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THE NATIONAL GRANGE OF THE ORDER OF PATRONS OF HUSBANDRY
and EDWARD 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,

Plaintiff,

v.

THE CALIFORNIA STATE GRANGE, a
California nonprofit corporation, and
ROBERT MCFARLAND, JOHN LUYAAS,
GERALD CHERNOFF and DAMIAN PARR,

Defendants.

ROBERT MCFARLAND, an individual,

Cross-Complainant,

v.

THE NATIONAL GRANGE OF THE
ORDER OF PATRONS OF HUSBANDRY, a
Washington D.C. nonprofit corporation, and
MARTHA STEFENONI, an individual, and
EDWARD L. LUTTRELL, an individual, and
SHIRLEY BAKER, an individual, ROES 1
through 10, inclusive,

Cross-Defendants.

CASE NO. 34-2012-00120439

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF THE
NATIONAL GRANGE OF THE ORDER
OF PATRONS OF HUSBANDRY'S
MOTION FOR SUMMARY JUDGMENT
OR, IN THE ALTERNATIVE, SUMMARY
ADJUDICATION IN FAVOR OF THE
SECOND AMENDED COMPLAINT**

DATE: April 30, 2015

TIME: 2:00 p.m.

DEPT: 53

Reservation Number:

Original Complaint Filed: October 1, 2012

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INTRODUCTION

In November 2013, key individual Defendant members of the Defendant "Unchartered" California State "Grange,"¹ voluntarily quit the Plaintiff National Grange,² but took Grange property with them as they left. Their decision came after a long dispute between these individuals and the National Grange, which led to the suspension and revocation of the Unchartered California State Grange. Although Defendants are completely disaffiliated and have clearly stated that they no longer want to be part of the Order, they continue to use the property of the Order and have refused demands to return this property to Plaintiffs-in-Intervention. In order to restore Grange property to its rightful owner, the National Grange requests this court to declare judgment in favor of the National Grange on three interrelated but distinct causes of action.

There are no material factual disputes about the issues in this case. Defendant Robert McFarland (who was a member and Master of the Unchartered California State Grange) was properly and correctly suspended from the Order in August 2012, but he and the other Defendants disregarded the suspension. The grounds for this suspension have been rendered moot by subsequent events. Specifically, the California State Grange Charter was revoked in April 2013, and Defendants failed to exercise their right to internally appeal the revocation. Instead, in November 2013 they confirmed in writing that they were disaffiliated altogether from the National Grange. The only remaining question is one of law: whether Defendants are entitled to take decades of dues money voluntarily contributed to the Order, and to keep other personal and real property that was accumulated over many generations by Grange members. The answer is a simple "no," because all members of the Grange, and all entities within it, expressly agreed to the written rules of the Order, which establish the inviolable principle that Grange property may not be

¹ Defendant entity, led by the named individual Defendants, is designated herein the "Unchartered California State Grange," which at all relevant times was subordinate to the National Grange under the rules and bylaws of the Grange. Plaintiff-in-Intervention California State Grange, on the other hand, will be consistently called the "Chartered California State Grange," to maintain the distinction between the two entities whenever there is potential ambiguity. As correctly alleged by Plaintiff-in-Intervention, the Unchartered California State Grange lost its right to validly act as a Grange upon suspension and revocation of its Charter, which it never appealed.

² The full name of Plaintiff is the "National Grange of the Order of Patrons of Husbandry," but it is referred to herein more simply as the "Order" or "National Grange." It is crucial to note that there is no provision in any rule of the Order, whether at the national or state level, authorizing the unilateral disaffiliation by any entity in the Order.

1 removed from the Order. They also agreed that the National Grange shall enforce that principle.

2 The National Grange's Second Amended Complaint encompasses the recent and
3 undisputed actions taken by all the parties and seeks declaratory judgment regarding three causes
4 of action. The First Cause of Action asks the Court to find the uncontested fact that Defendants
5 have left the Order: they have confirmed their refusal to submit to the rules of the Order, they
6 failed to appeal the revocation of the California State Grange's Charter under the rules of the
7 Order, and they decided to voluntarily acknowledge their disaffiliation from the Order. Defendants
8 can no longer complain about whether the revocation was justified or validly executed. Simply put:
9 the time to contest those facts is over.

10 Next, Plaintiff National Grange asks the Court to find the uncontested facts that as the
11 Defendants left the Order, they openly and wrongly took the real and personal property belonging
12 to the Order, and in response to this act, several local California Granges and the National Grange
13 reorganized and restored the Charter of the California State Grange, which is the sole entity legally
14 permitted to control the property that was stolen in California.

15 The final cause of action requests the Court to complete the syllogism: if former members
16 of the California State Grange are not permitted to take Grange property on their way out, and if
17 the National and local Granges in California properly reorganize and charter a State Grange to hold
18 the Grange property, then the stolen property must be returned to its rightful owner: namely, the
19 Chartered California State Grange. Although the rules of the Order make the result quite clear,
20 they are not self-enforcing against defiance and theft. Accordingly, the Court must declare that
21 Defendants are required to return the Grange property they took as they left.

22 Defendants McFarland and the Unchartered California State Grange have every right to
23 leave the National Order and create their own organization, which may even closely resemble the
24 Grange they left. Defendants may not, however, take for themselves the Grange's name and its
25 property, which had been contributed over more than a century for the purposes of the Order.
26 Under the Constitution and Bylaws of the Order to which Defendants agreed, the Grange property
27 must remain within the Order.

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STATEMENT OF FACTS

1. The Structure Of The Grange

The National Grange of the Order of Patrons of Husbandry is a hierarchical fraternal organization that was formed in 1867 to represent the interests of America's farmers. (UMF 1) Like many religious and professional associations, the Grange has a multi-tiered structure and representative form of government that is prescribed by a Digest of Laws. (UMF 2)

At the highest level, the National Grange is a delegate body that meets annually and is principally composed of the "Masters" (*i.e.*, the highest officer) of the subordinate units in the next level of The Grange's hierarchy, the State Granges. (UMF 3) A State Grange is a delegate body subordinate to the National Grange that meets annually, and is principally composed of the Masters of the constituent units in the lower levels of The Grange's hierarchy, known as "Community Granges."³ (UMF 4)

For over 150 years, the National Grange has been "the controlling and supreme law making division of the Order from which body all other Granges of the divisions of the Order shall derive their rights and powers." (UMF 6) It has "the right and power . . . to adopt laws for the organization, administration and regulation of the affairs for the various Granges of the divisions of the Order including laws limiting, defining, and regulating the powers of the various Granges of the divisions of the Order." (UMF 7) The National Grange has adopted, and from time to time amends, a "Digest of Laws," including its Constitution, By-Laws, Articles of Incorporation, and Grange Laws and Usage. (UMF 8) All provisions in the Digest of Laws are binding upon all constituent units and individual members of the Grange, including the California State Grange. (UMF 9)

Each State Grange, including the California State Grange, adopted and from time to time amended its own Constitution and By-Laws, which are binding upon all constituent units and individual members of that State's Grange. (UMF 10) These rules supplement and may not conflict

³ Community Granges consist of Pomona Granges, Subordinate Granges, and Junior Granges. Each Pomona Grange, Subordinate Grange, and Junior Grange is a constituent, subordinate part of the State Grange in which it is located. (Appendix of Exhibits, Exhibit S, Digest §§ 4.6.1-4.6.8; Appendix of Exhibits, Exhibit C, CSG Bylaws §§ 2.1-2.6)

1 with the Digest of Laws. (UMF 11) Indeed, Article II of the Constitution of the California State
2 Grange has at all times up to the present expressly provided:

3 “[t]he State Grange, as a chartered division of the National Grange, shall have the
4 right and power, as the good of the Order requires, to adopt laws for the
5 organization, administration and regulation of the affairs of the various divisions of
6 the State Grange, including laws limiting, defining, and regulating the powers of
7 the various Granges of the divisions of the State Grange, so long as they do not
8 conflict with the laws of the National Grange.”

9 (UMF 5)⁴

10 The National Grange has the authority to suspend or revoke the Charters of State Granges.
11 (UMF 12) Under Section 4.5.7 of the Digest of Laws, whenever a “State Grange is working in
12 violation of the law and usages of the Order, ... it shall be the duty of the Master of the National
13 Grange to suspend or revoke the Charter of the State Grange ..., if it is the determination of the
14 Master of the National Grange that the good of the order requires such action.” (UMF 13) A State
15 Grange may appeal any decision suspending or revoking its Charter. (UMF 14) A State Grange
16 may not operate as a Grange while its Charter has been suspended or revoked. (UMF 15) Neither
17 the rules of the National Grange nor the rules of the California State Grange contain any provision
18 for the unilateral disaffiliation from the Grange by a State Grange or Community Grange. (UMF
19 16)

20 **2. Rules Governing Grange Property in the State of California**

21 The rules of both the National Grange and the California State Grange contain numerous
22 provisions that together ensure that Grange property in California will be used for the general
23 purposes of The Grange. Section 1.9.1 of the Digest of Laws provides that “[w]hen a Grange of
24 any of the divisions of the Order shall sell, encumber or in any other way transfer real and/or
25 personal property owned by such Grange, the proceeds from such sale, encumbrance or transfer

26 ⁴ Unless otherwise indicated, all references to the Constitution and By-Laws of the California State Grange in this brief
27 are to the 2011 edition of those rules, which were in effect at all relevant times after 2011. As explained below,
28 Defendants purported to amend the By-Laws in October 2013 to remove any references to the California State
Grange’s ties to the National Grange, but their actions were *ultra vires* and those purported amendments were null and
void. Notably, Defendants never purported to amend the Articles of Incorporation or Constitution of the California
State Grange after 2011, and that version remains in effect to this day. (UMF 32)

1 shall be retained by the Order for use in accordance with the general purposes of the Order.” (UMF
2 17)⁵ Likewise, Section 4.11.5 of the Digest of Laws provides that “[w]hen a State Grange ... shall
3 sell, encumber, or any way transfer title to real property owned by such Grange, the proceeds from
4 such sale, encumbrance, or transfer shall be retained by such Grange for use in accordance with the
5 general purposes of the Order.” (UMF 18)

6 The Grange has several constitutional provisions and by-laws explicitly dealing with the
7 disposition and management of Grange property in a State upon revocation of that State’s Charter.
8 Section 1.10.1 of the Digest of Laws provides that when a State Grange “has its Charter revoked,
9 the real and personal property of said Grange shall be retained by the Order for use in accordance
10 with the general purposes of the Order.” (UMF 19) Likewise, Section 1.11.4 of the Digest of Laws
11 provides that when a State Grange “is dissolved or ceases to function for any reason,” including
12 revocation of its Charter, “the net assets of that Grange shall be retained by the Order for use in
13 accordance with the general purposes of the Order.” (UMF 20)

14 The Digest of Laws also sets forth the procedure by which property is to be transferred
15 from a State Grange following revocation of its Charter. Section 4.5.9 of the Digest of Laws
16 provides that after revocation of a Charter, “[a]ll remaining assets owned by such State Grange
17 shall be placed in trust as provided for” in the Digest of Laws. (UMF 21) Section 4.12.2, in turn,
18 provides:

19 “Whenever a State Grange surrenders its Charter or otherwise becomes Inactive,
20 the net assets of that Grange shall be retained by the Order for use in accordance
21 with the general purposes of the Order, subject to the following terms and
22 conditions:

23 “(A) *All right, title and interest as to all real and personal property owned by a*
24 *State Grange which surrenders its Charter or otherwise becomes Inactive shall*
25 *become the Property of the National Grange.* [emphasis added] The National

26 ⁵ Chapter 4 of the Digest of Laws sets forth various requirements governing the sale, encumbrance or transfer of the
27 real property of Community Granges. (Appendix of Exhibits, Exhibit S, Digest §§ 4.11.1-4.12.1) The Constitution of
28 the California State Grange similarly requires that, before selling, encumbering, or transferring their property,
Community Granges must “advise the State Grange and conform to the laws for such sale, encumbrances or transfers
as specified in the Constitution and By-Laws of the National Grange.” (Appendix of Exhibits, Exhibit C, CSG Const.
Art. VI)

1 Grange shall hold such property in trust for the benefit of the Inactive State Grange
2 until said State Grange is reorganized pursuant to Grange Law....

3 “(B) *If the Inactive State Grange is reorganized* within a period of seven years or
4 such additional period of time as the Master of the National Grange may determine,
5 then *all trust property shall revert to the reorganized Grange*, and the trust shall
6 terminate.” [emphasis added]

(EL; Digest § 4.12.2)

7 **3. Unprecedented Difficulty With the Unchartered California State Grange**

8 Between 1873 and 2012, the California State Grange participated as a subordinate and
9 constituent part of The Grange, among other ways, by the following:

- 10 • regularly sending representatives to participate in annual meetings of the National
11 Grange, through which the California State Grange participated in the adoption of
12 all amendments to the National Grange’s Digest of Laws that have occurred since
13 the California State Grange was founded;
- 14 • regularly submitting annual and quarterly reports to the National Grange, as
15 required by the National Grange’s Digest of Laws and the California State
16 Grange’s By-Laws;
- 17 • making annual payments to the National Grange, as required by the National
18 Grange’s Digest of Laws; taking part in programs sponsored by the National
19 Grange, such as the Youth Fair; and
- 20 • enjoying representation in lobbying activities conducted by the National Grange in
21 Washington, DC. (UMF 23)

22 In early August 2012, Defendant McFarland was deemed by the National Grange to have
23 violated certain rules of the Order, leading to his suspension from office pursuant to Section 4.10.4
24 and 4.10.7 of the Digest of Laws and Section 14.13 of the California State Grange By-Laws. (UMF
25 24) Following McFarland’s refusal to comply with the suspension, and the refusal of McFarland
26 loyalists on the Executive Committee of the Unchartered California State Grange to enforce that
27 suspension, the Master of the National Grange was compelled to suspend the Charter of the
28 California State Grange pursuant to Section 4.5.7 of the Digest of Laws on September 17, 2012.
(UMF 25) The Charter suspension was not appealed (UMF 26) Following the suspension of its
Charter, the California State Grange was unable to operate as a Grange. (UMF 27)

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On or about April 5, 2013, the Master of the National Grange revoked the Charter of the California State Grange pursuant to Section 4.5.11 of the Digest of Laws, which provides that “[t]he remedy of revocation of a [State Grange] Charter is intended to be used when, in the judgment of the [National Master], the deficiencies in the criteria are incapable of being remedied or may not be remedied within a reasonable time.” (UMF 28) Upon revocation of its Charter, pursuant to Digest of Laws Section 4.12.2, all property of the Unchartered California State Grange became property of the National Grange to hold in trust until such time as the California State Grange could be reorganized and its Charter was restored. (UMF 29) Despite being reminded by Luttrell of its available internal appeal remedy, Defendants declined to appeal the Charter revocation. (UMF 30) At this point, the Unchartered California State Grange became unable to operate as a Grange. (UMF 15)

In October 2013, under the leadership of Defendants, a purported annual meeting of the Unchartered California State Grange was convened, at which the By-Laws of the Unchartered California State Grange were purported to be amended to remove all provisions relating to the subordination of the California State Grange to the National Grange. (UMF 31) Significantly, the Unchartered California State Grange never amended the Constitution of the California State Constitution, which prevails over the Bylaws and continues to recognize the primacy of the Constitution and Bylaws of the National Grange. (UMF 32)

On November 8, 2013, Defendants sent a signed “Position Statement” to the Executive Committee of the National Grange informing it that, “by unanimous vote of the delegates at” the unauthorized October 2013 annual meeting, “the California State Grange amended our By-Laws to acknowledge that we are no longer affiliated with the National Grange.” (UMF 33) Nevertheless, Defendants continue to retain adverse control of the California State Grange’s property and to purport to operate the California State Grange. (UMF 34)

4. The Reorganization Of The California State Grange

Numerous Community Granges in California were not in agreement with the Unchartered California State Grange’s unilateral acts of defiance and wished to remain a part of the Order. (UMF 35) Pursuant to his duty under Section 4.3.8 of the Digest of Laws “to make every effort to

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1 organize six active Subordinate Granges in every state so that a State Grange may be chartered,”
2 the National Master accepted the application of these Subordinate Granges to reorganize the
3 California State Grange. (UMF 36) In February 2014, the Articles of Incorporation for a California
4 nonprofit corporation called “The Grange of the State of California’s Order of Patrons of
5 Husbandry, Chartered” was filed by the Chartered California State Grange to hold and administer
6 its property. (UMF 40)

7 On July 7, 2014, the Charter of the California State Grange was signed by the National
8 Grange pursuant to the provisions of the Digest of Laws. (UMF 37) On July 12, 2014, Ed Kowski
9 was duly elected Master of the Chartered California State Grange, and was installed in his office
10 by the National Master. (UMF 38) Master Kowski and the other officers installed on July 12,
11 2014, are members in good standing of the Grange, and are the individuals recognized by the
12 National Grange as the proper and authorized officers of the Chartered California State Grange.
13 (UMF 39)

14 LEGAL ARGUMENTS

15 I. THE UNDISPUTED FACTS ESTABLISH THAT THE UNCHARTERED 16 CALIFORNIA STATE GRANGE VOLUNTARILY ACKNOWLEDGED 17 DISAFFILIATING FROM THE ORDER IN NOVEMBER 2013 AFTER 18 WAIVING THE RIGHT TO APPEAL REVOCATION OF ITS CHARTER.

19 A. The Rules of the Order Establish the Primacy of the National Grange in 20 Determining the Proper Application of Those Rules.

21 The California Supreme Court holds that “the rights and duties of the members as between
22 themselves and in their relation to [a private voluntary] association, in all matters affecting its
23 internal government and the management of its affairs, are measured by the terms of [its]
24 constitution and by-laws.” [Citation.]” (*California Dental Assn. v. American Dental Assn.* (1979)
25 23 Cal.3d 346, 353.) Generally, courts under California law will decline to become involved in
26 interpreting such internal rules so as to preserve the association’s autonomy, but will only exercise
27 jurisdiction over internal disputes where a party “plainly contravenes” those rules. (*Id.* at p. 350.)

28 The Constitution and Bylaws of the Order, including those of the Unchartered California
State Grange until at least October 2013, all established the primacy of the National Grange.

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Defendants disregarded the ruling revoking its Charter, and then ignored appeal rights provided under those Bylaws and available to it. Defendants decided to leave the Order voluntarily, while retaining Grange property. Defendants plainly contravened the internal rules of the Order by which they had agreed to be bound.

Specifically, the National Grange is “the controlling and supreme law making division of the Order from which body all other Granges of the divisions of the Order shall derive their rights and powers.” (UMF 6) Each State Grange, including the California State Grange, adopted and from time to time amended its own Constitution and By-Laws, which are binding upon all constituent units and individual members of that State’s Grange. (UMF 10) These rules supplement and may not conflict with the Digest of Laws. (UMF 11) Indeed, the Constitution of the Unchartered California State Grange, which has not been amended, continues to this day to provide that the State Grange may make its own rules only “so long as they do not conflict with the laws of the National Grange.” (UMF 32)

B. Defendants Deliberately Declined to Appeal the Revocation of the Charter of the California State Grange.

Robert McFarland, who was then the Master of the California State Grange, was suspended in early August 2012 by Edward Luttrell, Master of the National Grange. McFarland was charged with several violations of the Bylaws of the Order. (UMF 24) McFarland, however, did not accept the suspension by stepping down temporarily, pending the outcome of the prescribed internal review procedure. Instead, McFarland openly defied the National Grange by remaining in office and continuing to act as Master of the California State Grange. McFarland was also able to convince Defendant members of the Executive Committee of the California State Grange that the suspension should be disregarded. This open refusal to follow the Bylaws led to the suspension of the Charter of the California State Grange in September 2012. (UMF 25) Indeed, because of Defendants’ persistence in refusing to follow the Bylaws, the Charter of the California State Grange was revoked in April 2013. (UMF 28) Because of dispositive subsequent developments and deliberate acts by the Unchartered California State Grange, this Court need not involve itself in whether the suspension of McFarland or the Charter was proper under the rules of

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1 the Order.

2 Ed Luttrell and the National Grange sent to Defendants on April 5, 2013, a letter spelling
3 out the basis of the revocation of the California State Grange Charter. (UMF 28) Luttrell cited as
4 authority for revocation section 4.5.7 of the National Grange Bylaws, which provided in pertinent
5 part: "Whenever . . . the State Grange is working in violation of the law and usages of the Order . .
6 ., it shall be the duty of the Master of the National Grange to suspend or revoke the Charter of the
7 State Grange . . . , if it is the determination of the Master of the National Grange that the good of
8 the Order requires such action." (UMF 28) The Master of the National Grange may move under
9 4.5.11 of the Bylaws from suspension to revocation of a Charter if he determines that the
10 "deficiencies in the criteria are incapable of being remedied or may not be remedied within a
11 reasonable time." (UMF 28) Revocation was reasonable here because in the seven months
12 between suspension of the California State Grange Charter in September 2012 and its revocation
13 in April 2013, the Unchartered California State Grange had moved further away from any
14 possibility of adhering to the rules of the Order. The serious problems could not be remedied
15 within a reasonable time. It is crucial to note that upon revocation its Charter by the National
16 Grange, the Unchartered California State Grange was no longer authorized to act as a valid Grange
17 entity within the Order. Upon revocation of its Charter, pursuant to Digest of Laws Section 4.12.2,
18 all property of the Unchartered California State Grange became property of the National Grange to
19 hold in trust until such time as the California State Grange could be reorganized and its Charter
20 was restored. (UMF 29)

21 Meanwhile, Defendants maintained the prior suspension of McFarland was not proper
22 based upon their interpretation of the Bylaws of the Order, and thus that the ensuing suspension of
23 the Charter of the California State Grange was improper. Likewise, Defendants contended that the
24 ensuing revocation of the California State Grange Charter in April 2013, based upon Defendants'
25 same refusal to abide by the Bylaws of the Order, was improper. Consequently, Defendants
26 disregarded the revocation of its Charter and maintained control of Grange property.

27 Defendants had a potential remedy for the suspension and revocation of the California
28 State Grange Charter. Specifically, paragraph 4.5.8 expressly provides: "Appeal – State Granges

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1 whose Charters are suspended or revoked may appeal such action pursuant to the Code of Judicial
2 Law as adopted by the National Grange.” Indeed, the National Grange specifically reminded the
3 Unchartered California State Grange, by Luttrell’s letter of May 6, 2013, that under sections
4 12.1.4-12.1.5, the Bylaws of the Order expressly provided a State Grange 45 days to appeal the
5 revocation of its Charter. (UMF 30) Defendants, however, admit that they never attempted to
6 appeal the suspension or revocation of the California State Grange Charter pursuant to the Code of
7 Judicial Law. (UMF 30)⁶ The California Supreme Court, in the context of a private hospital’s
8 internal procedures to adjudicate physician admission privileges, held in *Westlake Community*
9 *Hosp. v. Superior Court* (1976) 17 Cal.3d 465, 476, that “by insisting upon exhaustion even in
10 these circumstances, courts accord recognition to the ‘expertise’ of the organization’s quasi-
11 judicial tribunal, permitting it to adjudicate the merits of the plaintiff’s claim in the first instance.”

12 Instead of appealing the revocation of its Charter, the Defendants sent to the executive
13 committee of the National Grange what they entitled a “Position Statement” dated November 8,
14 2013, announcing what they called a change in the structure of the Unchartered California State
15 Grange. Specifically, the document stated in pertinent part: “To preserve our corporate structure
16 and protect and serve our members, by unanimous vote of the delegates at our 141st annual
17 meeting, the California State Grange amended our By-Laws to acknowledge that we are no longer
18 affiliated with the National Grange.” (UMF 33) Such an action would necessarily sever the
19 Unchartered California State Grange from the Order in its entirety, since the National Grange is by
20 definition the highest division of the Order.

21 Because they failed to challenge the revocation of the California State Grange’s Charter,
22 Defendants may no longer legitimately assert ownership or control over Grange property.
23 Moreover, by voluntarily disaffiliating from the National Grange, the Unchartered California State
24 Grange has surrendered its right to own and control property dedicated to the general purposes of
25 the Order. Much, if not all, of the Grange property controlled by the Unchartered California State
26

27
28 ⁶ The cited depositions of Luvaas and McFarland were conducted in late January 2015 and early February 2015,
respectively. Although the time for those individual Defendants potentially to make changes to the transcript prior to
certification has not yet expired, it will have done so by the hearing date.
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1 Grange was donated to it precisely because the entity was a part of the Order.

2 It is worth noting that while Defendants upon disaffiliation amended the bylaws of the
3 Unchartered California State Grange to remove reference to the National Grange, they never
4 amended the Constitution governing the Unchartered California State Grange or the Articles of
5 Incorporation for that entity. (UMF 32) The Constitution continues to provide that the Unchartered
6 California State Grange may make its own rules only "so long as they do not conflict with the
7 laws of the National Grange." Thus, it is clear that the longstanding relationships established with
8 the National Grange cannot simply be ignored.

9 Based upon all the foregoing, this Court should grant summary adjudication regarding the
10 National Grange's First Cause of Action and declare that because they declined to appeal the
11 revocation of The California State Grange's Charter and sent the disaffiliation notice to the
12 National Grange, the Unchartered California State Grange is not an active part of the Order.

13 **II. THE UNDISPUTED FACTS ESTABLISH THAT UNDER THE BYLAWS**
14 **OF THE ORDER, THE NATIONAL GRANGE HAS THE EXCLUSIVE**
15 **AUTHORITY TO CHARTER STATE GRANGES.**

16 The California Corporations Code broadly permits nonprofit corporations in the state to
17 delegate their authority through contract to other entities. Specifically, Section 7140, subdivision
18 (j), of the Corporations Code provides:

19 Subject to any limitations contained in the articles or bylaws and to compliance
20 with other provisions of this division and any other applicable laws, a corporation,
21 in carrying out its activities, shall have all of the powers of a natural person,
22 including, without limitation, the power to: . . . Participate with others in any
23 partnership, joint venture, or other association, transaction or arrangement of any
24 kind whether or not such participation involves sharing or delegation of control
25 with or to others.

26 Here, the rules of both the California State Grange and the National Grange specify the controlling
27 role of the Digest of the National Grange in establishing the relationship between subordinate
28 affiliate and parent within the Order.

29 The Constitution and bylaws of the California State Grange in 2012 and 2013 expressly
30 delegated a significant amount of control to the National Grange to maintain and enforce the rules

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1 of the Order of the Grange, to which the California State Grange had belonged for 138 years. By
2 accepting the primacy of the National Grange, the California State Grange granted the National
3 Grange the right and obligation to revoke charters where appropriate, and to reorganize and
4 recharter thereafter. The Digest of the Order discusses precisely the situation that occurred in the
5 instant case following revocation of the California State Grange Charter in April 2013.
6 Specifically, section 4.3.8 of the Bylaws of the National Grange provides in support of
7 reorganization: "It shall be the duty of the Master of the National Grange with the advice and
8 consent of the Executive Committee of the National Grange, to make every effort to organize six
9 active Subordinate Granges in every state so that a State Grange may be chartered." Following
10 the revocation of the California State Grange Charter in April 2013, it was inactive but a number
11 of local Granges continued to pay dues to the National Grange and indicated their interest in
12 remaining active within the Order. (UMF 35) Once the Unchartered California State Grange in
13 November 2013 confirmed in writing its intent to disaffiliate from the National Grange, the
14 National Grange began working diligently with more than six Subordinate Granges to reorganize
15 and recharter the California State Grange. (UMF 36) In February 2014, Articles of Incorporation
16 were filed in California for a reorganized and chartered California State Grange. (UMF 40) On
17 July 7, 2014, Luttrell granted the Subordinate Granges' application to reorganize the California
18 State Grange and signed the Charter. (UMF 37) On July 12, 2014, Ed Kowski as Master and the
19 elected officers of the Chartered California State Grange, all members in good standing, were
20 installed in office. (UMF 38-39)

21 There are no material facts in dispute about the reorganization and rechartering of the
22 California State Grange by the National Grange. Thus, the Court should grant summary
23 adjudication regarding the National Grange's Second Cause of Action and declare that the
24 Chartered California State Grange is the only State Grange in California entitled to control
25 property for the general purposes of the Order.

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1 **III. THE CHARTERED CALIFORNIA STATE GRANGE IS THE SOLE**
2 **ENTITY THAT CAN CONTROL THE GRANGE PROPERTY IN**
3 **CALIFORNIA.**

4 The Unchartered California State Grange continues to control Grange property acquired
5 before April 2013. Because the National Grange had the authority to reorganize and recharter the
6 California State Grange, and the Chartered California State Grange is the sole State Grange
7 authorized to control Grange property in California, the Unchartered California State Grange must
8 relinquish the Grange property it controls to the Chartered California State Grange.

9 The Bylaws of the Order envision a two-step process that may now be foreshortened by the
10 reorganization and rechartering of the California State Grange, which has already been
11 accomplished. Under § 4.12.2(A) of the Bylaws of the Order, upon revocation of the Charter of a
12 State Grange, “the National Grange shall hold such property in trust for the benefit of the Inactive
13 State Grange until said State Grange is reorganized pursuant to Grange Law.” Of course, the
14 Unchartered California State Grange following revocation of the Charter in April 2013 refused to
15 relinquish any Grange property to the National Grange. Therefore, the National Grange never held
16 such property in trust pending reorganization and rechartering of the California State Grange.

17 Although the National Grange never held in trust property from the Unchartered California
18 State Grange, the obligations remain the same under § 4.12.2(B) of the Bylaws of the Order. That
19 section provides that upon reorganization of the State Grange, “all trust property shall revert to the
20 reorganized Grange, and the trust shall terminate.” The Unchartered California State Grange,
21 however, continues to control such Grange property in California, even after reorganization and
22 rechartering. Now that there is a Chartered California State Grange operating, the Unchartered
23 California State Grange must relinquish the Grange property it controls to the Chartered California
24 State Grange.

25 Significantly, in *Episcopal Church Cases*, (2009) 45 Cal.4th 467, 474-475, where a
26 hierarchical general nation-wide religious organization was governed throughout by an accepted
27 constitution and canons binding on the constituent parishes, the California Supreme Court
28 carefully examined the numerous provisions restricting the use of church property by individual
parishes. The rules of the general church strongly supported the conclusion that, “once defendants

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1 left the general church, the property reverted to the general church.” (*Id.* at p. 487.) *Episcopal*
2 *Church Cases* further explains why it is fair and appropriate that the property under the
3 constitutional agreements between the national organization and affiliates must remain with the
4 national organization, rather than go with the seceding parish:

5 Defendants state that, over the years, St. James Parish “purchased additional
6 parcels of property in its own name, with funds donated exclusively by its
7 members.” They contend that it would be unjust and contrary to the intent of the
8 members who, they argue, “acquired, built, improved, maintained, repaired, cared
9 for and used the real and personal property at issue for over fifty years,” to cause
10 the local parish to “los[e] its property simply because it has changed its spiritual
11 affiliation.” But the matter is not so clear. We may assume that St. James Parish’s
12 members did what defendants say they did for all this time. But they did it for a
13 local church that was a constituent member of a greater church and that promised to
14 remain so. Did they act over the years intending to contribute to a church that was
15 part of the Episcopal Church or to contribute to St. James Parish even if it later
16 joined a different church? It is impossible to say for sure. Probably different
17 contributors over the years would have had different answers if they had thought
18 about it and were asked. The only intent a secular court can effectively discern is
19 that expressed in legally cognizable documents. In this case, those documents show
20 that the local church agreed and intended to be part of a larger entity and to be
21 bound by the rules and governing documents of that greater entity.

22 (*Id.* at pp. 492-493; see also *Huber v. Jackson* (2009) 175 Cal.App.4th 663, 683.)

23 As in the *Episcopal Church Cases*, it is manifest that all the relevant Bylaws of the Order,
24 both at the level of the National Grange and the California State Grange, specify that Grange
25 property must be used for the charitable purposes of the Order. The rules of the National Grange
26 governing the Order establish that when a State Grange “has its Charter revoked, the real and
27 personal property of said Grange shall be retained by the Order for use in accordance with the
28 general purposes of the Order.” (EL; Digest § 1.10.1) Thus, no document or any other evidence
suggests that the Unchartered California State Grange could actually disaffiliate from the Order but
still maintain ownership and control of Grange property.

The principles set forth above have also been applied historically in California to secular
benevolent associations such as fraternal lodges (*Most Worshipful Sons of Light Grand Lodge, etc.*
v. Sons of Light Lodge No. 9 (1953) 118 Cal.App.2d 78, 85), the Jaycees (*United States Jaycees v.*
San Francisco Junior Chamber of Commerce (N.D. Cal. 1972) 354 F.Supp. 61, 71), and even

1 labor unions, where the court held that the international and local union constitutions “formed one
2 integral whole.” (*Brown v. Hook* (1947) 79 Cal.App.2d 781, 787.) In *Brown*, the funds controlled
3 by the local union had to be given up following a disaffiliation vote by the local. (*Id.* at p. 784.)

4 Other states have reviewed disaffiliating Granges, even ones incorporated under state law,
5 and held that the control of property through the Digest of the National Grange prevails. Where a
6 disaffiliating local Grange attempted to dispose of Grange property, a Washington appellate court
7 rejected the attempt, explaining that the local Grange’s “incorporation did not confer powers upon
8 it beyond those conferred by the Digest. Perforce, it could not amend its bylaws to change its
9 contractual obligations with the National and State Granges.” (*Nat’l Grange of Order of Patrons of*
10 *Husbandry v. O’Sullivan Grange* (Wash. App. 1983) 667 P.2d 1105, 1110.)

11 Indeed, it is well established that members such as Defendants who vote for disaffiliation
12 from the national organization cannot claim complete autonomy for their corporation. Rather, the
13 context of the rules of the various levels of the organization must be considered together. It is a
14 “fundamental mistake” to focus on the disaffiliating corporation in the abstract. Where a local
15 parish church seeks disaffiliation while retaining property in its name, the court may not “rely
16 solely on California corporation’s law in a vacuum, without reference to the articles of
17 incorporation and bylaws of the Parish corporation, as well as the constitution and canons of the
18 Episcopal Church and San Diego Diocese” (*Huber v. Jackson, supra*, 175 Cal.App.4th at p.
19 680; *New v. Kroeger* (2008) 167 Cal.App.4th 800, 820.)

20 This Court should grant summary adjudication regarding the National Grange’s Third
21 Cause of Action and declare that the Unchartered California State Grange has the obligation to
22 transfer to the Chartered California State Grange all Grange property in its possession or control.

23 CONCLUSION

24 For all the foregoing reasons, the Court should grant summary adjudication regarding each
25 of the National Grange’s three causes of action in the Second Amended Complaint. While this
26 Court has in the past sought to maintain the status quo until certain disputed issues could be
27 decided, Defendants have eliminated the materiality of many of the disputed factual issues.
28 Defendants have acknowledged their voluntarily disaffiliation from the Order, but have retained

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1 Grange property devoted to the purposes of the Order. The Court need not delve into the minutiae
2 of Grange rules and procedures to ascertain that Defendants have plainly contravened the rules of
3 the Order to which they had agreed.

4
5 Dated: February 13, 2015

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6
7 By 

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and EDWARD LUTTRELL

National Grange, et al. v. The California State Grange, et al.
Sacramento County Superior Court Case No.: 34-2012-00130439

PROOF OF SERVICE

At the time of service, I was over 18 years of age and not a party to this action. My business address is 350 University Avenue, Suite 200, Sacramento, California 95825.

On the date below, I caused to have served the following document:

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF THE NATIONAL GRANGE OF THE ORDER OF PATRONS OF HUSBANDRY AND EDWARD LUTTRELL'S MOTION FOR SUMMARY JUDGMENT OR, IN THE ALTERNATIVE, SUMMARY ADJUDICATION IN FAVOR OF THE SECOND AMENDED COMPLAINT

X	BY MAIL: I placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this business' practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.
X	BY PERSONAL SERVICE: I caused such document to be personally delivered to the person(s) addressed below. (1) For a party represented by an attorney, delivery was made to the attorney or at the attorney's office by leaving the documents, in an envelope or package clearly labeled to identify the attorney being served, with a receptionist or an individual in charge of the office, between the hours of nine in the morning and five in the evening. (2) For a party, delivery was made to the party or by leaving the documents at the party's residence with some person not younger than 18 years of age between the hours of eight in the morning and six in the evening.
	BY OVERNIGHT DELIVERY: I enclosed the documents in an envelope or package provided by an overnight delivery carrier and addressed to the person(s) listed below. I placed the envelope or package for collection and overnight delivery at my office or a regularly utilized drop box of the overnight delivery carrier.
	BY FAX TRANSMISSION: Based on an agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of the fax transmission, which I printed out, is attached
X	BY ELECTRONIC SERVICE: Based on a court order or an agreement of the parties to accept service by electronic transmission, I caused the documents to be sent to the persons at the electronic notification address listed below.

Addressed as follows:

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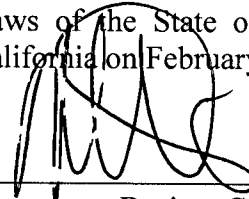
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Sacramento, California on February 13, 2015.



Desiree Ganzon