twenty-one days' notice thereof, and the summons calling the meeting shall require the member to fill up a form which shall be supplied to him, stating whether he assents to or dissents from the proposed secession or dissolution, when if three-fourths of the members, and not less than five-sixths in value, are in favour thereof, application shall be made for the consent of the District Meeting. The value of members shall be ascertained by giving one vote to every member, and an additional vote for every five years he has been a member of this district; but to no one member more than five votes in the whole. The application for consent of the District Meeting shall be accompanied by the whole of the voting-papers, and a statement of accounts; also the names, ages, addresses, and nature of the diseases of the sick members. Should the District Meeting see fit to sanction the secession or dissolution, the Committee of Management shall ascertain the liability on account of sick members, and, after deducting the amount necessary to meet the same, the remaining funds shall be disposed of as follows:—

"*One-half to be divided equitably among the members according to the length of membership, and the other half to be paid over to the Trustees of the District, to be afterwards apportioned to the funds of the district, or otherwise disposed of in such manner as the District Meeting may decide.*"

A perusal of this rule will show that the procedure thereby provided is the same, whether the lodge purposes to secede merely or to dissolve, and that the result in either case is that a complete distribution of the funds takes place.

Now, as the secession of a lodge and the dissolution of a lodge are essentially distinct things, I am clearly of opinion that a separate rule should be made in respect of each process, and that the two cannot be legally mixed up and interwoven in the manner referred to. To quote the words of one of the English Judges in a recent case (*Ex parte* Sheffield Equalised District of the Order of Druids, Queen's Bench Division, February, 1892): "The whole scheme of these rules as to the district (branch) society is a body with a potential right of secession, and with a potential right of retaining *a separate identity after secession.* Therefore it is impossible to construe this rule to mean that secession means annihilation."

On several occasions, as you are aware, I have drawn attention to this matter when revising rules submitted to me, but as the error is a common one, and is still constantly repeated, I would suggest that a circular be sent to the various societies pointing out the legal position of the matter, as affirmed by the recent decision of the Divisional Court in England just referred to.

A full report of this case is set out in the appendix to the reports of the Chief Registrar of Friendly Societies in England for the year ending 31st December, 1891 (published in April, 1892), and it will be sufficient here to quote two extracts from the judgments delivered:—

Mr. Justice Wright,—

"The only remaining point is with regard to the funds. It is said that the Committee of Management shall ascertain the liability of such member, and, after deducting the necessary amount to meet the same, the remainder of the funds shall be equitably divided among the members. . . ."

"I cannot profess to say what the meaning of these words is. It is quite certain that it cannot be what was contended—namely, that the Committee of Management of the parent society was to ascertain the liability of every member (as used in the earlier part of the rule no such thing could be conceived), 'and should, after deducting the necessary amount to meet the same, divide the funds of the branch amongst the members of the branch.' Nobody could suppose it was meant that upon secession the branch was to be wound up, all the subscriptions returned, all the benefits forfeited, and the branch started again *de novo*. It would be contrary to common-sense, and yet that is the only obvious meaning of the rule. I should say, for one, that, if that is the meaning of the rule, the rule is *ultrâ vires*. They cannot do it. It is contrary to the very objects of secession."

Mr. Justice Collins,—

"I think that deals with all the objections with the exception of the difficulty last referred to by my brother Wright—namely, what effect is to be given to those words as to the Committee ascertaining 'the liability of such member, and, after deducting the necessary amount to meet the same, the remainder of the funds shall be equitably divided among the members.' Now, I quite agree with my brother Wright as to what he said upon that. It seems to me obvious that it cannot mean *ipso facto* the branch of the society is to be wound up. The whole scheme of these rules as to the District Society is a body with a potential right of secession, and with a potential right of retaining a separate identity after secession. Therefore it is impossible to construe this rule to mean that secession means annihilation. It is to secede as a branch, retaining its identity and separate organisation as a branch, both in the rule and in the Act of Parliament."

Now, although the Chief Registrar states in a reference to this case that "it is understood that it will be appealed from," I can find no record in any of the Law Reports of any such appeal; and, as the Chief Registrar in his report for 1892 makes no further reference to the matter, it must be assumed that no appeal took place, and that the judgment of the Divisional Court remains unchallenged.

The rule so strongly objected to by the English Judges was a rule providing for *secession* only, so that the argument applies *a fortiori* to cases where the rule is a combined provision intended to apply to secession and dissolution in one. Our Act provides (section 11, and paragraph 4 of the First Schedule) that the rules of each society with branches shall prescribe "the conditions under which a branch may secede from the society"—that is, secede and still retain its separate identity. No procedure is, however, set out in the Act as in the case of dissolution (section 16), so that at present the mode of seceding is necessarily regulated entirely by rule of the society, and it seems to me that this is a matter upon which a regulation might very well be made under the Act.

LEONARD G. REID,
Revising Barrister.

Wellington, 14th November, 1894.

30. The 1894 report of the New Zealand Friendly Societies' Mutual Fidelity Guarantee Association is a record of useful work. The association was established in 1887, for the purpose of affording to registered societies the security of a sufficient yet inexpensive guarantee in respect of their officers in receipt or charge of money. The giving of personal security was found not to work satisfactorily, and, as the expense prevented many societies from insuring in a general fidelity guarantee society, the Registrar suggested the formation of a mutual guarantee fund. The number of policies issued by the association in the first year of its operation was 59, and the number in force at the end of last year 175. During the eight years three claims, amounting to £84 14s., were presented and satisfied. The funds have been carefully invested, and the balance-sheet as on 31st December, 1894, shows an accumulated capital of £723. This being considered a sufficient reserve, free policies for the current year were issued to all societies on the books of the association. With a continuation of the past experience the interest on capital will henceforward more than suffice to meet losses. Great credit is due to the committee and officers of the association, who well deserve the thanks of the societies insured for the care and energy devoted to their interests and for the successful conduct of the business of the association. The report of the New Zealand Foresters' Guarantee Association for 1894 also shows satisfactory progress, the year having passed without any loss.

31. In 1894 the hall belonging to the Volunteer Lodge, M.U.I.O.O.F., established at Sydenham, was destroyed by fire. The history of this lodge affords a notable illustration of unwise disposition of funds. Not only was the greater part of the accumulated capital taken for the purchase of land and erection of a hall, but an additional amount, borrowed on mortgage, was spent on the building. An actuarial valuation of the lodge's assets and liabilities was made at the end of 1886. The pro-