2 Granges to National Grange.

3 8. Commencing in September of 2012, National Grange began interfering with
4 California Grange's lawful collection of dues from its Subordinate Granges. National Grange
5 demanded that the Subordinate Granges pay the entirety of their dues directly to National Grange and
6 not to California Grange. National Grange, including through its President, Luttrell, has made these
7 demands under threat of suspending the Subordinate Grange's charters if they fail to comply. Some
8 Subordinate Granges have complied with National Grange's demands and have paid dues to National
9 Grange, or have withheld dues, which were and are owed to California Grange.

10 9. In addition, National Grange, at the direction of its President, Luttrell, has undertaken
11 a campaign of misinformation to discredit California Grange and its lawfully elected board of
12 directors and officers. California Grange has maintained a website [<http://www.californiagrango.org/>]
13 to advertise The California State Grange organization and to communicate with its members. In
14 September of 2012, National Grange established a website which it created for the purposes of
15 deceiving the members of California Grange, including the Subordinate and Pomona Granges
16 ("Counterfeit Website"). The Counterfeit Website purports to be the official website of The
17 California State Grange. The Counterfeit Website can be accessed by anyone via the internet using
18 the following address: <http://www.grange.org/californiastate/>. The Counterfeit Website can also be
19 accessed through a member portal found on National Grange's website: www.nationalgrange.org.
20 Content from the Counterfeit Website is also routinely emailed and mailed to Subordinate and
21 Pomona Grange members at the direction of National Grange and its officer, Luttrell. Among other
22 things, the Counterfeit Website erroneously states that California Grange currently has no authority to
23 act on behalf of the Subordinate and Pomona Granges.

24 10. National Grange has undertaken the above actions with the intention of causing
25 division among the ranks of the Subordinate and Pomona Granges. On information and belief,
26 National Grange is trying to affect a takeover of California Grange. Among other things, National
27 Grange has purported to suspend California Grange and the duly elected Master of California Grange,
28 Bob McFarland. In addition, National Grange has instructed Pomona and Subordinate Granges to

1 stay away from California Grange's annual meeting and to disregard the authority of California
2 Grange's lawfully elected officers and directors. National Grange also prevented California Grange
3 and its members from participating at National Grange's annual meeting. Through the acts
4 referenced above, National Grange, an out-of-state corporation, persists in efforts to take over the
5 corporate affairs and seize the property of California Grange, an autonomous, duly functioning
6 California Corporation.

7 11. National Grange has erroneously claimed that its governing documents empower
8 National Grange to act for and on behalf of California Grange upon the suspension of California
9 Grange's Charter. That is false. Notwithstanding, National Grange, including through its officer,
10 Luttrell, has perpetuated this excuse through the Counterfeit Website, through letters and emails to the
11 Subordinate and Pomona Granges and their members, and through telephone calls and in-person
12 conversations with Subordinate and Pomona Grange members, all in an effort to assert control over
13 the Subordinate and Pomona Granges and to convert monies which lawfully belong to California
14 Grange.

15 **FIRST CAUSE OF ACTION**

16 (Conversion against National Grange)

17 12. California Grange incorporates here by reference each of the allegations set forth in
18 paragraphs 1 through 11.

19 13. At all times herein mentioned, California Grange was, and still is, the owner and was,
20 and still is, entitled to possession of any dues which National Grange received directly from the
21 Subordinate Granges.

22 14. The dues in question which National Grange has already converted have a value
23 which is subject to proof at trial, which amount is, on information and belief, continuing to accrue so
24 long as National Grange continues its efforts to abscond with dues to which it is not entitled.

25 15. Beginning on or about October 1, 2012, National Grange constructively took the
26 property described above from California Grange's possession and converted the same to its own use.
27 California Grange hereby demands that National Grange return the property in question.

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1 Grange's contractual relationships with the Subordinate Granges were disrupted. Some Subordinate
2 Granges have paid dues which were owed to California Grange instead to National Grange, to the
3 detriment of California Grange.

4 23. As a result of National Grange's and Luttrell's conduct, California Grange was
5 harmed and suffered losses in an amount according to proof at trial.

6 24. National Grange and Luttrell have acted with malice, fraud, and oppression, and
7 California Grange is entitled to recover damages for the sake of example and by way of punishing
8 Defendants.

9 25. Unless restrained by this Court, National Grange and Luttrell will continue to engage
10 in intentional conduct designed to disrupt California Grange's contractual relationships with the
11 Subordinate Granges and will continue to disrupt California Grange's contracts with the Subordinate
12 Granges, causing California Grange irreparable injury as set forth above and threatening a multiplicity
13 of judicial proceedings. California Grange has no adequate remedies at law.

14 THIRD CAUSE OF ACTION

15 (Intentional Interference with Prospective Economic
16 Advantage against National Grange and Luttrell)

17 26. California Grange incorporates here by reference each of the allegations set forth in
18 paragraphs 1 through 25.

19 27. In October of 2012, California Grange and the Subordinate Granges were in an
20 economic relationship that probably would have resulted in economic benefit to California Grange,
21 namely through the payment of dues for the foreseeable future as had been the case for many years.

22 28. National Grange and Luttrell knew of California Grange's economic relationships and
23 intended to disrupt them.

24 29. National Grange and Luttrell engaged in wrongful conduct by intentionally and
25 fraudulently coercing the payment of dues from the Subordinate Granges to the National Grange,
26 instead of to California Grange, or by actually converting the same, and thereby disrupted California
27 Grange's economic relationships. In addition, this wrongful conduct has caused some members of
28 the Subordinate and Pomona Granges to leave the Grange and it has prevented and/or deterred future

1 members from joining Subordinate and Pomona Granges, which resulted in less dues being paid to
2 California Grange.

3 30. As a result of National Grange's and Luttrell's wrongful conduct, California Grange
4 was harmed in an amount according to proof at trial.

5 31. National Grange and Luttrell have acted with malice, fraud, and oppression, and
6 California Grange is entitled to damages for the sake of example and by way of punishing these
7 defendants.

8 32. Unless restrained by Court, National Grange and Luttrell will continue to engage in
9 wrongful conduct, to disrupt California Grange's economic relationships, causing California Grange
10 irreparable injury and threatening a multiplicity of judicial proceedings. California Grange has no
11 adequate remedy at law.

12 **FOURTH CAUSE OF ACTION**

13 (Unfair Competition against National Grange)

14 33. California Grange incorporates here by reference each of the allegations set forth in
15 paragraphs 1 through 32.

16 34. The conduct described above as to National Grange was unfair, unlawful, and/or
17 fraudulent and constitutes unfair competition under California Business and Professions Code section
18 17200.

19 35. This unfair competition has caused California Grange to suffer injury in fact and lost
20 money and property as a result.

21 36. On information and belief, National Grange has received dues from the Subordinate
22 Granges as a result of its unfair competition which should be restored to California Grange.

23 37. Unless restrained by this court, National Grange will continue to engage in unfair
24 competition.

25 **FIFTH CAUSE OF ACTION**

26 (Unjust Enrichment against National Grange)

27 38. California Grange incorporates here by reference each of the allegations set forth in
28 paragraphs 1 through 37.

39. By its conduct, National Grange obtained the benefit or use of dues payments from the Subordinate Granges which belonged to and should have been paid to California Grange, and has been unjustly enriched at the expense of California Grange.

SIXTH CAUSE OF ACTION

(Declaratory Relief against National Grange and Luttrell)

40. California Grange incorporates here by reference each of the allegations set forth in paragraphs 1 through 39.

41. As a result of the circumstances described above, an actual controversy has arisen and now exists between California Grange, on the one hand, and National Grange and Luttrell, on the other hand, concerning the right to receive the payment of dues from the Subordinate Granges and the right to manage and control the affairs of California Grange pending its purported suspension at the hands of National Grange. California Grange contends that the Subordinate Granges should pay all dues to California Grange instead of directly to National Grange. California Grange has in the past and will continue in the future to pay National Grange its proper share of dues so long as it is not prevented from doing so by National Grange. California Grange also contends that it, and it alone, as a California corporation, may manage and govern the affairs, financial and otherwise, of California Grange. This includes the sole right to maintain a website which has the name, look, and appearance of, as well as the approval and authorization from, The California State Grange. Finally, California Grange contends that National Grange and Luttrell may not interfere with the relationship between California Grange and the Subordinate Granges as alleged above. On information and belief, National Grange and Luttrell dispute these contentions.

42. In light of the above, California Grange desires a judicial determination of the respective rights and obligations of the parties to this action as set forth above.

43. Such a determination is necessary and appropriate in order to avoid a multiplicity of actions, and to ensure a timely, complete and final adjudication of the rights of all parties potentially affected by this controversy.

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1 WHEREFORE, California Grange prays for judgment as follows:

2 1. For compensatory damages in an amount to be proven against National Grange and
3 Luttrell;

4 2. For punitive damages in an amount appropriate to punish defendants National Grange
5 and Luttrell and deter others from engaging in similar misconduct;

6 3. For a preliminary and permanent injunction preventing National Grange and
7 Luttrell from interfering with California Grange's contractual and economic relationships with the
8 Subordinate Granges pending the purported suspension of California Grange by National Grange;

9 4. For a permanent injunction preventing National Grange and Luttrell from
10 maintaining the Counterfeit Website;

11 5. For a permanent injunction preventing National Grange from engaging in unfair
12 competition;

13 6. For National Grange's unjust enrichment, in an amount according to proof;

14 7. For restitution of dues acquired by National Grange by means of its unfair competition
15 in an amount according to proof;

16 8. For a judicial declaration of the rights and responsibilities of the respective parties
17 as set forth above, including that California Grange, and not National Grange, is lawfully and
18 solely entitled to the payment of dues from the Subordinate Granges and that National Grange,
19 including its officer Luttrell, may not hold itself out as managing and/or conducting the affairs of
20 The California State Grange during the time in which National Grange's purported suspension is
21 in effect;

22 9. For costs of suit;

23 10. For prejudgment interest;

24 11. For other proper relief.

25 Dated: November 15, 2012

BOUTIN JONES INC.

26 By: 

Robert D. Swanson

Daniel S. Stouder

Attorney for Defendant and Cross-Complainant
The California State Grange

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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO