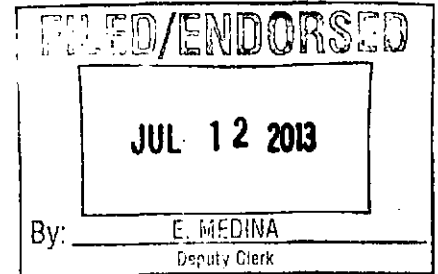


PORTER | SCOTT

A PROFESSIONAL CORPORATION
Martin N. Jensen, SBN 232231
Thomas L. Riordan, SBN 104827
350 University Ave., Suite 200
Sacramento, California 95825
TEL: 916.929.1481
FAX: 916.927.3706



Attorneys for Plaintiff/Cross-Defendant
THE NATIONAL GRANGE OF THE ORDER OF PATRONS OF HUSBANDRY
And EDWARD L. LUTTRELL

**IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN THE COUNTY OF SACRAMENTO**

THE NATIONAL GRANGE OF THE
ORDER OF PATRONS OF
HUSBANDRY, a Washington, D.C.
nonprofit corporation,

Case No. 34-2012-00130439

**FIRST AMENDED COMPLAINT
FOR DECLARATORY JUDGMENT
AND INJUNCTION [Code of Civil
Procedure §§ 1060, 526, 527]**

Plaintiff,

vs.

THE CALIFORNIA STATE GRANGE, a
California nonprofit corporation, and
ROBERT McFARLAND, JOHN
LUVAS, GERALD CHERNOFF,
DAMIAN PARR, TAKASHI YOGI,
KATHY BERGERON and BILL
THOMAS,

Complaint Filed: October 1, 2012
Trial Date: None Set

Defendants.

ALL RELATED CROSS-ACTIONS

GENERAL ALLEGATIONS

Plaintiff The National Grange of the Order of Patrons of Husbandry (hereafter "National Grange") alleges this Complaint for Declaratory Judgment and Injunction as follows:

1. Plaintiff National Grange is a nonprofit corporation organized under the laws of the District of Columbia.

2. Defendant California State Grange, a California nonprofit corporation, is subordinate to the National Grange.

3. The National Grange is the parent of the California State Grange as defined in Corporations Code section 5064. The California State Grange is an affiliate of the National Grange as defined in Corporations Code section 5031.

4. Defendant Robert McFarland served as Master of the California State Grange, its highest office, but was suspended in August 2012. He was also on the Executive Committee of the California State Grange.

5. Defendants John Luvaas and Damian Parr were members of the Executive Committee of the California State Grange who rejected the authority of the National Grange to suspend McFarland as Master and the Charter of the National Grange in September 2012. Gerald Chernoff was a member in September 2012 but has since left the Executive Committee of the California State Grange, and new members Takashi Yogi, Kathy Bergeron and Bill Thomas were elected to office after the Charter of the California State Grange was suspended. They have likewise defied the authority of the National Grange to suspend McFarland and the Charter.

6. The National Grange is governed by a Digest of Laws, adopted November 13, 1996, and amended thereafter. The Digest of Laws encompasses a Constitution of the Order, Articles of Incorporation and By-Laws, *inter alia*.

7. Under the Constitution of the Order, the National Grange is described as the "controlling and supreme law making body of the Order." (National Grange Digest of Laws, ¶ 1.1.1.(E))

8. All the other Granges, such as State Granges "shall derive their rights and powers" from the National Grange, which may "adopt laws for the organization, administration and regulation of the affairs of the various Granges," including that of California. (National Grange Digest of Laws, ¶ 1.3.1)

9. The National Grange has the express right to establish Judicial Laws relating to the judicial function of the various Granges. The National Grange may make rulings of construction

1 and interpretation relating to Law and Usage, which rulings "shall be the law of the Order and the
2 various Granges of the divisions of the Order shall conform thereto." The National Grange may
3 also establish rules and regulations for the conduct of trials of any member charged with violations
4 of the laws. (National Grange Digest of Laws, ¶ 1.3.5)

5 10. The National Grange may also codify parliamentary laws which shall be the law of
6 the Order and various Granges of the Order shall conform thereto. (National Grange Digest of
7 Laws, ¶ 1.3.6)

8 11. The National Grange has the exclusive authority to issue Charters to various
9 divisions of the Granges of the Order. (National Grange Digest of Laws, ¶ 1.4.1) State and local
10 Granges may only operate as Granges to the extent they have a valid Charter. All Charters issued
11 by the National Grange require that all members shall faithfully comply with the Bylaws and other
12 rules of the Order. (National Grange Digest of Laws, ¶ 1.4.2)

13 12. The California State Grange as a chartered division of the National Grange has the
14 right to conduct the affairs of its members so long as they do not conflict with the laws of the
15 National Grange. (Constitution of California State Grange, Article II; National Grange Digest of
16 Laws, ¶ 1.5.1)

17 13. The California State Grange Bylaws recognize that the Master of the State Grange
18 (the highest office) may be suspended for failure or refusal to fulfill his obligations or to obey the
19 laws of the National Grange and that the suspension procedure is provided in the Bylaws and laws
20 of the National Grange. (California State Grange By-Laws, ¶ 14.13)

21 14. Robert McFarland had been elected as the Master of the California State Grange,
22 but was suspended for 60 days (June-July 2012) by the National Grange after a judicial proceeding
23 was conducted. During the course of McFarland's suspension, Martha Stefenoni, Overseer of the
24 California State Grange, served as acting Master.

25 15. Effective August 6, 2012, McFarland was suspended by the Master of the National
26 Grange, pending a new set of duly filed charges to be adjudicated in the National Grange trial
27 process. (National Grange Digest of Laws, ¶ 4.10.7)

1 16. This time, McFarland refused to accept the suspension and purported to remain
2 acting Master of the California State Grange despite the provision that Masters of the State
3 Granges are answerable to the Master of the National Grange. (National Grange Digest of Laws, ¶
4 4.10.4)

5 17. Beginning in late August 2012, the Master of the National Grange contacted
6 members of the Executive Committee of the California State Grange to secure their cooperation in
7 the suspension of McFarland pending adjudication of the new charges, but a majority of the
8 Executive members did not act to enforce the suspension of McFarland, and secure Martha
9 Stefenoni being elevated to acting Master of the California State Grange.

10 18. Specifically, John Luvaas, Gerald Chernoff and Damian Parr declined to enforce
11 the recent suspension of McFarland and recognize Martha Stefenoni as the acting State Master.
12 The remaining three members of the Executive Committee indicated that they would support the
13 action of the National Grange, but they did not constitute a majority.

14 19. Indeed, without a duly-constituted majority of the Executive Committee or the
15 attendance of acting Master Stefenoni, certain members of the Executive Committee with the
16 encouragement of McFarland acted in September 2012 to hire counsel purportedly to represent the
17 California State Grange in opposing the authority of the National Grange.

18 20. On information and belief, legal counsel was engaged on behalf of the California
19 Grange at a meeting of the Executive Committee in early September 2012, during which
20 McFarland, who had already been suspended as Master, was counted as one of the Executive
21 Committee members present so as to constitute the requisite quorum to make a binding decision
22 for the California State Grange. Having thus reached the requisite quorum of four Executive
23 Committee members, a majority of the members present voted in favor of hiring the law firm. The
24 other Executive Committee members were not present.

25 21. On September 17, 2012, Edward L. Luttrell, Master of the National Grange, with
26 the approval of the Executive Committee of the National Grange, formally suspended the Charter
27 of the California State Grange on the basis that the California State Grange was working in
28

1 violation of the law and usages of the Order of the National Grange and that the suspension was
2 for the good of the Order. (National Grange Digest of Laws, ¶ 4.5.7) Specifically, the California
3 State Grange had failed to acknowledge the authority of the Acting Master of the California State
4 Grange, had refused to respond to the requests of the National Grange and acting State Grange
5 Master for confirmation that it would follow the rules of the Order of the National Grange and the
6 California State Grange Bylaws, and had engaged legal representation with the support
7 McFarland, whose authority as Master had been duly suspended by the National Grange. The
8 Bylaws of the National Grange expressly provide for an appeal procedure from the suspension of a
9 Charter. (National Grange Digest of Laws, ¶ 4.5.8)

10 22. On September 19, 2012, Master of the National Grange requested California State
11 Grange Acting Master Stefenoni and Jon Luvaas, Chair of the Executive Committee of the
12 California State Grange, to arrange to turn over the keys, building and computer passwords and
13 other information necessary to facilitate management of the California State Grange to counsel for
14 the National Grange.

15 23. On September 21, 2012, counsel purporting to represent the California State
16 Grange indicated that the California State Grange did not intend to comply with the National
17 Grange's request of September 19, 2012, characterizing the suspension of the Charter as
18 "unwarranted, unmerited and without any due authority."

19 24. McFarland and the Executive Committee of the California State Grange have thus
20 rejected the authority of the National Grange and the State Grange Bylaws regarding the
21 suspension of McFarland pending adjudication of the charges filed against him. McFarland is
22 continuing to act in his capacity of Master of the California State Grange.

23 25. The National Grange maintains that because the Digest of Laws of the Order is the
24 supreme authority over the California State Grange, the charges properly filed against McFarland
25 require his suspension from the powers of the Master of the California State Grange until the
26 charges have been adjudicated.

27 26. On September 20, 2012, the National Master notified all California Granges of the
28

1 suspension order of the State Grange, that all further State Grange activity would be coordinated
2 through the National Grange and that the State Session scheduled for October 10, 2012 would be
3 cancelled until further notice.

4 27. On September 20, 2012, McFarland notified members of the California Grange of
5 the State Grange's intent to continue to operate by and through its elected officials, despite the
6 suspension order.

7 28. Despite the suspension orders, McFarland and the purported Executive Committee
8 continued to operate without a Charter and purport to do business as the California State Grange.
9 In October 2012, the California State Grange held its annual meeting without authority and elected
10 certain Executive Committee members despite the suspension of the Charter. Specifically, Takashi
11 Yogi, Kathy Bergeron and Bill Thomas have been added to the Executive Committee since
12 McFarland's suspension, but have not changed the policy of continued defiance.

13 29. On or about April 5, 2013, Edward L. Luttrell, Master of the National Grange
14 officially revoked the Charter of the California State Grange based on the authority of Section
15 4.5.11 of the National Grange Bylaws, which provides that the remedy of revocation of a Charter
16 is intended to be used when the judgment of the Master of the Grange having jurisdiction, the
17 deficiencies in the criteria are incapable of being remedied or may not be remedied within a
18 reasonable time. Luttrell first noted that the leadership of the California State Grange has sought
19 to prevent the internal Grange procedures from being conducted to enforce the Constitution and
20 Bylaws, which itself violates their sworn duty to uphold the rules of the Order. Luttrell also found
21 that California State Grange leadership had improperly used rules to remove from office any
22 dissenters to their view, and to attempt to expel from membership other California Grange officers
23 who stated that they would follow the rules of the Order, which constitutes violation of the law
24 and usages of the Order under Sections 4.5.7 of the National Grange Bylaws. In addition,
25 suspended Master McFarland admitted to organizing or re-organizing at least one Community
26 Grange outside the Chartering process, which is to be conducted exclusively by the National
27 Grange, and thus constitutes violation of Section 4.3.1 of the National Grange Bylaws. Finally,

1 the California State Grange became more than two quarters delinquent in paying dues and
2 submitting quarterly reports in violation of section 4.5.7 of the Bylaws of the National Grange.

3 30. Under the section 4.12.2 Bylaws of the National Grange, the real and personal
4 property of the California State Grange shall become the property of the National Grange to be
5 held in trust until the California State Grange is reorganized pursuant to Grange Law.

6 **FIRST CAUSE OF ACTION**

7 **(For Declaratory Judgment under Code of Civil Procedure section 1060
8 Re the Revocation of California State Grange Charter)**

9 31. Plaintiff National Grange re-alleges and incorporates by reference each and every
10 fact alleged previously in paragraphs 1-30 above.

11 32. There is an actual controversy between the National Grange and members of the
12 Executive Committee of the California State Grange and California State Grange, as well as
13 Robert McFarland, regarding whether the National Grange has the rightful authority to revoke the
14 Charter of the California State Grange and compel it to turn over Grange property under Section
15 4.12.2 of the National Grange Bylaws. The Executive Committee of the California State Grange
16 refuses to accept the authority of the National Grange, National Grange Law and the California
17 Bylaws.

18 33. The National Grange maintains that it has the authority under the Digest of Laws of
19 the Order and the California State Bylaws to revoke the Charter of the California State Grange.
20 Section 4.5.11 of the National Grange Bylaws provides the requisite authority to revoke the
21 Charter and National Master Luttrell explained in writing why the conduct of the putative officers
22 and board of the California State Grange amounts to violation of the law and usages of the Order
23 under Sections 4.5.7 of the National Grange Bylaws.

24 34. The National Grange does not hereby request that California courts adjudicate
25 whether McFarland has violated the Bylaws of the Order as charged in the August 1, 2013,
26 Grange complaint filed against him. On the contrary, the National Grange has consistently
27 maintained that the internal Grange procedure set forth in the Bylaws of the National Grange and
28 California State Grange provides the sole and exclusive means of adjudicating the substantive

1 claims regarding McFarland's conduct. California courts are requested simply to ensure that
2 Defendants do not continue to totally disregard or clearly violate the Bylaws of the Order.

3 35. The California State Grange, acting without a valid Charter through Defendants
4 McFarland, Luvaas, Parr, Yogi, Bergeron and Thomas, has expressed its continued refusal to
5 accept the authority of the National Grange to suspend its Charter.

6 36. Defendants McFarland, Luvaas, Parr, Yogi, Bergeron and Thomas continue to act
7 through counsel, even though that law firm was retained without proper authorization. The Master
8 and Executive Committee, as presently constituted, do not properly act or speak on behalf of the
9 entire California State Grange, the Charter of which has been duly revoked.

10 37. This situation is creating significant risk of confusion and potential liability for the
11 National Grange, especially as to third persons who are not aware of the California State Grange's
12 lack of proper authority to act while its Charter has been duly revoked. A binding declaration of
13 rights by the Court is necessary to alleviate this situation.

14 **SECOND CAUSE OF ACTION**

15 **(For an Injunction under Code of Civil Procedure sections 526 and 527
16 Re the Suspension of California State Grange Charter)**

17 38. Plaintiff National Grange re-alleges and incorporates by reference each and every
18 fact alleged previously in paragraphs 1-37 above.

19 39. Beginning on or about August 2012, and continuing to the present time,
20 Defendants, and each of them, wrongfully and unlawfully refuses to accept the authority of the
21 National Grange, National Grange Law and the California Bylaws.

22 40. The National Grange maintains that it has the authority under the Digest of Laws of
23 the Order and the California State Grange Bylaws to revoke the Charter of the California State
24 Grange under section 4.5.11 of the National Grange Bylaws, because putative officers of the
25 California State Grange have violated of the law and usages of the Order under Sections 4.5.7 of
26 the National Grange Bylaws..

27 41. The California State Grange, acting solely through Defendants McFarland, Luvaas,
28 Parr, Yogi, Bergeron and Thomas, has expressed its continued refusal to accept the authority of

1 the National Grange to suspend its Charter.

2 42. The California State Grange has similarly refused to accept the authority of the
3 National Grange to revoke its charter and has refused to turn over its real property to be held in
4 trust by the National Grange pending reorganization under Grange Law under section 4.12.2 of the
5 National Grange Bylaws.

6 43. Plaintiff National Grange has demanded that Defendants stop their conduct.
7 Defendants, through a majority of the Executive Committee, have refused, which has resulted in
8 the necessity for prompt judicial action to protect Plaintiff National Grange and the California
9 State Grange.

10 44. Plaintiff National Grange has no adequate remedy at law for the injuries currently
11 being suffered as it will be impossible for Plaintiff to determine the precise amount of damage that
12 it will suffer if Defendants' conduct is not restrained, or Plaintiff will be forced to institute a
13 multiplicity of suits to obtain adequate compensation for its injuries.

14 45. To the extent the California State Grange refuses to surrender to the National
15 Grange deeds and other indicia of the transfer of real or personal property as required by section
16 4.12.2 of the Bylaws of the National Grange, such property must nevertheless be deemed to be
17 held in charitable trust. A charitable trust will prevent transfer, waste or damage regarding Grange
18 property pending re-chartering of the California State Grange.

19 46. Because the National Grange has the sole right under the Bylaws to hold such
20 property in trust, the National Grange is authorized to secure a prohibitory injunction under
21 Corporations Code section 7142, subdivision (a), to prevent the California State Grange from
22 breaching the terms of such charitable trust by transferring or burdening such real or personal
23 property.

24 PRAYER

25 Plaintiff National Grange therefore asks the Court:

26 1. For a declaration as to the respective rights, duties, obligations of the National
27 Grange and those Defendants purporting to represent the California State Grange following
28

1 revocation of the Charter;

2 2. For an order requiring Defendants to show cause, if any they have, why they should
3 not be enjoined as set forth in this Complaint, during the pendency of this action;

4 3. For a temporary restraining order, a preliminary injunction, and a permanent
5 injunction, all enjoining Defendants, and each of them, and their agents, servants, and employees,
6 and all persons acting under, in concert with, or for them;

7 4. For establishment of a charitable trust in which to maintain Grange property until
8 the California State Grange is properly re-chartered under the Bylaws of the Order.

9 5. For costs of suit incurred in this action; and

10 6. For such other and further relief as the Court deems proper under the
11 circumstances.

12 Dated: July 11, 2013

PORTER SCOTT
A PROFESSIONAL CORPORATION

13
14 By 

Martin N. Jensen
Thomas L. Riordan
Attorney for Plaintiff