

# The Grand Lodge Investment Fund

By RWB Raymond E. Wilmarth

Every day in week some Brother visiting Manila passes by the Grand Lodge to greet the Grand Master, his Deputy, or the Grand Secretary. Many Masonic matters are discussed, but over the past few years it was my personal observation that the inquiry most frequently made was, "What happened to the Home, School, and Dormitory Fund?"

At first I did not consider the matter too seriously, but as more and more Brethren asked me to look into the matter for them, I decided it would be worthwhile to make a little personal investigation.

As our *Constitution of the Grand Lodge* is the basic authority by which we act, I turned to it and found the following on page 215:

## MASONIC HOME, SCHOOL AND DORMITORY FUND, PLEDGE

Every Lodge of this Jurisdiction shall obligate itself, as by this resolution it does obligate itself, to raise the sum of Ten Pesos (P10.00) for each member thereof, which sum shall be remitted to the Grand Secretary before Saint John the Baptist's Day, the 24th day of June, 1924, and be placed by him to the credit of the Masonic Home, School and Dormitory Fund (Proc. 1923, p. 111).

## MASONIC HOME, SCHOOL AND DORMITORY FUND, DEGREE FEE

The Grand Lodge shall require the subordinate Lodges to pay to the Grand Lodge the sum of Five

Pesos (P5.00) for each degree conferred, this sum to be collected in addition to the regular initiation fees from the candidate at the time of receiving his degree, the Lodge at the same time informing him that the money is to go to the Masonic Home, School and Dormitory Fund. (Proc. 1923, p. 112).

Subordinate Lodges shall be required to remit to the Grand Secretary the sum of P15.00 immediately after a brother is raised to Master Mason, thus avoiding the possibility of the amount being used by the Lodge for other purposes. (Proc. 1935, p. 62).

I also found on page 129 the following:

## ADMINISTRATION OF PLARIDEL MASONIC TEMPLE AND MASONIC BOYS DORMITORY

The administration and operation of the Plaridel Masonic Temple and the Masonic Boys Dormitory shall be placed under the direct control and supervision of the Board of Directors of the Grand Lodge; the Board of Directors shall be empowered to appoint the necessary personnel, pay their compensations or allowances, and such other expenses as may be necessary from time to time, and also to draft the rules and regulations for the proper administration of the affairs of those two entities of our our Grand Lodge; and unless otherwise provided, every incom-

Turn to next page

ing Grand Master shall include in his annual report to the Grand Lodge a resumé of the activities, operations and general conditions during the year ended of the Plaridel Masonic Temple and the Masonic Boys Dormitory. (Proc. 1940. pp. 37, 77)

The above references stimulated my interest and to further satisfy my curiosity I went back into the Proceedings for the Year 1923 and discovered exactly how the Home, School, and Dormitory Fund was established and the purpose for which it was intended. As I followed its development through the years, I noted that it had not been properly up-dated and as a result at times it had been the source of controversy. This should never have been the case as the Fund was clearly set up as a fund for building — not just at one-time or date — but a continuous building, maintaining, and administering operation. Hence it envisioned continuous collection and disbursement. This means proper handling for maximum benefits. All this adds up to good investment and administration.

On the whole, it appeared to be a well conceived idea that set up a necessary Grand Lodge Fund. With the passing of time, however, the requirements at the time it was originally conceived changed and the title which it was originally given no longer adequately identified the Fund with the purpose which it would have to serve, if the ultimate aim of its originators were to be carried out.

The results of my findings were discussed with MW Charles Mosebrook, Grand Master, and MW Cenon S. Cervantes, PGM, President of the Grand Lodge Board for General Purposes. After further deliberations, MW Cenon S. Cervantes appointed MW Emilio P. Virata, PGM,

Chairman of a Special Committee to investigate and report on the Home, School, and Dormitory Fund. Brother Cervantes appointed MW Macario M. Ofilada, PGM, RW Serafin L. Teves, DGM Mariano Q. Tinio, JGW, and WB Manuel M. Crudo, PM, members with the latter to also act as Secretary for the Special Committee.

MW Emilio P. Virata, Chairman of the Sub-Committee on Home, School and Dormitory Fund was called upon to briefly report the progress of his committee at the Board for General Purposes meeting on November 12, 1964. It was as follows:

"Although the Fund was intended primarily for the Home for the Aged Masons, and for the School and the Dormitory of the children of the members of our Venerable Fraternity, nevertheless, it has not been used exclusively for the purpose. There were attempts to make this Fund a Trust Fund, but the resolutions to that effect were not even acted upon, for the members of the Grand Lodge Annual Communications to which they have been submitted for consideration and approval decided to table the resolutions and thereafter, said resolutions died a natural death. As a matter of fact, neither a Trust Committee has ever been created nor a Trustee, appointed to administer the Fund. From such Fund, the MW Grand Lodge of F. & A. M. of the Philippines granted loans to Cabanatuan Lodge No. 53 and Baguio Lodge No. 67 from said Fund; and even the money used in the acquisition of the Masonic Cemetery and a portion of the lot of the MW Grand Lodge which faces General Luna Street came from said Fund. This Fund is not a trust fund but a *Special Fund*. To call the Home, School

December 17, 1964

and Dormitory Fund a Trust Fund is a misnomer.

"Your Committee, therefore, recommends that the M. W. Grand Lodge of F. & A. M., as a corporation and through its Board of Directors may devote said Fund for whatever good of the M. W. Grand Lodge as a corporation and the welfare of the members of the Masonic Fraternity."

The Report was unanimously approved by the Board as read and the Secretary instructed to work with the Special Committee Chairman in the preparation of a detailed report to the MW Grand Master which would constitute the official report of the Board for General Purposes on this matter. This Special Committee made a most thorough and exceptionally comprehensive report on December 14, 1964, to MW Charles Mosebrook, Grand Master, which has been the basis of all the recommendations and resolutions presented by the Grand Lodge Board for General Purposes to the MW Grand Master and the Fortyninth Annual Communications of the Grand Lodge of F. & A. M. in the Philippines.

Because of the excellence of the report of this Special Committee, I would like to present that report now, just as the Special Committee of the Board for General Purposes submitted it, so that every Mason in this jurisdiction will know, once and for all, precisely how the Home, School, and Dormitory Fund started, what has happened to it during the past years, and what it will be from now on.

GRAND LODGE OF F. & A. M.  
OF THE PHILIPPINES COMMITTEE ON HOME, SCHOOL  
AND DORMITORY FUND  
PLARIDEL MASONIC TEMPLE  
1440 San Marcelino, Manila  
Philippines

M. W. Charles S. Mosebrook  
Grand Master, Through  
M. W. Cenon S. Cervantes, President and Other Members, Board for General Purposes of the  
M. W. Grand Lodge of F. & A. M. of the Philippines  
Plaridel Masonic Temple  
1440 San Marcelino, Manila

Dear Brother Mosebrook and Most Worshipful Sir:

*REPORT OF THE HOME,  
SCHOOL AND DORMITORY  
FUND COMMITTEE*

The Home, School and Dormitory Fund Committee has been created by the M. W. Grand Master for the following purposes:

- a) To trace the history of the Home, School and Dormitory Fund;
- b) To determine the nature of this Fund;
- c) To ascertain whether the M. W. Grand Lodge of F. & A. M. of the Philippines, through its Board of Directors, may lawfully devote said fund to more urgent and important undertakings which would redound to to the benefit of the corporation and the welfare of its members; and
- d) To make recommendations to the Grand Master regarding the same.

To answer these questions, your committee had to resort to the proceedings of the Grand Lodge Annual Communications from the time said Fund was conceived and created, the records of the Grand Lodge as a corporate body regarding the use of said Fund, and the pertinent provisions of the Corporation Law, Act No. 1459, as amended as well as the jurisprudence on the matter.

Turn to next page

In his message to the 1923 Annual Grand Communication M. W. Quintin Paredes, Grand Master, commented on the MASONIC HOME, SCHOOL, AND DORMITORY, and hereunder we quote parts of his commentary, and his recommendation:

"Since some time past, the Grand Lodge has been endeavoring to raise funds for the establishment of a DORMITORY and of a SCHOOL and ORPHANAGE FOR THE CARE OF THE CHILDREN OF MASONS. The idea was to found schools in the towns where the children of Masonic families in the rural districts could get an education. At present we have, besides the public schools, only sectarian schools, a number of which are of an undesirable kind. It was also thought that a dormitory was necessary for the accommodation of the children of Masons studying at schools and universities, in order to place them in surroundings as nearly ideal as possible while in the city away from their parents. They would thus be, at least for a few hours daily, under the supervision of persons especially interested in their welfare. ....

"We have been accumulating funds for this purpose; but these have been increasing very gradually. It is desirable that at least one hundred thousand pesos be raised as soon as possible, in order to have the money ready when the Home Committee has occasion to use it for whatever may be deemed of the most urgent necessity. ....

"Arguments have been advanced in opposition to the establishment of a HOME FOR THE WIDOWS AND AGED at this time. These arguments are worthy of consideration, because in view of the idiosyncrasy of our people it would be very diffi-

cult to make the inmates of such an institution feel at home in a place where they are thrown in with other persons in the same situation as they, and are living away from their friends and relatives. It would be more economical and at the same time more satisfactory to the beneficiaries if they were put in some private instead of being placed in central institutions founded especially to take care of them.".....

"I recommend to the Grand Lodge the adoption of a resolution to the effect that each Lodge of this jurisdiction bind itself to collect in the next eighteen months a sum equivalent to ten pesos per member AND TURN OVER SUCH SUM, OR PART THEREOF AS SOON AS RAISED, TO THE HOME COMMITTEE, FOR SUCH USE AS MAY BE DEEMED ADVISABLE." .....

"I propose that the following resolution be adopted:"

"WHEREAS the Grand Lodge desires to raise a P100,000 Fund to be known as the Widows' and Orphans' Home, Dormitory, and School Fund: Now, therefore, be it."

"Resolved, That each Lodge under the jurisdiction of this Grand Lodge pledge itself to raise a sum equivalent to ten pesos per capita of its membership and turn such sum over to the Grand Secretary before Saint John's Day, June 24, 1924."

In the same proceedings of the 1923 Annual Grand Communication we find the following:

#### "MASONIC HOME-SCHOOL-DORMITORY REPORT OF THE SPECIAL COMMITTEE

"Brother Charles S. Banks read the report of the committee on the project for raising a fund for the Masonic Home-School-Dormitory, as follows:

Manila, P.I., January 25, 1923  
The Most Worshipful Grand Lodge  
of the Philippine Islands:

The committee to which that portion of the address of the most Worshipful Grand Master concerning the Masonic Home, Dormitories and Schools was referred, fraternally recommends the adoption of the proposed resolution, namely:

Whereas, the Grand Lodge is desirous of raising the sum of P100,000.00 to be known as the MASONIC HOME, SCHOOL AND DORMITORY FUND:

Therefore, be it resolved, That every Lodge of this jurisdiction obligate itself, as by this resolution it does obligate itself, to raise the sum of Ten Pesos (P10) for each member thereof, which sum shall be remitted to the Grand Secretary before Saint John the Baptist's day, the 24th of June, 1924, and be placed by him to the credit of the MASONIC HOME, SCHOOL AND DORMITORY FUND.

"The Committee further recommends that the following resolution be adopted:

Resolved, That the Grand Lodge require the subordinate Lodges to pay to the Grand Lodge the sum of Five Pesos (P5.00) for each degree conferred, this sum to be collected in addition to the regular initiation fees from the candidate at the time of receiving his degrees, the Lodge at the same time informing him that the money is to go to the "MASONIC HOME, SCHOOL AND DORMITORY FUND."

Fraternally submitted,  
E. E. Elser,  
H. Eugene Stafford,  
Charles S. Banks."

Motion was made "To lay the matter on the table". Motion was seconded.

Substitute motion was proposed by Brother Manuel X. Burgos, Jr., "That the report of the Committee be adopted". Motion was seconded by Brother Charles S. Banks, and carried."

M. W. Frederic Harper Stevens who succeeded M. W. Quintin Paredes, P.G.M., to the Grand Master's chair appointed the first Masonic Home Board composed of:

Edwin E. Elser (3)  
Rafael Palma (16)  
Manuel L. Quezon (16)  
Miguel Unson (22)  
Conrado Benitez (4)  
Victor C. Hall (9)  
Francisco A. Delgado (4)

In the 1924 proceedings of the Annual Grand Communication we find the following comments of M. W. Frederic Harper Steven, Grand Master, regarding:

#### "ASILO, COLEGIO Y DORMITORYO MASONICOS

"Vuestro Gran Maestro ha procurado hacer que todas las Logias de esta obediencia paguen las cotizaciones autorizadas por la Gran Logia en su ultima Reunion anual." . . . . .

"El establecimiento de un dormitorio masoic es de importancia transcendental para los Masones de estas Islas. La creacion de UN FONDO PARA CUIDAR DE NUESTRAS VIUDAS Y HUERFANOS es un objeto muy digno y debemos velar por que este plan se lleve a cabo." . . . . .

From the said proceedings (page (page 101) we find a resolution presented by Bagumbayan Lodge No. 4 which is hereunder quoted:

Turn to next page

## RESOLUCION, INVERSION DEL FONDO DEL ASILO

"La Logia Bagumbayan No. 4 presento la siguiente resolucion:"

"Por cuanto los Masones de Filipinas estan haciendo esfuerzos inauditos para reunir los fondos necesarios para el establecimiento de un Asilo, Colegio y Dormitorio Masonicos;"

"Por cuanto es necesario, a fin de que dicha empresa se vea coronada de exito, y que los fondos reunidos con este objeto se inviertan solamente en valores o prestamos lucrativos y de seguridad absoluta, impidiendo en esta forma el que dichos fondos sufran perdidas por inversiones imprudentes o poco provechosas, y"

"Por cuanto los fondos referidos no deben bajo ninguna consideracion gastarse inultamente o para objetos que no esten estrictamente relacionados con el fin para el cual se estan reuniendo: Por tanto"

"Se resuelva por la Logia Bagumbayan No. 4, M. L. y A., Que se proponga a la Gran Logia la siguiente resolucion, para su adopcion en la Duodécima Reunion anual de dicho Cuerpo:

"Se resuelve, Que el Fondo del Asilo, Colegio y Dormitorio Masonicos se deba invertir exclusivamente en valores o prestamos absolutamente seguros y que devenguen interes, y"

"Se resuelve, asimismo, Que ninguna parte de dicho Fondo se empleara bajo ningun pretexto para cualquier objeto que no este estrictamente relacionado con el establecimiento, construccion, sostenimiento y explotacion de un Asilo para Masones invalidos y las Viudas y los Huerfanos de Masones, y un Dormitorio establecido en primer lugar para el uso de los hijos de Masones en provincias que asistan a las escuelas de Manila."

## (PLEASE NOTE THIS LIMITATION PROPOSED)

"Se aprobo uno mocion al efecto de "Que la Resolucion se traslade a la Junta del Asilo Masonico," presentada por el Harmano Charles S. Banks y secundada por el Hermano Quincy S. Lockart."

And on page 104 we find the following resolution:

## "RESOLUCION SOBRE ADQUISICION DEL TEMPLO PLARIDEL PARA DORMITORIO

"La Logia Nilad No. 12 presento la siguiente resolucion:"

"Por cuanto, Que la Plaridel Temple Association, ademas del edificio que se utiliza como templo, un edificio en la calle General Luna con una extension de terreno apropiado para otra edificacion; y"

"Por cuanto, Que la mencionada propiedad esta favorablemente situada con respecto a la Universidad de Filipinas, la Escuela Normal, el Trade School y otras escuelas y tambien con respecto al Hospital General;"

"Por tanto, se resuelve, Que la Madre Logia Nilad No. 12 de M. L. y A., recomiende a la Venerabilisima Gran Logia de Masones Libres y Aceptados de las Islas Filipinas la adquisicion, por compra o por arrendamiento, de una parte de dicha propiedad de la Plaridel Temple Association para el uso inmediato del Asilo, Escuela y Dormitorio Masonicos;"

"Y se resuelve, ademas, Que se presente una copia de esta Resolucion a la Gran Logia para su consideracion en la proxima Reunion Anual."

"Se aprobo la mocion del Hermano Francisco A. Delgado de "Que la Resolucion se traslade a la Junta del Asilo Masonico," habiendo sido secundada por el Hermano Joseph H. Schmidt."

"El Hermano Quincy S. Lockart propuso la adopcion del informe de la Junta y dicha mocion fue secundada por el Hermano Charles S. Banks y aprobada."

And on page 133 of the same proceedings we find the following:

**"COMPRA DEL TEMPLO PLARIDEL INFORME DE LA JUNTA DEL ASILO MASONICO**

"La Junta del Asilo presento luego el informe siguiente sobre la compra de la propiedad de la Asociacion del Templo Plaridel:"

"Muy Ilustre Gran Maestro y Hermanos de la Venerabilisima Gran Logia de las Islas Filipinas.

Esta Junta tiene el honor de informaros con respecto a la carta del comite de la Asociacion del Templo Plaridel relativa a la posible compra de la finca que en nuestra opinion no cabe duda acerca de lo conveniencia de la propiedad de la Asociacion del Templo Plaridel como solar para el dormitorio y colegio proyectado por esta Gran Logia. Sin embargo, en vista de los limitados fondos existentes y la falta de tiempo para la consideracion conveniente de la cuestion economica, esta Junta recomienda que el asunto de la adquisicion de dicha finca SE TRASLADASE A LA JUNTA DE DIRECTORES DE LA CORPORACION DE LA GRAN LOGIA mediante una resolucion que les de plenas facultades para obrar y completar la compra de la propiedad si consideran conveniente y factible su adquisicion.

Fraternalmente,  
E. E. Elser,  
Rafael Palma,  
Francisco A. Delgado,  
Quintin Paredes,  
Miguel Unson  
Junta del Asilo Masonico"

"Se presente por el Hermano Charles S. Banks la siguiente mocion

que fue secundada por el Hermano Joseph H. Schmidt y aprobada: "Que se adopte el informe de la Junta, haciendose constar sus rasgos esenciales en una resolucion, para su presentacion y adopcion por la corporacion."

We find no action or report thereon by the Home Board regarding the proposed resolution (page 4 hereof) presented by Bagumbayan Lodge No. 4 limiting disbursement of the fund, and specifically proposing that said fund should be spent only on matters strictly related to the founding, construction, and maintenance of a HOME, SCHOOL, AND DORMITORY.

**NATURE OF THE FUND:**

In the proceedings of 1924 pages 54, 55, and 56 as well as in the proceedings of 1925 page 32 and 33 we find as part of the respective annual report of the Grand Secretary the following funds under the heading:

**FONDOS ESPECIALES**

- a) "Fondo de Beneficiencia"
- b) "Fondo del Asilo, Colegio y Dormitorio"
- c) "Terreno del Cementerio"
- d) "Cabletow"

From several reports of the Grand Secretary to subsequent Grand Lodge Communications we find that some portion of the "FUND" has been used for the purchase of Cemetery Lots and some portion loaned to subordinate Lodges.

We find, furthermore, that after approval of the two resolutions (page 3 hereof) proposed by the committee on the project for raising a fund for the Masonic Home, School and Dormitory a Home Board was created and appointed (page 4 hereof) and not a Board of Trustees for the "FUND".

As pointed elsewhere hereinabove, at the Annual Grand Lodge Com-

Turn to next page

munication held on January 23 to 26, 1923, M. W. Quintin Paredes, by his recommendation and proposal, formally launched the establishment of a Home, School, and Dormitory Fund for the following purposes:

- a) For the founding of a home for the care of widows and orphans of Masons as well as aged Masons;
- b) For the founding of schools in the towns where the children of Masonic families in the rural districts could get an education; and
- c) For the founding of a dormitory for the accommodation of the children of Masons studying in the schools and universities in Manila.

However, the two resolutions (page 3 hereof) proposed by the Committee on the project for raising a fund for the Masonic Home, School, and Dormitory and approved by the Grand Lodge Communication failed to state any purpose for the establishment of the said fund.

Concerning the "HOME":

Very much worthy of notice is the statement made by M. W. Quintin Paredes himself, even as he proposed the establishment of the fund therefor; and we quote:

" . . . . in view of the idiosyncrasy of our people it would be very difficult to make the inmates of such an institution feel at home in a place where they are thrown in with other persons in the same situation as they, and are living away from their friends and relatives. It would be more economical and at the same time more satisfactory to the beneficiaries if they were put in some private home instead of being placed in central institutions founded especially to take care of them."

Then as the years rolled by we find the general feeling of the Grand

Lodge with regards to the "HOME":  
a) As reflected from a recommendation of the Home Board which was approved by the Grand Lodge Communication:

"Investigation has shown clearly that the building of a Masonic Home either for the aged or for orphans in the Philippines would be a mistake both Masonically and economically, as well as ethically."

"No attempt to erect any kind of an institution should be permitted until the fund has accumulated to such a sum that full endowment for the maintenance of any project would be available."

- b) As reflected from the statement of M. W. Conrado Benitez in his annual report (page 15 proceedings of 1937) to the 1937 Annual Communication:

#### MASONIC HOME

"The establishment of a Masonic Home is undoubtedly one of the three possible aims of the Grand Lodge in creating the School, Home and Dormitory Fund. But, as Rt. W. Bro. Joseph H. Alley, our Deputy Grand Master, has often explained in his speeches during our visitations, Philippine Masons do not need a Masonic Home, for the peculiar unity of the family in this country makes possible the care of the aged without resorting to public or institutional charity. This attitude is generally accepted among the Craft."

Concerning the "SCHOOL":

The general feeling of the Grand Lodge may be gleaned from the following:

M. W. Conrado Benitez asks (page 19 proceedings of 1937):



## "SHOULD WE OPEN A MASONIC SCHOOL?"

"The Masonic tenet of spreading knowledge and truth underlies the establishment of the Home, School and Dormitory Fund. In last year's Grand Communication, the matter of establishing a Masonic School was indorsed to the incoming Grand Master for study and report. I wish to say the following in this connection: first, that there is no urgent need for the opening of a Masonic School, because, as already pointed out, the Philippines is under a constitution guided by Masonic principles, and as long as the public school system is operated under principles laid down in the Constitution, the youths will be receiving truly Masonic education; hence, our main concern in education is to see to it that no anti-Masonic principles creep into the public school system; second, that the management of a school requires technical training and wide experience, and demands full-time attention on the part of the responsible authorities and unless men of such qualifications are available, the opening of a school will expose the Grand Lodge to many unexpected and unpleasant experiences. Such a school may serve as additional source of misunderstanding and dissension among the brethren.

M. W. Jose Abad Santos (page 20 and 21 proceedings of 1939, commenting on:

### THE PROPOSED MASONIC SCHOOL

"The proposal to establish a school under the auspices of the Grand Lodge of the Philippines has been seriously studied. I agree with Past Grand Master Conrado Benitez, one of our great educators, that there is no urgent need for opening a Masonic School, because the Philippines is under a Constitution embodying

Masonic principles and as long as the public school system is operated under the principles laid down in the Constitution the youth of the land will receive truly Masonic education. On the other hand, the money that we may invest in the establishment of a Masonic School could be spared for more urgent and important undertakings."

### Concerning the "DORMITORY":

With regards to the Masonic Dormitory for boys we are all aware that we had a try at it for a few years. But now, we do not feel pressed with the necessity of continuing with the project; perhaps because the schools and universities which in earlier years were located close by the Plaridel Temple are now located at places distant from the Temple.

From the foregoing findings of fact, your Committee has gathered the following impressions that:

(a) For several years prior to 1923, the Grand Lodge has nurtured the idea of founding a School and Dormitory for the children of Masons and a Home for the aged members of the Fraternity;

(b) To this end, the Grand Lodge conceived the means of raising funds;

(c) Although the Grand Lodge has abandoned the idea of founding a Home for the aged members and a School and Dormitory for the children of the members of the Craft, it has been collecting moneys for the purpose; and

(d) These sums of money have been turned over to the general fund Grand Lodge.

In other words, although the fund was intended primarily for the founding of schools in the Philippines for the children of the members of our Venerable Fraternity, a dormitory in Manila for the same children and a

Turn to next page

home for aged Masons, nevertheless, said fund has been used not exclusively for said purpose. There were attempts to make this fund a Trust Fund, but the resolutions presented to that effect were not acted upon, and the delegates of the Grand Lodge Annual Communications to which they were submitted, decided to lay the resolutions on the table where they died a natural death. From such fund, the M. W. Grand Lodge as a corporate entity, granted loans to Cabanatuan Lodge No. 53 F. & A. M., and Baguio Lodge No. 67, F. & A. M., which were used in the construction of their respective Masonic Temples. Even the money paid for the acquisition of the Masonic Cemetery, as well as the lot of the Grand Lodge facing General Luna Street came from the same fund. To call the Home, School and Dormitory Fund a Trust Fund is a misnomer. It has never acquired the status of, nor treated as, such a trust fund. As a matter of factual truth, neither a Trust Committee has ever been created nor a Trustee appointed to administer said fund.

"A 'Trust Fund' exists where equitable title of fund is in owner and the legal title in trustee." (Hidalgo County Bank & Trust Co., v. Goodwin, Tex. Civ. App., 137 S. W. 2nd Ed. 163; p. 429, Words and Phrases.)

Thus, it is obvious that the purpose for which the Home, School and Dormitory Fund was conceived and created has been abandoned; and said fund has been used by the M. W. Grand Lodge for other purposes.

The following question now presents itself:

May the Grand Lodge of F. & A. M., as a corporate entity or its Board of Directors devote said fund to more urgent and important undertakings which would redound to the benefit

of the corporation and the welfare of its members

As has been shown, supra, said Home, School and Dormitory Fund has been used by the Grand Lodge for various purposes other than for which it was originally conceived, because under Philippine Law, the corporate powers of a corporation are exercised and all its business and affairs are conducted by its Board of Directors. The M. W. Grand Lodge of F. & A. M. of the Philippines is a legitimate corporation duly registered and existing under the laws of the Republic of the Philippines. Its Articles of Incorporation have been duly registered with the Office of the Securities and Exchange Commission since September, 1915.

On this particular point, therefore, the law is clear:

#### "DIRECTORS OF CORPORATIONS; THEIR POWERS, DUTIES, ELECTION AND ORGANIZATION

Sec. 28. Act 1459, otherwise known as the Corporation Law, as Amended, provides: Unless otherwise provided in this Act, the corporate powers of all corporations under this Act shall be exercised, all business of such corporations controlled and held by a board of not less than five nor more than eleven directors to be elected from among the holders of stock, or where there is no stock, from the members of the corporation."

"Sec. 33. Immediately after election the directors of a corporation must organize by the election of a president, who must be one of their member, a secretary or clerk who shall be a resident of the Philippines and a citizen of the Philippines and

such other officers as may be provided for in the by-laws. The directors and officers so elected shall perform the duties enjoined on them by law and by the by-laws of the corporation. A majority of the directors shall constitute a quorum for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a board shall be valid as a corporate act."

**Question.** In accordance with a resolution duly passed by the Board of Directors of the Manila Mercantile Co., Juan Martinez, its manager, entered into a contract with Pedro Morales for the purchase of 300 bales of hemp. Upon delivery of the hemp, however, Juan Martinez, acting on behalf of the Manila Mercantile Co., refused to accept the hemp for the reason that the stockholders of the corporation had, since the execution of the contract in question, repudiated the action of the Board of Directors authorizing the same. May Morales compel the corporation to respect the contract and collect the value of this hemp? Reasons.

**Answer.** Yes, Sir. The corporation law provides that the corporate powers of a corporation shall be exercised and all its business shall be conducted by its Board of Directors. (Sec. 28, Act 1459) The provisions necessarily vests in the board of directors the authority to enter into contracts for the corporation. The functions of the stockholders are of limited nature the theory of a corporation is that the stockholders may have all the profits but shall turn over the complete management

of the enterprise to its representatives and agents, called directors, making by-laws, and exercising certain other special powers defined by law. In conformity with this idea it is settled that contracts between a corporation and third persons must be made by the directors and not by the stockholders. The corporation, in such matters, is represented by the former and not by the latter. It results that where a meeting of stockholders is called for the purpose of passing on the propriety of making a corporate contract, its resolutions, are, at most, advisory, and not in anywise binding on the board. (Ramirez v. Orientalist Co., 38 Phil. 654). It follows from this that the stockholders in the case before us had no authority to repudiate the contract entered into by the manager of the Manila Mercantile Co., Mr. Juan Martinez in accordance with the resolution its board of directors." (Bar. 1929.)

"Sec. 28, Act 1459 as amended. (Copy) "Management by directors exclusive. — The Managerial authority, vested by law in the board of directors, is exclusive. Doubtless, stockholders may instruct, request or recommend a certain course to be pursued. (Lord v. Equitable Life Ass. 194 N. Y. 212, 87 N.E. 443) but the power having been vested in the board of directors, only such board can express the will (Union Gold Mining vs. Rocky Mountain Nat. Bank, 2 Colo. 565) and the stockholders must abide by the decisions of the board of directors upon all mat-

Turn to next page

ters which the law commits to their determination and control." (*Colby vs. Equitable Trust Co.* 108 N. Y. Supp. 978).

The theory is that the stockholders may have all the profits but shall turn over the complete management of the enterprise to their board of directors. (*Ramirez vs. Orientalist Co.*, 38 Phil. 634) the power of the stockholders being limited to a few specified matters concerning its internal affairs, such as the election, removal, increase or reduction of directors, the increase or reduction of capital stock and incurring of bonded indebtedness, the amendment of articles of incorporation, adoption, amendment and repeal of by-laws, the investment of corporate funds in other business, the sale of all or substantially all of the corporate assets, and the authorization of the dissolution of the corporation. (See *Oregonian Ry. Co. vs. Oregon Ry.*, 23 Fed. 232).

"Same; action by majority stockholders. — Since the corporation acts through and is represented by its board of directors, the act of majority of the stockholders, in dealing with third parties, cannot have any binding force upon the corporation. (*Bloom vs. Nathan Vebron Co.*, 341 Ill. 22, 173 N. E. 270). The stockholders cannot execute contracts on behalf of the corporation with third parties. It results that where a meeting of the stockholders is called for the purpose of passing on the propriety of making a corporate contract, its resolutions are at most advisory and not in any wise

binding upon the board of directors. (*Ramirez vs. Orientalist Co.*, 38 Phil 634). For the same reason, a by-law of the corporation cannot establish a contractual relation between the corporation and a third party, because a by-law is merely adopted by the stockholders without any action being taken by the board of directors, who alone can make contracts with third parties on behalf of the corporation." (*Barretto vs. La Previsora Filipina*, 57 Phil. 649).

"Same; control of board's discretion. — The corporate acts of directors, within the powers of the corporation, in the lawful and legitimate furtherance of its purposes, in good faith and in the exercise of an honest judgment are valid, and conclude the corporation and the stockholders. Questions of policy of management, expediency, of contracts or action, adequacy of consideration, lawful appropriations of corporate funds to advance corporate interests, are left solely to their honest and unselfish decision, for their powers therein are without limitation and free from restraint, and the exercise of them for the common and general interests of the corporation may not be questioned, although the results show that what they did was unwise or inexpedient. (*Pollits vs. Wabash Ry. Co.*, 207 N. Y. 113, 100 N. W. 721). Court cannot undertake to control the discretion of the board of directors about administrative matters as to which they have legitimate power of action. (*Government vs. El Hogar Filipino*, 50

Phil. 399). Contracts *intra vires* entered into by the board of directors are binding upon the corporation and courts will not interfere unless such contracts are so unconscionable and oppressive as to amount to a wanton destruction of the rights of the minority." (Ingersoll vs. Malabon Sugar Co., 53 Phil. 745).

"Power of directors; may be delegated. — The power to bind the corporation by contract may be expressly or impliedly delegated by the board of directors to other officers or agents of the corporation, and it is well settled that except where the authority of employing servants and agents is expressly vested in the board of directors, an officer or agent who has general control and management of the corporation's business or a specific part thereof, may bind the corporation by the employment of such agents and employees as are usual and necessary to the conduct of such business." (Yu Chuck vs. Kong Li Po, 46 Phil. 608).

"Where the defendant corporation entered into a written contract appointing another corporation as general manager of its business for a term of years, with full power to manage its business, subject only to control of the defendant's board of directors, and under such power the managing corporation issued *quedans* of the defendant in its own name and pledged them as collateral with a bank, which received them in good faith, the defendant is bound by the acts of its general manager, and stopped to deny its authority to issue such *quedans*." (National

Bank vs. Producers' Warehouse, 42 Phil. 608)." Please see pp. 794-798, Tolentino on Corporation Law).

IN THE LIGHT OF ALL THE FOREGOING, your Committee on Home, School and Dormitory Fund hereby respectfully and fraternally renders the following conclusions:

(a) The Home, School and Dormitory Fund, otherwise called Masonic Home, School and Dormitory Fund and Widows and Orphans' Dormitory and School Fund, does not fall within the purview of a Trust Fund;

(b) The objectives for which said Fund was conceived and created have been practically abandoned;

(c) Said Fund is a special fund of the Most Worshipful Grand Lodge of Free and Accepted Masons of the Philippines, a legitimate corporation duly registered and existing under the laws of the Republic of the Philippines primarily intended but not exclusively collected for building Masonic Schools, Dormitories and Homes;

(d) The M. W. Grand Lodge of F. & A. M. of the Philippines, as a non-stock corporate entity, through its Board of Directors, may legally devote said Fund to any other important undertakings which would redound to the welfare of the corporation and the benefit of its members.

Fraternally submitted,

COMMITTEE ON HOME,  
SCHOOL AND DORMITORY  
FUND

(Sgd.) Emilio P. Virata, P.G.M.  
*Chairman*

(Sgd.) Macaria M. Ofilada, P.G.M.  
*Member*

(Sgd.) Mariano Q. Timio, J.G.W.  
*Member*

Turn to next page

(Sgd.) Serafin L. Teves, D.G.M.  
*Member*

(Sgd.) Manuel M. Crudo, P.M.  
*Member and Secretary*

This report was reproduced and a copy sent to each Past Grand Master residing in the Philippines inviting comment or objection. Only congratulations and commendations were received from the Past Grand Masters.

In the meeting of the Board for General Purposes on February 18, 1965, it was learned that the Grand Lodge had received the final payment of P35,000.00 from the United States Government for war claims in World War II. Realizing the need to have a permanent fund for investment purposes, so that a future income could be realized from proper investment without expending the principal, I made the following motion:

RW Raymond E. Wilmarth moved and RW Serafin L. Teves seconded that the MW Grand Master be requested to recommend to the Board of Directors of the MW Grand Lodge of F. & A. M. of the Philippines, Inc., that the P35,000.00 received as final payment from the U. S. Government for war claims establish an Investment Fund which can only be invested or deposited with any bank or savings institution and the earnings therefrom be allocated as follows:

50% to go to the Grand Lodge  
General Fund

30% to go to the Investment  
Fund

20% to go to the Grand Lodge  
Charity Fund

The matter of the Home, School and Dormitory Fund was from time to time discussed within the Board for General Purposes. Having been favorably impressed by the exhaustive report of the Special Committee

to MW Charles Mosebrook, Grand Master, and as a manifestation of his desire to clarify the existence of that Fund, RW Serafin L. Teves DGM moved during the April 8, 1965, meeting of the Board for General Purposes, and I seconded his motion that:

"Upon the constitution of the Investment Fund recommended by the Board for General Purposes at its regular meeting on February 18, 1965, the Home, School and Dormitory Fund be converted and made part of the Investment Fund and that all future payments received by the Grand Lodge from Subordinate Lodges for the Home, School and Dormitory Fund shall become a part of the said Investment Fund, and that the title Home, School and Dormitory Fund shall cease to be used and *the title Investment Fund will be adopted in its place.*"

The Motion was unanimously passed by the Board.

It was in this form that the Motion of our present Grand Master was recorded in the minutes of the Board for General Purposes as of April 8, 1965, and it was in this form reported to the Forty-Ninth Annual Communication of the Grand Lodge of F. & A. M. in the Philippines, where the Brethren voted unanimously to accept the Report of the Board for General Purposes as presented.

What does this mean? It means that each Lodge will continue to pay P5.00 to the Grand Lodge for each degree it confers, just as it has in the past. It means that the title Home, School and Dormitory Fund no longer exists, but in its place the title Investment Fund. It means the principal of this fund must never be expended, but invested by the express authority of the Board of Directors of the Grand Lodge of F. & A. M.

in the Philippines. It means that *the earnings of the investment will be divided*;

50% to the Grand Lodge General Fund;

30% to be returned, together with the principal, to the Investment Fund now for reinvestment; and

20% to the Grand Lodge Charity Fund.

Each year the expense of operating the Grand Lodge becomes greater. As time passess it will become necessary to levy greater fees upon the symbolic Lodges if the Grand Lodge cannot find a way to forward-plan its income in such a way to produce the necessary operating funds from the present sources of income available and at the same time carry out the will and pleasure of the Brethren.

To this end the forward-planning started during the Forty-Eight Annual Grand Lodge Communication when the Brethren assembled unanimously passed the Annual Report of the Building Committee for 1963-1964 wherein among other things it set forth:

1. A new Grand Lodge Building will be constructed on the General Luna frontage of our Masonic property, the cost of which should not exceed P400,000.
  - a. It will follow the general plans suggested by R.W.B. Charles S. Mosebrook, DGM, which were successfully used at the Philippine Christian Colleges.
  - b. It will contain a new and adequate dormitory.
  - c. It will be financed from the Home, School and Dormitory Funds, plus a construction loan to be secured by the building itself.
2. The San Marcelino frontage of our Plaridel Masonic Temple

will be renovated (or if economically desirable a new building constructed) to provide for commercial store spaces to be leased to dignified selected merchants.

- a. The funds for this would come from a bank loan (preferably GSIS or SSS, if possible).

The part of this program contained in Paragraph 2 has been accomplished. It was decided to accomplish this first, so that a source of income from rentals of the store spaces would be available to assist the Grand Lodge to build the new Grand Lodge Building set forth in Paragraph 1, without the need of the construction loan mentioned in Paragraph 1-c.

The plan for our new Grand Lodge Building is being detailed and we expect to lay the cornerstone in 1966-1967. This will bring into reality the original concept of the Brethren who established the Home, School and Dormitory Fund. It has been updated to meet our modern needs but it follows the guide lines laid down in 1923. But greater still, our present handling perpetuates an income for the Grand Lodge at the 1923 level, it provides for the accomplishment of the up-dated concept of the original plan, and in the end it establishes an ever-growing principal in the Investment Fund to safeguard the progress of the Grand Lodge in the years to come.

What we need today is greater harmony and unity of purpose, a rallying point. Many Symbolic Lodges see Masonry only as it exists in their Lodge. To those Lodges, Masonry will never grow any faster than their Lodge grows. Every Mason must look to his Grand Lodge as the spearhead of Masonry throughout the land, because when the Grand

Turn to next page

Lodge progresses it carries with it every Symbolic Lodge under its jurisdiction. That is really militant Masonry on the march.

The only way this can be done is by positive thinking and positive action! Every Brother must **THINK LIKE A MASON AND ACT LIKE A MASON.**     △

—oOo—



**WITH OUR YOUNG...** From page 17

The guest speaker was Dad & Prof. Rex Drillon of the University of the Philippines. He is a member of Rafael Palma Lodge No. 147.

—)oOo(—

Loyalty Chapter, OD, Manila, celebrated its 17th Anniversary with a Reunion Ball on March 26 at the D & E Restaurant in Quezon City.

At 7:30 in the evening, brothers and dad advisors since 1949 started

Turn to page 42

— △ —

*Brethren of La Union Lodge No. 70 escorting MWB Macario Ofilada, PGM Grand Treasurer & VWB Enrique Sobrepeña, Grand Chaplain, for Public Installation of officers.*



*MW Nersatin L. Teves presides at Laying of Cornerstone for Masonic Temple of Bulusan Lodge No. 38, Sorsogon, Sorsogon.*