

CHAPTER 253.**CO-OPERATIVE SOCIETIES.****ARRANGEMENT OF SECTIONS.****SECTION.**

1. Short title.
2. Interpretation.

REGISTRATION OF CO-OPERATIVE SOCIETIES.

3. Powers of Governor to appoint Registrar, etc.
4. Seal.
5. Societies which may be registered.
6. Conditions of registration.
7. Application for registration.
8. Registration.
9. Registered societies to be bodies corporate.
10. Evidence of registration.
11. Power to exempt societies from requirements as to registration.

DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES.

12. Power to make bye-laws.
13. Power of fining members.
14. Change of name.
15. Amendment of the bye-laws of a registered society.
16. Address of societies.
17. Copy of Ordinance, rules and bye-laws to be open to inspection.
18. Restrictions on loans.
19. Restrictions on borrowing.
20. Deposits by minors.
21. Restrictions on other transactions with non-members.
22. Debts of members of society.
23. Charge in respect of shares, etc., of members.
24. Priority of claim of society against crops, cattle, etc.
25. Share or interests not liable to attachment.
26. Investment of funds.
27. Contract with members to dispose of produce.
28. Dividend and bonus not to be paid before balance sheet certified.
29. Reserve fund, dividends and bonuses.
30. Power of Registrar to prescribe with regard to certain matters.
31. Proof of entries in societies books.
32. Exemption from compulsory registration of instruments relating to shares and debentures of registered society.
33. Power to exempt from certain duties and fees.

MEMBERSHIP, RIGHTS AND LIABILITIES OF MEMBERS.

34. Qualification for membership.
35. Member not to exercise rights until prescribed payment made.
36. Restriction on interest of member of society.
37. Restriction on membership of more than one society.
38. Votes of members.
39. Restrictions on transfer of share or interest.
40. Transfer of interest on death of member.
41. Liability of past members.

SECTION.

42. Liability of the estates of deceased members.
43. Register of members.
44. Statements of members property exempt from disclosure for certain purposes.

DISPUTES.

45. Disputes.

AUDIT, INSPECTION AND INQUIRIES.

46. Audit.
47. Power of Registrar to inspect societies books, etc.
48. Inquiry by Registrar.
49. Inspection of books of indebted society.
50. Costs of inquiry or inspection.
51. Recovery of costs.
52. Recovery of sums due to Government.

DISSOLUTION OF A REGISTERED SOCIETY.

53. Dissolution.
54. Cancellation of registration of society.
55. Effect of cancellation of registration.
56. Liquidation after cancellation of registration of society.
57. Liquidator's powers.
58. Power of Registrar to control liquidation.
59. Appeals from decisions of liquidator and Registrar.
60. Attendance of witnesses and production of documents.
61. Enforcement of decisions of liquidator and Registrar.
62. Limitation of the jurisdiction of courts.
63. Closure of liquidation.

RULES.

64. Rules.
65. Power to exempt registered societies from provisions of the Ordinance.
66. Offences.
 - (a) Wilful neglect or default by a society, etc.
 - (b) Wilfully furnishing false information.
 - (c) Disobedience of summons, requisition or order.
67. Prohibition of the use of the word "co-operative."
68. Restriction on the application of Caps. 240, 242 and 249.

CHAPTER 253.**CO-OPERATIVE SOCIETIES.**

An Ordinance to make Provision with respect to Co-operative Societies. 20 of 1939.

[14TH JULY, 1949.]

1. This Ordinance may be cited as the Co-operative Societies Ordinance; it shall apply to the Colony and Protectorate. Short title.

Interpreta-
tion.

2. In this Ordinance unless the context otherwise requires—

“ bonus ” means a share of the profits of a registered society divided among its members in proportion to the volume of business done with the society by them from which the profits of the society were derived;

“ bye-laws ” means the registered bye-laws made by a society in the exercise of any power conferred by this Ordinance, and includes a registered amendment of the bye-laws;

“ central society ” means a registered society established to facilitate the operations of registered societies in accordance with co-operative principles and includes a central financing society;

“ central financing society ” means a registered society of which the principal object is to make loans to other registered societies;

“ committee ” means the governing body of a registered society to whom the management of its affairs is entrusted;

“ dividend ” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

“ member ” includes a person or registered society joining in the application for the registration of a society, and a person or registered society duly admitted to membership after registration;

“ officer ” includes a President, Chairman, Secretary, Treasurer, Member of Committee, or other person empowered under the rules or bye-laws to give directions in regard to the business of a registered society;

“ registered society ” means a co-operative society registered under this Ordinance;

“ Registrar ” means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Ordinance and includes the Deputy Registrar, and Assistant Registrar;

“ rules ” mean rules made by the Governor in Council under this Ordinance.

REGISTRATION OF CO-OPERATIVE SOCIETIES.

Power of
Governor to
appoint
Registrar,
etc.

3. The Governor may appoint a fit and proper person to be Registrar of Co-operative Societies for Sierra Leone, or any portion of it, and may appoint persons to assist such Registrar, and may, by notice published in the *Gazette*, confer on any such

persons all or any of the powers of a Registrar under this Ordinance.

4. Any person appointed as a Registrar under section 3 shall have a seal of such device as may be approved by the Governor. Impressions of such seal shall be judicially noticed. Seal.

5. Subject to the provisions of this Ordinance, a society which has as its objects the promotion of the economic interests of its members in accordance with co-operative principles, or a society established for the purpose of facilitating the operations of such societies, may be registered under this Ordinance with or without limited liability. Societies which may be registered.

6. (1) No society, other than a society composed of registered societies, shall be registered under this Ordinance which does not consist of at least ten persons qualified for membership under this Ordinance. Conditions of registration.

(2) No central society shall be registered unless at least two registered societies are members thereof.

(3) (a) The word "co-operative" or its vernacular equivalent shall form part of the name of every society registered under this Ordinance.

(b) The word "limited" or its vernacular equivalent shall be the last word in the name of every society with limited liability registered under this Ordinance.

(c) Save in the case of a central financing society the word "bank" or "banking" shall not form part of the name of any society registered under this Ordinance.

7. (1) For purposes of registration an application to be registered shall be made to the Registrar. Application for registration.

(2) The application shall be signed—

(a) in the case of a society other than a central society by at least ten persons qualified for membership; and

(b) in the case of a central society by persons duly authorised to act for each such registered society.

(3) The application shall be accompanied by two copies of the proposed bye-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

Registration.

8. If the Registrar is satisfied that a society has complied with the provisions of this Ordinance and the rules and that its proposed bye-laws are not contrary to the Ordinance or to the rules he may, if he thinks fit, register the society and its bye-laws.

Registered societies to be bodies corporate.

9. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal to be approved by the Registrar which shall be judicially noticed, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes of its constitution.

Evidence of registration.

10. A certificate of registration signed and sealed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

Power to exempt societies from requirements as to registration.

11. Notwithstanding anything contained in this Ordinance the Governor may, by writing under his hand and subject to such conditions, if any, as he may impose, exempt any particular society from any of the requirements of this Ordinance as to registration.

DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES.

Power to make bye-laws.

12. Every registered society may, subject to the approval of the Registrar, make bye-laws for any such things as are necessary or desirable for the purposes for which such society is established.

Power of fining members.

13. A registered society may make bye-laws conferring upon it the power to impose fines upon its members by the authority of the general meeting or of the committee or in such other manner as such bye-laws may provide. Such fines shall be debts due to the society.

Change of name.

14. A society may, by an amendment of its bye-laws duly registered, change its name, but such change shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

15. (1) No amendment of the bye-laws of a registered society shall be valid until the same has been registered under this Ordinance, for which purpose two copies of the amendment shall be forwarded to the Registrar.

Amendment of the bye-laws of a registered society.

(2) If the Registrar is satisfied that the amendment of the bye-laws is not contrary to this Ordinance or to the rules, he may, if he thinks fit, register the amendment.

(3) When the Registrar registers an amendment of the bye-laws of a registered society, he shall issue to the society a copy of the amendment certified and sealed by him, and such copy so certified and sealed shall be conclusive evidence that the amendment is duly registered.

16. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change thereof.

Address of societies.

17. Every registered society shall keep a copy of this Ordinance and of the rules made thereunder and of its bye-laws open to inspection, free of charge, at all reasonable times at the registered address of the society.

Copy of Ordinance, rules and bye-laws to be open to inspection.

18. (1) A registered society shall not make a loan to any person other than a member:

Restrictions on loans.

Provided that, with the general or special sanction of the Registrar, a registered society may make loans to another registered society.

(2) The Governor may by Order prohibit or restrict the lending of money on the security of immovable property by all or any registered societies.

19. Subject to the provisions of section 20, a registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or its bye-laws.

Restrictions on borrowing.

20. A registered society may receive deposits from or for the benefit of minors, and it shall be lawful for a registered society to pay to such minors, the interest which may become due on such deposits. Any deposit made by or on behalf of any minor may be paid to him personally or to his guardian for his use if the deposit was made by any person other than the minor, together with the interest accrued thereon.

Deposits by minors.

A receipt signed or otherwise validly given by a minor or his guardian for money paid to him under this section shall be a sufficient discharge therefor.

Restrictions
on other
transactions
with non-
members.

21. Save as provided in sections 18, 19 and 20 the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions, if any, as may be prescribed.

Debts of
members of
society.

22. All moneys payable or due by a member to a registered society under this Ordinance or the rules made thereunder or the bye-laws of the society or in connection with its business shall be a debt due from such member to the society.

Charge in
respect of
shares, etc.,
of members.

23. A registered society shall have a charge upon the shares or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus, or accumulated funds payable to a member or past member in respect of any debt due from such member or past member to the society, and may set off any sum credited or payable to a member or past member in or towards payment of any such debt.

Priority of
claim of
society
against crops,
cattle, etc.

24. Subject to any prior claims of the Government and to any claims in respect of rent, or any money recoverable as rent—

(a) any debt or outstanding demand owed to a society by any member or past member shall be a first charge—

(i) upon crops or other agricultural produce raised in whole or in part by means of a loan obtained from the society by such member or past members; and

(ii) upon any cattle, fodder for cattle, agricultural or industrial implements, or raw materials for manufacture, or workshops, stores or places of business, supplied to such member or past member by the society, or purchased by him in whole or in part with any loan, whether in money or goods, given him by the society;

(b) any outstanding dues payable to a housing society by any member or past member in respect of rent, share capital, loans, purchase money or any other rights or amounts payable to such society, shall be a first charge upon his interest in the immovable property of the society:

Provided that nothing in this section contained shall affect the claim of any *bona fide* purchaser or transferee without notice.

25. Subject to the provisions of section 23 the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member.

Share or interests not liable to attachment.

26. A registered society may invest or deposit its funds—

Investment of funds.

(a) in the Post Office Savings Bank; or

(b) in any securities, approved by the Registrar, issued or guaranteed by a Government under the British Crown; or

(c) in the shares of any other registered society; or

(d) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar; or

(e) in any other mode permitted by the rules.

27. (1) A registered society, having as one of its objects the disposal of any produce of agriculture or animal husbandry or handicrafts or fishing, may contract with its members, either in its bye-laws or by a separate document, that they shall dispose of all their produce, or of such amounts or descriptions as may be stated therein, not being produce in respect of which they have previously entered into a contract for its disposal, to or through the society, and may in the contract provide for payment of a specific sum per unit of weight or other measure as liquidated damages for infringement of the contract, and such sum shall be a debt due to the society.

Contract with members to dispose of produce.

(2) Any such contract shall, subject to any existing charges, create in favour of the society a first charge upon all produce mentioned therein in order to cover any expenses incurred in connection with the marketing of the same.

28. No society shall pay a dividend or bonus or otherwise distribute any part of its net surplus before the balance sheet has been certified by an auditor approved by the Registrar.

Dividend and bonus not to be paid before balance sheet certified.

29. Not less than one-fourth of the net surplus disclosed in the profit and loss account for the year shall be carried to a fund to be called the reserve fund. The remainder of the net surplus, together with any balance remaining from previous years and available for distribution, may be divided among the members by way of dividend, bonus, or otherwise, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the rules or bye-laws:

Reserve fund, dividends and bonuses.

Provided that the Registrar may exempt any society of limited liability from further contributions to the reserve fund, or reduce the rate of contribution and may revoke or vary any such exemption or reduction.

Power of Registrar to prescribe with regard to certain matters.

30. The Registrar shall have power to give directions prescribing—

- (a) the accounts and books to be kept by a society;
- (b) the returns to be submitted by a society to the Registrar and the persons by whom and the form in which such returns shall be submitted;
- (c) the maximum loan which may be made by a society to any of the members thereof without the prior consent of the Registrar.

Proof of entries in societies' books.

31. (1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any suit or legal proceedings as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of a society shall in any legal proceedings to which the society is not a party be compelled to produce any of the society's books, the contents of which can be proved under sub-section (1) or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of the court made for special cause.

Exemption from compulsory registration of instruments relating to shares and debentures of registered society.

32. Nothing in the law relating to the registration of instruments for the time being in force shall apply to—

- (a) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist in whole or in part of immovable property; or
- (b) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to a security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or
- (c) any endorsement upon or transfer of any debentures issued by any such society; or

(d) any charge created in favour of a registered society by a member of that society in respect of any produce of his agriculture or his immovable property.

33. (1) The Governor by a notice published in the *Gazette* may in the case of all or any registered societies reduce or remit—

Power to exempt from certain duties and fees.

(a) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society or any class of such instruments are respectively chargeable;

(b) any fee payable under the law relating to the registration of instruments for the time being in force.

(2) The Governor may by a notice published in the *Gazette* cancel or modify any notice published under sub-section (1).

MEMBERSHIP, RIGHTS AND LIABILITIES OF MEMBERS.

34. (1) To be qualified for membership of a registered society a person must be—

Qualification for membership.

(a) capable of entering into a legally enforceable contract;

(b) resident within or in occupation of land within the area of operations of the society as defined in its articles of association:

Provided that the Registrar shall have power, in the case of a society of limited liability, to grant exemption from the second qualification.

(2) Any question which arises as to the qualification of any person for membership shall be decided by the committee, provided that if the committee is unable to decide the question, they may refer it to the Registrar whose decision thereon shall be final and conclusive.

35. No member of a registered society shall exercise the rights of a member unless or until he has made such payments to the society in respect of membership or acquired such interest in the society as may be prescribed by the rules or bye-laws.

Member not to exercise rights until prescribed payment made.

36. No member, other than a registered society, shall hold more than one-fifth of the share capital of any co-operative society.

Restriction on interest of member of society.

Restriction
on member-
ship of more
than one
society.

37. No member of any registered society which has power under its bye-laws to grant loans to its members shall, except with the sanction of the Registrar first had and obtained, be a member of any other registered society having that power.

Votes of
members.

38. (1) Each member of a registered society shall have one vote as a member in the affairs of the society provided that in the event of the votes given for and against any proposal being equal in number the chairman shall have a casting vote.

(2) A registered society which is a member of any other registered society may appoint, as its proxy, for the purpose of voting in the affairs of such other registered society, any one of its members.

Restrictions
on transfer
of share or
interest.

39. (1) Any transfer or change of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Ordinance or by the rules.

(2) In the case of a society registered with unlimited liability a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless—

(a) he has held such share or interest for not less than one year; and

(b) the transfer or change is made to the society or to a member of the society.

Transfer of
interest on
death of
member.

40. (1) On the death of a member the registered society may transfer the share or interest of the deceased member to the person who is proved, to the satisfaction of the committee, to be the legal personal representative of the deceased or the representatives of the deceased's family who is entitled to administer his property in accordance with the native customary law of inheritance obtaining amongst the community or tribe of which the deceased was a member:

Provided that—

(i) in the case of a society with unlimited liability, such representative may require payment by the society of the value of the share or interest of the deceased member;

(ii) in the case of a society with limited liability the society may transfer the share or interest of the deceased member to such representative, being qualified for membership of the society, or, on his application within one month of the death

of the deceased member to any person specified in the application who is so qualified.

(2) A registered society may pay all other moneys due to the deceased member from the society to such representative as aforesaid.

(3) Any transfer or payment made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

41. The liability of a past member for the debts of a registered society as they existed at the time he ceased to be a member shall continue for a period of two years from the end of the financial year of the society following the date of his ceasing to be a member.

Liability of
past
members.

42. The estate of a deceased member shall be liable for a period of two years from the time of his decease for the debts of a registered society as they existed at the time of his decease.

Liability of
the estates
of deceased
members.

43. Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein—

Register of
members.

(a) the date at which the name of any person was entered in such register or list as a member;

(b) the date at which such person ceased to be a member.

44. Statements and valuations of immovable or other property owned by members of a registered society prepared for the information of the Registrar to enable him to assess the credit of the society shall be wholly exempt from disclosure for any purpose relating to any income or other direct tax or to rating.

Statements
of members'
property
exempt from
disclosure
for certain
purposes.

DISPUTES.

45. (1) If any dispute touching the business of a registered society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society) arises—

Disputes.

(a) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or servant of the society; or

(b) between the society or its committee and any officer, agent or servant of the society; or

(c) between the society and any other registered society, such dispute shall be referred to the Registrar for decision:

Provided that nothing in this sub-section contained shall empower the Registrar to decide any dispute relating to the ownership, possession or occupation of land.

Without prejudice to the generality of the provisions of this sub-section, a claim by a registered society for any debt or demand due to it from a member, past member or the representative of the deceased member, whether such debt or demand be admitted or not, shall be deemed to be a dispute touching the business of the society within the meaning of this sub-section.

(2) The Registrar may, on receipt of such reference—

(a) decide the dispute himself; or

(b) subject to the provision of any rules, refer it for disposal to an arbitrator or arbitrators.

(3) Subject to the provisions of any rules the Registrar may withdraw any reference transferred under paragraph (b) of sub-section (2) and decide the dispute himself under paragraph (a) of the said sub-section.

(4) Where the Registrar is satisfied that a party to any reference made to him under sub-section (1) with intent to defeat or delay the execution of any award that may be made thereon—

(a) is about to dispose of the whole or any part of his property; or

(b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar,

the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary; and such attachment shall have the same effect as if it had been made by a competent court.

(5) The Registrar may, of his own motion or on the application of a party to a reference, revise any award thereon by the arbitrator or arbitrators to whom it was referred.

(6) (a) Any decision given by the Registrar under paragraph (a) of sub-section (2) or under sub-section (5) shall be final and shall not be called in question in any court.

(b) Any award given by an arbitrator or arbitrators under paragraph (b) of sub-section (2) shall, save as otherwise provided

in sub-section (5), be final and shall not be called in question in any court.

(c) Any decision or award under this section shall, on the application of the party in whose favour it is given, be enforced by any court which would have jurisdiction in civil suits between the parties to the dispute to give a judgment for the payment of the amount awarded or, where the decision does not relate to the payment of money, to give a similar decision, in the same manner as if the decision or award had been a judgment or decision of such court.

AUDIT, INSPECTION AND INQUIRIES.

46. (1) The Registrar shall audit or cause to be audited by some person authorised by him in writing in this behalf the accounts of every registered society once at least in every year. Audit.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the society.

(3) The Registrar and every person appointed to audit the accounts of a society shall have power when necessary—

(a) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transaction of the society or the management of its affairs; or

(b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

47. The Registrar, or any person authorised in writing in this behalf by the Registrar, shall at all times have access to all books, accounts, papers, cash and securities of a society, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require. Power of Registrar to inspect societies' books, etc.

48. (1) The Registrar may of his own motion, and shall on the application of a majority of the committee or of not less than one-third of the members, hold an inquiry or direct some person authorised by him in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society. Inquiry by Registrar.

(2) All officers and members of the society shall produce such of the books and documents of the society and furnish such information in regard to the affairs of the society, as the Registrar or the person so authorised by the Registrar may require.

Inspection of
books of
indebted
society.

49. (1) The Registrar shall, on the application of a creditor of a registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society:

Provided that—

(a) the applicant satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) the applicant deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(2) The Registrar shall communicate the results of any such inspection to the creditor.

Costs of
inquiry or
inspection.

50. Where an inquiry is held under section 48 or an inspection is made under section 49 the Registrar may by a certificate under his hand and seal make an award apportioning the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society.

Recovery of
costs.

51. Any sum awarded by way of costs under section 50 shall be recoverable in the same manner as a civil debt in any court having jurisdiction over the person against whom the award is made, on the production before the court of the certificate referred to in the said section.

Recovery of
sums due to
Government.

52. Sums due from a registered society to the Government and recoverable under section 50 may be recovered from the property of the society:

Provided that in the event of a deficiency the balance due may, in the case of a society of which the liability of members is limited, be recovered from the members subject to the limit of their liability, and in the case of other societies, may be recovered from the members.

DISSOLUTION OF A REGISTERED SOCIETY.

53. (1) If the Registrar, after an inquiry has been held under section 48 or after an inspection has been made under section 49 or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may cancel the registration of the society. Dissolution.

(2) Any member of a society may, within two months from the date of an order made under sub-section (1), appeal from such order to the Governor.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period.

(4) Where an appeal is presented within two months the order shall not take effect until it is confirmed by the Governor.

(5) Where the Registrar cancels the registration of a society under sub-section (1) he may make such order as he may deem fit respecting the custody of the books and documents and the protection of the assets of the society until the order cancelling the registration of the society takes effect.

54. Where it is a condition of the registration of a society that it should consist of at least ten members the Registrar may cancel the registration of the society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten. Cancellation of registration of society.

55. Where the registration of a society is cancelled the society shall cease to exist as a corporate body— Effect of cancellation of registration.

(a) in the case of cancellation in accordance with the provisions of section 53, from the date on which the order of cancellation takes effect;

(b) in the case of cancellation in accordance with the provisions of section 54, from the date of the order:

Provided that the powers and privileges conferred on registered societies by sections 23, 24, 25, 33 and 40 shall survive in any duly appointed liquidator.

56. Where the registration of a society is cancelled under section 53 or section 54, the Registrar may appoint one or more persons to be, subject to his directions and control, liquidators of the society. Liquidation after cancellation of registration of society.

Liquidator's
powers.

57. A liquidator appointed under section 56 shall, subject to any limitation under section 58, have power to—

(a) decide the contributions to be made by members and past members of the society to its assets;

(b) appoint by notice in the *Gazette* a day before which creditors shall state their claims for admission;

(c) decide any question of priority which arises between creditors;

(d) institute and defend suits and undertake legal proceedings on behalf of the society as “liquidator” of the society;

(e) decide by what persons and in what proportions the costs of liquidation are to be borne;

(f) give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding up the society;

(g) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;

(h) upon giving not less than fourteen days' notice, call such general meetings of members as may be necessary for the proper conduct of the liquidation;

(i) take possession of the books, documents and assets of the society;

(j) realise the assets of the society;

(k) carry on the business of the society so far as may be necessary for winding it up to the best advantage, provided that he shall not for this purpose be entitled to issue any loan;

(l) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.

Power of
Registrar to
control
liquidation.

58. In exercise of the powers of control and revision conferred upon him by this Ordinance the Registrar may—

(a) rescind, vary or stay any decision, appointment, direction or other action given, made or taken by the liquidator, and give, make or take such other decision, appointment, direction or other action as he considers to be required:

Provided that this power shall not be exercised to the prejudice of a *bona fide* purchaser or transferee for value;

(b) remove a liquidator from office;

(c) call for all books, documents, and assets of the society;

(d) withdraw from court any action instituted by a liquidator;

(e) by order in writing limit the powers of a liquidator under section 57;

(f) require accounts to be rendered to him by the liquidator;

(g) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;

(h) make an order for the remuneration of the liquidator;

(i) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have signed an assent to be bound by the decision of the arbitrator.

The decision of any arbitrator so appointed shall be binding upon the parties and shall be enforceable as an order of the Registrar under section 61.

59. Rules may be made for the purpose of providing for an appeal to the Supreme Court against any order made—

Appeals
from
decisions of
liquidator
and
Registrar.

(a) by a liquidator under paragraph (a), (c) or (e) of section 57; and

(b) by the Registrar rescinding or varying or given in substitution for any order of the liquidator made under any of the said paragraphs.

60. Subject to anything in the rules provided, the Registrar and any liquidator appointed under this Ordinance shall, in so far as such powers are necessary for carrying out the purposes of sections 57 and 58, have the powers of the Supreme Court to summon witnesses and to call for the production of books, documents and accounts and to examine witnesses on oath which oath may be administered by the Registrar or liquidator as the case may be.

Attendance
of witnesses
and pro-
duction of
documents.

61. Any decision of a liquidator or the Registrar given under section 57 or 58 which involves the payment of any money by any person shall be enforced by any court having jurisdiction in the same manner as an order of the said court.

Enforcement
of decisions
of liquidator
and
Registrar.

62. Save in so far as is hereinbefore expressly provided, no court shall have any jurisdiction in respect of any civil matter connected with the dissolution of a registered society.

Limitation
of the
jurisdiction
of courts.

63. (1) When a liquidation has been closed and any creditor of a liquidated society has not claimed or received what is due to him under the scheme or distribution, the closing of the

Closure of
liquidation.

liquidation shall be published in the *Gazette* and no claims shall lie against the funds of the society liquidated after the expiration of two years from the date of the publication of the *Gazette* notice.

(2) All money lying thus unclaimed shall be available for use by the Registrar for any co-operative purpose at his discretion.

RULES.

Rules.

64. (1) The Governor in Council may, from time to time make rules for carrying this Ordinance into effect.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may—

(a) subject to the provisions of section 36, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

(b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of societies, and the procedure to be followed with regard to such application;

(c) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure to be followed in making, altering and revoking bye-laws, and the conditions to be satisfied prior to such making, alteration or revocation;

(d) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership;

(e) provide for the consent of any authority before funds are raised by means of shares or debentures or otherwise, regulate the manner in which the same are to be raised and prescribe the form in which any application for financial assistance from the Government shall be made;

(f) provide for the summoning of general meetings of the members and the procedure at such meetings, and the powers to be exercised by such meetings, and the appointment or representatives of affiliated societies to the meetings of central societies;

(g) provide for the appointment, suspension and removal of the members of the committee and other officers, and for

the procedure at meetings of the committee, and for the powers to be exercised and duties to be performed by the committee and other officers;

(h) provide for the audit of the accounts and books to be kept by a society and the charges, if any, to be made for such audit;

(i) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;

(j) prescribe the persons by whom and the form in which copies of entries in books of registered societies may be certified;

(k) provide for the compilation and maintenance of a register of members and, where the liability of members is limited by shares, of the register of shares;

(l) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled;

(m) prescribe the manner in which the value of a deceased member's interest shall be ascertained;

(n) prescribe the manner in which the value of the interest of a member, who has become of unsound mind and incapable of managing himself or his affairs, shall be ascertained, and for the nomination of any person to whom such interest may be paid or transferred;

(o) provide that the giving of a receipt by or on behalf of a minor shall be a valid discharge for the sums so paid;

(p) prescribe the conditions to be complied with by members applying for loans, and make provision with respect to the periods for which loans may be made and the amounts which may be lent to, and the payments to be made by, an individual member;

(q) prescribe the maximum rate of interest which may be charged on loans by societies and the maximum rate of interest which may be paid on deposits with societies;

(r) provide for the formation and maintenance of reserve funds, and for objects to which such funds may be applied, and for the investment of any funds under the control of the society;

(s) prescribe the extent to which a society may limit the number of its members;

(t) prescribe the conditions under which accumulated funds may be distributed to the members of a society and the maximum rate of dividend which may be paid by societies;

(u) prescribe the procedure to be followed in proceedings before the Registrar or an arbitrator or arbitrators;

(v) prescribe the procedure to be followed by a liquidator appointed under section 56;

(w) prescribe in accordance with section 59 the cases in which an appeal shall lie from an order of a liquidator or the Registrar, and prescribe the procedure to be followed in presenting and disposing of such appeals.

(3) In any case where the Registrar is satisfied that a substantial number of the members of any society are unacquainted with the English language, he shall cause such rules to be made known in such a manner as is customary for the community concerned.

Power to exempt registered societies from provisions of the Ordinance.

Offences.

Wilfully neglect or default by a society, etc.

Wilfully furnishing false information.

Disobedience of summons, requisition or order.

Prohibition of the use of the word "co-operative."

65. The Governor, by writing under his hand, may exempt any registered society from any of the provisions of this Ordinance or direct that such provisions shall apply to such society with such modifications as the Governor may specify.

66. (1) It shall be an offence under this Ordinance if—

(a) a society or an officer or a member thereof wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Ordinance by the Registrar or other person duly authorised by him in writing in that behalf; or

(b) a society or an officer or member thereof wilfully makes a false return or furnishes false information; or

(c) any person wilfully and without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Ordinance or does not furnish any information lawfully required from him by a person authorised to do so under the provisions of this Ordinance.

(2) Every society, officer or member of a society or other person guilty of an offence under this section shall be liable on summary conviction thereof to a fine not exceeding twenty-five pounds.

67. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" is part without the sanction of the Governor:

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under

which he traded or carried on business at the commencement of this Ordinance.

(2) Any person who contravenes the provisions of this section shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding five pounds, and in the case of a continuing offence to a further fine not exceeding one pound for each day during which the offence continues.

68. (1) The provisions of the Moneylenders Ordinance, the Money-lending and Standing Crop Transactions (Protectorate) Ordinance, and the Companies Ordinance shall not apply to societies registered under this Ordinance. Restriction
on the appli-
cation of
Caps. 240,
242 and 249.

(2) The provisions of the Arbitration Ordinance shall not apply to proceedings under section 45 of this Ordinance. Cap. 25.

(3) The provisions of the Pawnbrokers Ordinance shall not apply to agricultural produce or to the products of handicraftsmen pledged, pawned or otherwise delivered to a society registered under this Ordinance, by the members of the society. Cap. 243.
