

OWNERSHIP AND CONTROL

OF

The Madison School

A Brief Statement

Regarding the Establishment of the

*NASHVILLE AGRICULTURAL AND NORMAL
INSTITUTE*

and some facts concerning the

General Welfare Act of the State of Tennessee



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Ownership and Control Of the Madison School



THE NASHVILLE Agricultural and Normal Institute was established in the fall of 1904, on a four-hundred-acre farm, near Madison station, about nine miles from the city of Nashville, Tennessee. It was designated "a training-school for home and foreign missionary teachers," its primary object being to prepare workers to labor in the southern part of the United States, where there is the most urgent call for free schools offering a practical education.

The promoters of the enterprise were a group of men and women who had given their lives to the cause of Christian education, and whose hearts had been stirred by what they had heard and seen of the needs of the backward and illiterate people, chiefly in the mountainous districts of the South.

Through a study of the needs of the field, and through their own observation in portions of the South, the interest of Professors E. A. Sutherland and P. T. Magan had been thoroughly aroused. In their work in the Battle Creek College and later in Emmanuel Missionary College at Berrien Springs, Michigan, they had encouraged many of the students by study and correspondence, by the circulation of papers, and by the support of workers, to help forward the work in the southern section of the United States, and at the close of the school year at Berrien Springs, in the spring of 1904, these brethren, with Mrs. N. H. Druillard, and Miss M. Bessie De Graw, availed themselves of the opportunity to

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give their services to the work of education in the South.

The stirring appeals of Mrs. E. G. White in behalf of neglected portions of the South, had been an important factor in arousing the interest of these brethren and sisters to take this step. And they were encouraged by her to take up the burden that now rested heavily upon their hearts. During the session of the Lake Union Conference at Berrien Springs, in May, 1904, Mrs. White said regarding Brethren Sutherland and Magan:

"Several times, even before they took up their work at Berrien Springs, these brethren expressed to me their burden for the work in the South. Their hearts are there. . . . Any one who takes up work in the South has before him a hard battle. The work there should be far in advance of what it is now. We should encourage the men who go there, and hold them up by our faith, by our prayers, and with our means."

In this same talk Mrs. White said: "God has looked with pleasure upon these brethren as they have struggled through the difficulties they have had to meet here. Now the work has reached a point where they can go to labor elsewhere. They have written to me that they had a burden to work in the Southern field. There is plenty of room for them there. They are in need of more workers. They need school-teachers, they need managers. We have been looking and praying for men to take up the work there, and we are glad that God has opened the way for these men to work in that field."

The original plan of these brethren for their work in the South was to go to some quiet place in the Carolinas or eastern Tennessee, and there purchase with their own money a small farm, and develop slowly, a self-supporting work.

They desired to carry forward their enterprise without asking for financial aid.

After arriving at Nashville, they were joined in their tour of inspection by Mrs. E. G. White, Elder W. C. White, and some of the workers already in the South. When Sister White learned what they were planning to do, she told them that "there was danger of underestimating the work to be accomplished, and she counseled strongly that a large farm be purchased and broader plans be laid for the school. When the expense of a large place was offered as an objection, she said men of means would give liberal assistance." She was very positive in her assertion that God would have them settle near Nashville, where they could come into close touch with their brethren, and with institutions located at that center.

In harmony with these counsels the brethren modified their original plan, and decided to locate on the four-hundred-acre tract they now occupy. In the "Advocate" for August, 1904, Professor Sutherland wrote: "The price set by the owners was \$15,000—an obligation too great to be assumed, it seemed. But Sister White's advice was to take an option on the place at once, for she said that should we look the South over, we would find no place better adapted to the needs of the school. We succeeded in having the price reduced to \$12,720. Partial possession was given at once."

Sister White's story of this experience, and of the counsel she gave to Brethren Sutherland and Magan, is told in the "Review and Herald" for August 18, 1904. Speaking of her visit to Nashville, she says:

"In connection with the work in Nashville, I wish to speak of the school work that Brethren Sutherland and Magan are planning to do. I was surprised when, in speak-

ing of the work they wished to do in the South, they spoke of establishing a school in some place a long way from Nashville. From the light given me, I knew that this would not be the right thing to do, and I told them so. The work that these brethren can do, because of the experience gained at Berrien Springs, is to be carried on within easy access of Nashville; for Nashville has not yet been worked as it should be. And it will be a great blessing to the workers in the school to be near enough to Nashville to be able to counsel with the workers there.

"In searching for a place for the school, the brethren found a farm of four hundred acres for sale, about nine miles from Nashville. The size of the farm, its situation, the distance it is from Nashville, and the moderate sum for which it could be purchased, seemed to point it out as the very place for the school work. We advised that this place be purchased; I knew that all the land would ultimately be needed. For the work of the students, and to provide homes for the teachers, such land can be used advantageously. And as our work advanced, a portion of this tract may be required for a country sanitarium.

"Other properties were examined, but we found nothing so well suited for our work. The price of the place, including standing crops, farm machinery, and over seventy head of cattle, was \$12,720. The place has been purchased, and as soon as possible these brethren, with a few experienced helpers, will begin school work. We feel confident that the Lord has been guiding in this matter."

When the promoters of the enterprise saw that it would be necessary, in order to carry out the plans outlined for them, that they should receive financial assistance from their brethren, they gave earnest study to the question of

how the property should be owned and controlled. They had no desire for personal profit, and they recognized the questions that might be raised were they to build up, largely with means solicited from the field, an enterprise that might seem to enrich the promoters.

The Southern Union Conference Committee had extended to Brethren Sutherland and Magan and their associates a hearty welcome. They were glad to see these workers enter the South as missionaries, yet they made it plain that they could not carry any financial burden in behalf of their enterprise. Therefore it became necessary to make appeals to friends in the North to assist in equipping the institution.

In their study regarding the legal questions pertaining to the ownership of the property and equipment, the brethren, who wished to safeguard the institution to the purpose for which it was purchased, were gratified to find that the laws of the State of Tennessee were such that they were able to incorporate under an act called the General Welfare Act, in such a way as to secure the object they desired. This is the act under which the Southern Union Conference, and all the denominational properties in the State, are incorporated. Under this act provision is made for the legal ownership of schools, colleges, hospitals, sanitariums, benevolent associations, and other institutions not established for the purpose of private gain.

The Madison school farm, the buildings thereon, the cattle, the machinery, and all other personal property, under the terms of this act, became the property of The Nashville Agricultural and Normal Institute. No property of any name or nature pertaining to the estate could be held individually by or in the name of any trustee or person.

The property became, to all intents and purposes, a gift forever to the objects for which the institution was founded.

There is no way known to the law by which the founders, the trustees, or the operators of the institution can ever alienate the property from the purpose stated in the charter. There is no way known to the law by which the founders, the trustees, or the constituents can in any way bring the corporation to an end, and distribute the property among the donors, or any other persons.

More particularly stated, the objects of this corporation are the establishment and the maintenance of a training-school, the work of which shall be the training of ministers of the gospel, evangelists, missionary teachers, and missionary farmers, who shall have in mind to devote a part or all of their lives to the service of God and the betterment of humanity.

The charter further provides that this school shall be undenominational and unsectarian to the extent that persons who are not Seventh-day Adventists may be admitted; but that it shall be denominational and sectarian to the extent that it shall always teach and inculcate the doctrines and tenets of the Seventh-day Adventist faith.

The law provides for the number of trustees, the calling of meetings, and the officers and their duties.

It stipulates that if at any time the members of the society shall desire to turn over the entire property to another corporation, they can do so, provided, that such corporation is qualified to carry out the purposes of the original corporation, and to administer the money and property in trust along the same lines and with the same objects as held by the founders of the concern.

The founders of the school have put themselves on record as being willing, whenever it shall appear to be for the best interests of the school and of the Southern Union Conference, to turn over the property to any corporation that the Union Conference may form for holding the same, provided such corporation is qualified to carry out the aims and objects for which the school was founded.

An arrangement was made in the By-Laws whereby persons who have donated twenty-five dollars or more to the institution may, if they so desire, have a voice in the management thereof. Provision was made for a Board of Managers to arrange for the conduct of the institution. Each person giving twenty-five dollars has the right to vote for this Board of Managers. These donors, however, own no property rights in the institution, and when they die their vote dies with them. They cannot sell it during life, nor transfer it at death.

On the Board of Managers there have been, from the first, representative men from the Southern Union Conference, including the President of the Union.

The principal features of the charter of the Madison school and of the Act under which the charter is drawn, are set forth in a letter written by Mr. A. F. Whitman, of Nashville, Tenn., who has acted as attorney for our denominational corporations at Nashville. Mr. Whitman's letter was called forth by a series of six questions, asked for the express purpose of gaining a legal opinion as to the status in law and in fact of the corporation known as the Nashville Agricultural and Normal Institute.

NASHVILLE, TENN., Oct. 31, 1907.

Elder W. C. White,
Sanitarium, Napa Co., Cal.

MY DEAR SIR:

I received a letter from Prof. Percy T. Magan, of Oct. 22, 1907, propounding to me six questions relative to the Nashville Agricultural and Normal Institute, and I was requested to address my reply to you. I presume you have a copy of Professor Magan's letter to me, embracing the six questions, and it will not be necessary for me to set forth the questions in haec verba, but merely to refer to them. [For the convenience of the reader the questions are inserted in brackets, each before its own answer.]

It is proper to state in advance that all corporations chartered or organized in this State which are not for profit or money-making on the part of those interested, such as churches, colleges, schools, religious organizations, missionary associations, fraternities, fairs, parks, and so forth, all fall under the article of our code under the heading of "Corporations for the General Welfare and not for Profit." All such corporations are governed by the same law. In such corporations there is no capital stock, and, therefore, there are no stockholders; the members of such corporations are as so many individuals, each having one vote in the management and control of its affairs. The property of the corporation is vested in the corporate entity, and no individual member as such has any pecuniary interest in the property. Therefore no member can give, sell, bequeath, or devise to any other person any part of said corporation, nor upon the death of a member does there any interest in the corporation descend to his heirs at law, or next of kin. With this preface I can perhaps answer your questions more satisfactorily.

[“ 1. Is the Nashville Agricultural and Normal Institute in any sense whatsoever the private property of Edward A. Sutherland, Nellie H. Druillard, M. Bessie De Graw, P. T. Magan, or of the other incorporators,—Mrs. Ellen G. White, Elder S. N. Haskell, and Elder Geo. I. Butler,—each and any or all of them? Is it not a fact that this corporation is organized under the General Welfare Act of the State of Tennessee, under which almost all schools, churches, hospitals, and benevolent associations of every name and nature are organized?”]

Answer.—The property of the Nashville Agricultural and Normal Institute is in no sense the private property of any one. To the second clause of the question I would answer: Yes, all such institutions are chartered under the same statute. The Southern Union Conference of Seventh-day Adventists, and all other associations of like nature chartered in this State since the act of 1875 (the year of the passage of the General Welfare Act), have been chartered under this law.

[“ 2. Under the terms and provisions of the General Welfare Act of the State of Tennessee, is it possible for any individual to have any personal property interest of any name or nature in a corporation formed under the terms and provisions of that Act? Can any member of such a corporation sell, bequeath, or assign his interest in such corporation to any other individual, the same as he would any piece of real or personal property?”]

Answer.—No; there is no way by which one can transfer an individual interest in the corporation; the property is in no way divisible so as to separate a part from the whole. To the second clause of this question, I answer: No, as clearly indicated above.

[“ 3. In particular, have Nellie H. Druillard, Edward A. Sutherland, Percy T. Magan, M. Bessie De Graw, et al, any special interest in the Nashville Agricultural and

Normal Institute; have they any lien against its property?"]

Answer.—Neither of the parties named has any individual interest in said property, nor have they any lien upon any part of it.

[“ 4. Is the farm property which was purchased from W. B. Ferguson and his wife, Sarah E. Ferguson, in Neeley’s Bend, the Old Nineteenth Civil District, Madison, Davidson Co., Tennessee, held in the name of the Nashville Agricultural and Normal Institute; and is it deeded to them? or is it the property of the above-named individuals, or each or any of them?”]

Answer.—I have examined the deed to the property formerly owned by W. B. Ferguson and wife, mentioned in this question, and find that the deed to the property was duly executed by S. N. Haskell and wife to the Nashville Agricultural and Normal Institute on the 4th day of August, 1905, and the same is recorded in Book 318, page 74, of the Register’s Office in this County, which is the proper office for the registration of such conveyance. I have examined the office from the making of the deed by Ferguson and wife down to the present, and find that there are no liens or mortgages of any kind on said property; an absolute title is vested in the Nashville Agricultural and Normal Institute.

[“5. Under the terms and provisions of the General Welfare Act, is any individual member of a corporation authorized under that act more than one vote in the affairs of such corporation; in other words, can a corporation formed under the aforesaid act be in any sense a stockholders’ corporation?”]

Answer.—No; nor can any individual member be given or be allowed more than one vote under the law regulating such corporation in this State—the law forbids it.

[“6. Under the terms and provisions of the General Welfare Act can a corporation authorized under it

pay or distribute profits or dividends of any name or nature to any member of said corporation?”]

Answer.—No; any distribution of profits or dividends to any individual would be a diversion of the property of the corporation, and any member would have the right to resort to the courts and compel the return of the same to the corporation. An act of this kind on the part of the member, if not embezzlement, would certainly be a breach of duty on the part of the officials in control of the corporate interests.

Trusting that I have in this brief reply covered the several points upon which you desire information, I am,
Yours very truly,

A. F. WHITMAN.

During the fourth biennial session of the Southern Union Conference, held at Nashville, Tenn., Jan. 9 to 19, 1908, a committee, consisting of Elder K. C. Russell, Judge Cyrus Simmons, and W. A. Wilcox, was appointed to investigate the charter and ownership of the Nashville Agricultural and Normal Institute. The following report of this committee to the Conference, taken from “Report of Progress,” Feb. 25, 1908, was accepted without question.

Your committee appointed to investigate the nature and conditions of the Charter granted to the Nashville Agricultural and Normal Institute by the State of Tennessee, respectfully reports as follows:

1. That said Charter has been granted under the General Welfare laws of the State of Tennessee, and is for the general welfare of society, and not for individual profit.

That none of the members of this corporation are stockholders.

2. That all the moneys and properties owned by said corporation belong to the corporation, and not to the incorporators or to the Board of Directors.

That the incorporators of this concern are constituted by law the first Board of Directors for the purpose of the management of the concern. In the event of the death of these incorporators, the constituency of the corporation have the right to elect another Board of Directors for the purpose of managing the institution. No properties or moneys belonging to the corporation can in any way descend to the heirs or representatives of the incorporators in the event of death. This corporation is organized for educational and religious purposes, teaching the doctrines of the Seventh-day Adventist Church. The properties and moneys belonging to the corporation must be used for the purposes for which the institution was organized. In the event the Board of Directors misapply any of the moneys, or misdirect the use of any of the property belonging to the said corporation, any member of the Seventh-day Adventist Church would have a right to bring the matter before the court, and to have the operation of the institution reviewed and regulated by the orders of the court, so that the corporation shall fulfil the purpose for which it was organized.

3. The deed from S. N. Haskell to the corporation is a warranty deed, conveying a fee simple title to the corporation, and contains general covenants of warranty.

The Charter is so formed by the law of the State of Tennessee, that no incorporator has any individual interest in any of the property of the corporation.

4. We have heard or read the statements of A. F. Whitman, Attorney-at-law of the Nashville bar, and we pronounce his interpretation of the law to be correct.

All of which is respectfully submitted,

CYRUS SIMMONS,
K. C. RUSSELL,
W. A. WILCOX,

Committee.

Owing to the fact that one of our large institutions in Battle Creek, built up originally by the liberality of loyal Seventh-day Adventists, has severed its direct connection with the denomination, some have felt deep concern over any plan for the holding of denominational property, which does not place it directly under the control of the General, Union, or local Conference. Many have supposed that we must encounter in other States difficulties similar to those encountered in the State of Michigan, where there was no law on the statute books which provided for the organization and conduct of corporations intended to be wholly benevolent, or for educational purposes.

But such is not the case, for the provisions of the General Welfare Act of Tennessee are in sharp contrast to the provisions of the Mining Act of the State of Michigan, under which our institutions in Battle Creek were established.

When they were established, the Battle Creek institutions were controlled by the donors, each one of whom exercised a controlling power in proportion to his investment. For a time this arrangement seemed to be satisfactory, but after some years it was found that a considerable percentage of the stock, which was transferable, had passed into the hands of persons who were unfriendly to the purposes for which the institutions were established. Many difficulties were encountered in the attempt to place the ownership and control of the institutions upon a satisfactory basis.

A study of the provisions of the Charter of the Madison school—given in full at the close of this document—will show the impossibility of a repetition of the sad and per-

plexing experiences met in connection with the Battle Creek institutions.

It is believed that a close investigation of the facts connected with the founding and operation of this enterprise will furnish abundant evidence

(a) That the founders have endeavored in an unselfish way to provide for the training of workers to labor in co-operation with, and auxiliary to, the work carried on by the conference in which they may be located;

(b) That while besides their own means, which was invested in the original purchase of the property, they have received financial assistance from friends of the enterprise in various parts of the United States, yet all the money thus raised has been used only for the erection of needed buildings, or for the furnishing of facilities to carry forward the educational work, none of the means thus raised having been used for personal profit, nor for the running expenses of the school. Nor can the founders in any wise reap financial advantage from the increased value of the estate.

(c) That the teachers and students of the Madison school are loyal members of the Seventh-day Adventist Church, supporting the organized work by their tithes and offerings, and endeavoring to raise up churches that will also be loyal members of the denomination.

E. A. SUTHERLAND

CHARTER

State of Tennessee Charter of Incorporation

Be it Known, That George I. Butler, of Nashville; Stephen N. Haskell, of Nashville; Nellie H. Druillard, of Madison; M. Bessie De Graw, of Madison; Edward A. Sutherland, of Madison; and Percy T. Magan, of Madison, all in the State of Tennessee, are hereby constituted a body politic and corporate, by the name and style of the Nashville Agricultural and Normal Institute, for the purposes hereinafter stated under subsections 1, 2, and 4, of Section 2513 of Shannon's Code, which read as follows:

"Religion.—The support of public worship, the building of churches and chapels, and the maintenance of all missionary undertakings."

"Charity.—The support of any benevolent or charitable undertaking; as, a lodge of Masons, Odd Fellows, hospitals for the sick, houses of refuge or correction, orphan asylums, and all other objects of like nature."

"Literature, History, Painting, Music, Fine Arts, Trade.—The support of any literary or scientific undertaking,—as, a college or university, with power to confer degrees, an academy, a debating society, lyceum; the establishment of a library; the support of an historical society; the organization and support of battle-field associations; the promotion of painting, music, or the fine arts; the support of boards of trade or chambers of commerce, or other objects of like nature."

The general purposes of this Corporation more particularly stated are: The founding of an agricultural and normal school and a sanitarium at Madison, Tennessee, and, if desired, at other points in the State of Tennessee, and elsewhere in the United States of

America, for the teaching and training of missionaries, teachers, and farmers, who are willing to devote at least a certain portion of their lives in unselfish, unremunerative, missionary labor for the glory of God, and the benefit of their fellow men. The situation so to be established shall be undenominational and unsectarian insofar as that any worthy and approved person or persons may be accepted students, but it shall be sectarian and denominational to the extent that the religious doctrines taught and inculcated shall be those of the Seventh-day Adventist Church.

"The general powers of said Corporation shall be to sue and be sued by the corporate name, to have and use a common seal, which it may alter at pleasure; if no common seal, then the signature of the name of the Corporation by any duly authorized officer shall be legal and binding; to purchase and hold or receive by gift, bequest, or devise, in addition to the personal property owned by the Corporation, real estate necessary for the transaction of the corporate business, and also to purchase or accept any real estate in payment or in part payment of any debt due to the Corporation, and sell the same; to establish By-Laws, and make all rules and regulations not inconsistent with the laws and Constitution deemed expedient for the management of corporate affairs; and to appoint such subordinate officers and agents in addition to a President and Secretary or Treasurer, as the business of the Corporation may require, designate the name of the office and fix the compensation of the officer.

"The said five or more incorporators shall, within a convenient time after the registration of this Charter in the office of the Secretary of State elect from their number a President, Secretary, Treasurer, or the last two offices may be combined into one, said officers and the other incorporators to constitute the first Board of Directors. In all elections each member is to be entitled to

vote either in person or by proxy, and the result to be determined by the majority of votes cast. Due notice of any election must be given by advertisement in a newspaper, personal notice to the members, or a day stated on the minutes of the Board six months preceding the election. The Board of Directors shall keep a record of all their proceedings, which shall be at all times subject to the inspection of any member. The Corporation may establish branches in any other county in the State.

"The Board of Directors may have the power to increase the number of Directors to seven or ten if they deem the interest of the Corporation requires such increase; and the first or any subsequent Board of Directors may have the power to elect other members, who, on acceptance of membership, shall become corporators equally with the original corporators. The Board of Directors shall have the right to determine what amount of money paid into the treasury shall be a prerequisite for membership, or if necessary, what amount shall be thus annually paid; and a failure to pay shall, in the discretion of the Directors, justify the expulsion of said defaulting member. The term of all officers may be fixed by the By-Laws, the said term, not, however, to exceed three years. All officers hold over until successors are duly elected and qualified.

"The general welfare of society, not individual profit, is the object for which this Charter is granted, and hence the members are not stockholders in the legal sense of the term, and no dividends or profit shall be divided among the members. The members may at any time voluntarily dissolve the Corporation by a conveyance of its assets and property to any other corporation holding a charter from the State for the purposes not of individual profit, first providing for corporate debts.

"A violation of any of the provisions of this Charter shall subject the Corporation to dissolution at the instance of the State.

"This Charter is subject to modification or amendment; and in case said modification or amendment is not accepted, corporate business is to cease, and the assets and property, after the payment of debts, are to be conveyed, as aforesaid, to some other corporation holding a charter for purposes not connected with individual profit. Acquiescence in any modification thus declared shall be determined in a meeting specially called for that purpose, and only those voting in favor of the modification shall thereafter compose the Corporation.

"The means, assets, income, or other property of the Corporation shall not be employed directly or indirectly for any other purpose whatever than to accomplish the legitimate objects of its creation, and by no implication shall it possess the power to issue notes or currency, deal in currency, notes, or coin, buy or sell products, or engage in any kind of trading operation, nor hold any more real estate than is necessary for its legitimate purposes.

"Expulsion shall be the only remedy for the non-payment of dues by the members, and there shall be no individual liability against the members for corporate debts, but the entire corporate property shall be liable for the claims of creditors."*

We, the undersigned, apply to the State of Tennessee, by virtue of the laws of the land, for a Charter of Incorporation for the purposes and with the powers, etc., declared in the foregoing Instrument.

This 4th day of August, 1905.

STEPHEN N. HASKELL.
NELLIE H. DRUILLARD.
M. BESSIE DE GRAW.
EDWARD A. SUTHERLAND.
GEO. I. BUTLER.
PERCY T. MAGAN.

*The laws of Tennessee obligate all who incorporate under the "General Welfare Act," to include in their charter the foregoing eight quoted paragraphs without alteration or amendment.