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CO-OPERATIVE SOCIETIES LAW

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CHAPTER C19

CO-OPERATIVE SOCIETIES

A Law to make provision with respect to Co-operative Societies in Kwara State.

[NN 1963, Cap. 26. NN 20 of 1964, KWS 3 of 1968, KWS 1 of 1988, KWS LN 1 of 1982, No. 4 of 2006.]

[Date of commencement: 1st November, 1956]

PART I

Preliminary

- Short title

This Law may be cited as the Co-operative Societies Law.

- Interpretation

In this Law, 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 by them with the society from which the profits of the society were derived;

- “by-laws” means the registered by-laws made by a society in the exercise of any power conferred by this Law, and includes any registered amendment thereof;
- “Commissioner” means the State Commissioner to whom is assigned responsibility for
- Co-operative Societies; “committee” means the governing body of a registered society to whom the management of its affairs is entrusted;
- “co-operative society” means a co-operative society registered or deemed to have been registered in Kwara State under the provisions of the Co-operative Societies Act or under the provisions of this Law;

[F& L 1958, Cap. 39.]

- “dividend” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;
- “Governor” means the Governor of the State;
- “High Court” means the High Court of Justice of the State;
- “member” includes a person or registered society joining in the application for the registration of a society, and a person or registered society admitted to membership after registration in accordance with the by-laws and regulations;
- “officer” includes a president, chairman, secretary, treasurer, member of committee, or other person empowered under the regulations or by-laws to give directions in regard to the business of a registered society;
- “primary society” means a registered society consisting of individuals as members;
- “registered society” means a co-operative society registered under this Law;
- “registrar” means the registrar of co-operative societies appointed under section 3 of this Law and includes any person when exercising such powers of the registrar as may have been conferred upon him under that section;
- “regulations” means regulations made under this Law;
- “secondary financing society” means a registered society of which the principal object is to make loans to other registered societies; but shall not include a society which carries on the business of receiving from the public on current account money which is to be repayable on demand by cheque;
- “secondary society” means a registered society established to facilitate the operations of registered societies in accordance with co-operative principles and includes a secondary financing society;
- “the State” means Kwara State of Nigeria.

PART II

Registration

3.Appointment of registrar and assistant registrars and seal of office

- (1) The Civil Service Commission may appoint a person to be registrar of cooperative societies for the State, and may appoint persons to assist such registrar, and may, by notice published in the State Gazette, confer on any such persons all or any of the powers of a registrar under this Law. [KWS LN 1 of 1982.]

- (2) Any person appointed as registrar under this section shall have a seal of such device as may be approved by the Committee, and impressions of such seal shall be judicially noticed.

4. Societies which may be registered

- (1) Subject to the provisions of this Law, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Law with or without limited liability as the registrar may decide. [F&L1958, Cap. 39.]
- (2) All co-operative societies possessing a registered address within the State and registered under the Co-operative Societies Act shall be deemed to be registered also under this Law and subject to its provisions.

5. Conditions of registration

- No primary society shall be registered under this Law which does not consist of at least ten individuals each of whom is qualified for membership under section 24.
- No secondary society shall be registered unless at least two registered societies are members thereof.
- (a) The word “co-operative” or its vernacular equivalent shall form part of the name of every society registered under this Law.
- (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 Law.
- (4) When for the purposes of this section, any question arises as to age, residence or occupation of land constituting the qualification of any person, that question shall be decided by the registrar whose decision shall be final.

6. Application for registration

- For the purposes of registration an application shall be made to the registrar.
- The application shall be signed—
- in the case of a primary society, by at least ten individuals qualified for membership under section 24; and
- in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and, where all members of the society are not registered societies, by ten other members, or, when there are less than ten other members, by all of them.
- The application shall be accompanied by three copies of the proposed bylaws 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.
- The registrar may make such alterations in the proposed by-laws as he may deem advisable subject to the ratification of the applicants being obtained when such alterations are material.

7. Registration

- If the registrar is satisfied that a society has complied with the provisions of this Law and the regulations, and that its proposed by-laws are not contrary to this Law or to the regulations, he may register the society and its by-laws.

- A society may within two calendar months from the date of the notification to it by the registrar of his refusal to register the society appeal to the Commissioner against such refusal.
- On registration the society shall pay such fee as may be required by the regulations.

8. Societies to be bodies corporate

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, 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 purpose of its constitution.

9. Evidence of registration

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.

PART III

Duties and Privileges of Registered Societies

10. Power to make by-laws

- Any registered society may, subject to the approval of the registrar, make bylaws for any such things as are necessary or desirable for the purposes for which such society is established.
- A registered society shall make by-laws in respect of the following matters:

(a) the name and registered address of the society; (b) the area of its operations;

- the objects for which the society is established;
- the purposes to which the funds may be applied, the mode of custody and investment of funds;
- the qualifications for membership, the terms of admission of members, the entrance fees, if any, and the mode of election;
- the nature and extent of the liability of members;
- the withdrawal and expulsion of members, and the payments, if any, to be made to such members;
- the transfer of shares or interest of members;
- the manner of raising the share capital, if any, and other funds;
- general meetings, and the procedure and powers of such meetings;
- the appointment, suspension and removal of members of the committee and officers and the powers and duties of the committee and officers;
- the authorisation of an officer to sign documents and to use the seal on behalf of the society;
- in the case of a building society, the duration of the society.

(3) If the objects of the registered society include the creation of funds to be lent to the

members, additional by-laws shall be made in respect of the following

matters:

- (a) the conditions on which loans may be made to members, including— (i) the rate of interest;
- the maximum amount which may be lent to a member;
 - the maximum period which can be granted for the repayment of a loan;
 - the extension of the term and renewal of loans;
 - the purposes of loans;
 - security for repayment;
 - the consequences of default in payment of any sum due on account of shares or loans and the consequences of failure to use a loan for the purpose for which it was

granted.

- (b) the disposal of the annual net profits.

(4) A by-law made under this section may empower a registered society to impose a fine upon a member of the society for the breach of a by-law which fine shall be recoverable by the society as a civil debt.

11. Amendment of the by-laws of a registered society

- Any registered society may, subject to this Law and the regulations, amend its by-laws, including the by-law which declares the name of the society.
- No amendment of the by-laws of a registered society shall be valid until the same has been registered under this Law, for which purpose three copies of the amendment shall be forwarded to the registrar.
- If the registrar is satisfied that any amendment of the by-laws is not contrary to this Law or to the regulations, he may register the amendment.
- A society may within two calendar months from the date of notification to it by the registrar of his refusal to register an amendment of any by-law appeal to the Commissioner against such refusal.
- An amendment which changes the name of the society shall not affect any right or obligation of the society or any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.
- When the registrar registers an amendment of the by-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.
- In this section, “amendment” includes the making of a new by-law and the variation or revocation of a by-law.

12. Address of society

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

13. Copy of Law, regulations and by-laws to be open to inspection

Every registered society shall keep a copy of this Law and of the regulations and of its by-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

14. Contracts with members

(1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise may provide in its by-laws or may otherwise contract with its members—

(a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and

(6) that any member who is proved or adjudged in such manner as may be prescribed by the regulations to have committed a breach of the by-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid regulations.

(2) No contract entered into under the provisions of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

15. Creation of charges in favour of registered societies

Subject to any prior claims of the Government on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon— (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other forest produce, marine produce, fish, livestock, fodder, agricultural, industrial and fishing implements, plant machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

Provided that nothing herein contained shall affect the claim of any bona fide purchaser or transferee without notice;

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

16. Charge and set-off in respect of shares or interest of members

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 or deceased member and upon any dividend, bonus or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate, and may set off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

17. Share or interest not liable to attachment or sale

Subject to the provisions of section 16, 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, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to or have any claim on such share or interest.

18. Transfer of interest on death of a member

(1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the regulations made in this behalf, or if there is no person so nominated, to the heir or legal representative of the deceased member or, where an area court is administering

the estate of the deceased member, to such area court, or may pay to such nominee, heir, legal representative or area court, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the regulations or by-laws:

Provided that—

(a) in the case of a society with unlimited liability, such nominee, heir, legal representative or area court, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid; (b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the regulations and by-laws for membership of the society, or on the application of the nominee, heir, legal representative or area court within six months of the death of the deceased member to any person specified in the application who is so qualified.

- A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir, legal representative or area court, as the case may be.
- All transfers and payments lawfully 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.

19. Deposits by or on behalf of minors

- A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposit made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of the minor for the use of the minor.
- The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

20. Register of members

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

- the date at which the name of any person was entered in such register or list as a member;
- the date at which any such person ceased to be a member.

21. Proof of entry in books of the society

- 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 regulations, be received in any legal proceeding, civil or criminal, 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.
- No officer of any such 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 subsection (1) or to appear as a witness to prove any matter, transactions or accounts therein recorded, unless the court for special reasons so directs.

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

Nothing in any law for the time being in force relating to a matter within the legislative competence of the legislature of the State that relates to the registration of instruments 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

- any endorsement upon or transfer of any debentures issued by any such society; or
- 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 land.

23. Power to ~~exempt from certain duties and fees~~

(1) The Commissioner charged with responsibility for finance by a notice published in the State Gazette may in the case of all or any registered societies reduce or remit—

- the stamp duty with which, under any law for the time being in force in relation to matters within the exclusive legislative competence of the Legislature of the State, instruments executed by or on behalf of a registered society by an officer or member and relating to the business of such society or any class of such instruments are respectively chargeable;
- any fee payable under the Law relating to the registration of instruments for the time being in force in relation to matters within the legislative competence of the Legislature of the State.

(2) The Commissioner charged with responsibility for finance may by notice published in the State Gazette cancel or modify any notice published under subsection (1).

PART IV

Rights and Liabilities of Members

24. Qualification for membership

(1) To be qualified for membership of—

[NN 20 of 1964.]

- (a) a primary society, a person must— (i) have attained the age of eighteen years;
- (ii) be resident within, or in occupation of land within, the registered society's area of operations as described in the by-laws; or
- (b) a secondary society, if the applicant is a registered society, it must— (i) have its registered address within the secondary society's area of operations as defined by the by-laws; and
- (ii) be a holder of property within the registered society's area of operations as defined in the by-laws:

Provided that the registrar shall have power in the case of a society of limited liability to grant exemption from the qualifications set out in subparagraphs (i) and

(ii).

(2) Notwithstanding the provisions of subparagraph (i) of paragraph (a) of subsection (1) the Commissioner may order that such provisions shall not apply to any primary society specified in such order and, if he makes such order, he shall therein specify the attainment of the age of fifteen years as a qualification for membership of such society.

When, for the purposes of this section, any question arises concerning the age, residence, property qualification or status of any person, then the same shall be decided by the committee, subject to an appeal to the registrar whose decision shall be final.

25. Members not to exercise rights till due payment made

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

26. Restriction of membership

Except with the prior sanction of the registrar, no person shall be a member of more than one registered society whose primary object is to grant loans to its members.

27. Votes of members

No member of any registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that—

(a) in the case of an equality of votes the chairman shall have a casting vote; and (b) in the case of societies of which a registered society is a member that society may have such voting powers as are provided in the regulations.

28. Representation by proxy

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

29. Contracts with society of members who are minors

The minority or nonage of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquiescence necessary to be executed or given under this Law or the regulations made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society, and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable by or against such person notwithstanding his minority or nonage.

30. Restriction on interest of member of society

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

31. Restriction on transfer of share or interest

- The transfer or charge of the share or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Law or by the

regulations.

- 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—
- he has held such share or interest for not less than one year; and
- the transfer or charge is made to the society or to a member of the society, or to a person whose application for membership has been accepted by the committee.

32. Liability of past member and estate of deceased member for debt of society (1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member shall not be liable for the debts of the society as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

PART V

Property and Funds of Registered Societies

33. Restriction on loans

- A registered society shall not, except as provided in section 36, make any loan to any person other than a member:

Provided that, with the consent of the registrar, a registered society may make loans to another registered society.

- Except with the permission of the registrar, a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorised to deal.

The Governor may, by order, prohibit or restrict the lending of money on mortgage of any description of immovable property by any registered society.

34. Deposits and loans receivable by a registered society

- A registered society shall receive deposits and loans from persons who are not members only to such an extent and under such conditions as may be prescribed by the regulations or by-laws.

Power to borrow

- Subject to the provisions of subsection (1) a registered society may, with the consent of the registrar, borrow, whether by way of mortgage or otherwise and on such terms and conditions as the society with the consent aforesaid may determine, such sums of money as may be required for the purposes for which such society is established. [KWS 3 of 1968.]
- There may be attached to any consent to borrow under subsection (2) the condition that such money shall be utilised for a specific purpose or purposes.
- A person lending money to the society shall not be bound to enquire whether the borrowing of money is within the power of the Society.

35. Guarantee of borrowings of registered societies

The Government of the State may, by the undertaking of the Governor, in such manner and on such conditions as he may think fit, guarantee the repayment of the principal and interest of any borrowing of a registered society under and in accordance with section 34 and any sum required for the fulfilment of any guarantee shall be charged to and issued out of the Consolidated Revenue Fund and shall be statutory expenditure. [KWS 3 of 1968.]

36. Repayment of and interest on sums issued to meet guarantees

(1) Whenever the Government of the State shall have made payment of any sums of money in fulfilment of any guarantee given by the Government by the undertaking of the Governor under section 35 it shall be entitled to charge interest on such sums of money to the registered society and such interest may be charged at such rates and for such period as the Government may determine in respect of each sum so paid. [KWS 3 of 1968.]

(2) The society shall repay such sums and the interest thereon to the Government at such times, in such amounts and in such manner as the Governor may from time to time direct.

37. Restrictions on other transactions with non-members

Save as provided in sections 33, 34, 35 and 36, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the regulations.

38. Investment of funds

A registered society may invest or deposit its funds— [KWS LN 1 of 1982.]

- in the Post Office Savings Bank or with any bank or company authorised to carry on the business of banking approved for this purpose by the registrar; or
- in any securities issued or guaranteed by the Government of a

Commonwealth country;

or

- with any other registered society approved for this purpose by the registrar; or
- in any other manner approved by the registrar.

39. Disposal of profits

- No society shall pay a dividend or bonus or otherwise distribute any part of its net profits except as provided in its by-laws and until the proposed payment or distribution has been approved by the registrar.
- At least one-fourth of the net profits of every registered society, as ascertained by the audit prescribed by section 41, shall be carried to a fund to be called the reserve fund which shall be employed as prescribed by the regulations: Provided that the registrar shall have power in the case of any registered society of limited liability to grant from time to time exemptions from further contribution to the reserve fund, or to reduce the rate thereof, and may at any time revoke such exemption or reduction.

And provided further that in the case of a society of unlimited liability, no distribution of the net profits shall be made without the order of the commissioner.

Any registered society may, with the sanction of the registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding ten per centum of the remaining net profits to any charitable purpose or to a common good fund.

(4) Offence.—Any registered society or an officer or a member thereof wilfully neglecting or refusing to comply with any of the provisions of subsections (1) and (2) shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or a fine of five thousand naira or to both such imprisonment and fine. [No. 4 of 2006.]

40. Misapplication of property of a society.

If any person obtains possession by false representation or imposition of any property of a registered society, or having the same in his possession withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society and authorised by this Law or the regulations, he shall, on the complaint of the society or of any member authorised by the society, or the committee thereof, or of the registrar or any assistant registrar by his authority, be liable on summary conviction to a fine not exceeding two thousand naira with costs and to be ordered to deliver up all such property or to repay all moneys applied improperly, and, in default of such delivery or repayment or of the payment of such fine, to be imprisoned for a period not exceeding three months, but nothing contained in this section shall prevent any such person from being proceeded against by way of information if not previously convicted of the same offence under this Law.[No. 4 of 2006.]

PART VI

Audit, Inspection and Inquiry

41. Inquiry and inspection

- The Registrar may either of his own motion, or on the application of the Committee, or on the application of not less than one-third of the members of a registered society hold an inquiry or direct some person authorised by him by Order in writing, to hold on his behalf an inquiry into the constitution, working and financial condition of a registered society. All officers and members of a registered society shall furnish such information in regard to the affairs of the society, and produce the cash in hand, and such books, accounts, papers and securities of the society as the Registrar or the person authorised by him may require.
- The audit under subsection (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the registered society.
- The registrar and every other person appointed to audit the accounts of a society shall have power when necessary—
 - 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 transactions of the society or the management of its affairs; or
 - 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.

(4) Offence.—Any officer, agent, servant or member of a registered society who—

- wilfully neglects or refuses to do any act or furnish any information; or
- furnishes information known to be false; or
- without any reasonable excuse disobeys any summons, requisition or order under subsection (3),

shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or to fine of five thousand naira or to both such imprisonment and fine.[No. 4 of 2006.]

42. Power of Governor to order an inquiry

Notwithstanding anything contained in this Law or any other Law, the Governor may if he deems it expedient, hold an inquiry or direct some person authorised by him, to hold an inquiry into the constitution, working and financial condition of a registered society, and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand, and such books, accounts, papers and securities of the society as the person authorised by him may require. [No. 4 of 2006.]

43. Power of registrar to inspect books and to require returns

- The registrar, or any person authorised by order in writing by the registrar, shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; 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.

- The registrar may give directions prescribing the returns to be submitted by the registered society to the registrar and the persons by whom and the form in which such returns shall be submitted. Directions given by the registrar under this subsection shall apply to all or any registered societies.
- –Any registered society or an officer or member thereof who– (a) wilfully neglects or refuses to do any act or to furnish any information; or

(b) wilfully submits information or a return known to be false,

under subsections (1) and (2) hereof, shall be guilty of an offence, and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such imprisonment and fine.[No. 4 of 2006.]

44. Inquiry and inspection

- 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 of a registered society, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the registrar or the person authorised by him may require.
- The registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society, if the applicant–
 - proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
 - deposits with the registrar such sum as security for the costs of the proposed inspection as the registrar may require.
- The registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been held.
- Where an inquiry is held under subsection (1) or an inspection is made under subsection (2), the registrar may by a certificate under his hand and seal make an award apportioning the costs, as he may think right, between the registered

society, the members demanding an inquiry, the officers or former officers of the society, and the creditor, if any, on whose application the inquiry was made.

- Any sum awarded by way of costs under subsection (4) shall be recoverable in the same manner as a fine imposed by 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 subsection.
- –Any officer or member of a registered society who–
- wilfully neglects or refuses to do any act or to furnish any information; or
- furnishes information known to be false,

under the provisions of subsection (1) hereof, shall be guilty of an offence, and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such imprisonment and fine.

[No. 4 of 2006.]

PART VII

Dissolution

45. Dissolution

- If the registrar, after holding an inquiry or making an inspection under section 44 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.
- Any member of a registered society may, within two months from the date of an order under subsection (1), appeal from such order to the Commissioner.
- 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. Where an appeal is presented within two months, the order shall not take effect until it is confirmed by the Commissioner.
- Where the registrar makes an order for the cancellation of the registration of a society under subsection (1), he may make such further orders as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.
- No registered society shall be wound up save by an order of the registrar.

46. Cancellation of registration of society due to lack of membership

The registrar may, by order in writing, cancel the registration of any primary society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten. Every such order shall take effect from the date thereof.

47. Effect of cancellation of registration

Where the registration of a society is cancelled by an order under section 45 or under section 46, the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution: Provided that any privileges conferred on the society under sections 15, 16, 17 and 18 shall be deemed to be vested in any liquidator appointed for that society by the registrar.

48. Liquidation after cancellation of registration of society

Where the registration of a society is cancelled by an order under section 45 or under section 46, the registrar may appoint a suitable person to be, subject to his direction and control, the liquidator of the society.

49. Liquidator's powers

(1) A liquidator appointed under section 48 shall, subject to the guidance and control of the registrar and to any limitations imposed by the registrar by order under section 50, have power to—

- decide, subject to any by-laws defining the liability of members, the contribution to be made by members and past members or by the estates of deceased members of the society to its assets;
- appoint a day by notice in the State Gazette before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them;
- decide any question of priority which arises between creditors;
- refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;
- decide by what persons and in what proportions the costs of liquidation are to be borne;
- give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding up the society;
- compromise any claim by or against the society provided the sanction of the registrar has first been obtained;
- call such general meeting of members as may be necessary for the proper conduct of the liquidation, giving not less than fourteen days' notice of every such meeting;
- take possession of the books, documents and assets of the society;
- sell the property of the society;
- carry on the business of the society so far as may be necessary for winding it up beneficially, provided that he shall not for this purpose be entitled to issue any loan;
- 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.
- Subject to such regulations as may be made in this behalf, any liquidator appointed under this Law shall in so far as such powers are necessary for carrying out the purposes of this section, have all such powers as are vested in a District Judge on the occasion of any action in respect of summoning parties, enforcing the attendance of witnesses and compelling the production of documents.
- Offence

Any person who—

- wilfully neglects or refuses to do any act or furnish any information required for the purposes of this section; or
- furnishes information known to be false; or
- without reasonable excuse disobeys any summons, requisition or order

issued under this section,

shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such imprisonment and fine.

[No. 4 of 2006.]

50. Power of registrar to control liquidation

(1) A liquidator shall exercise his powers subject to the control and revision of the registrar, who may—

- rescind or vary any order made by a liquidator and make whatever new order is required;
- remove a liquidator from office;
- call for all books, documents and assets of the society;
- by order in writing limit the powers of a liquidator under section 49;
- require accounts to be rendered to him by the liquidator;
- procure the auditing of the liquidator's accounts and authorise the

distribution of the assets of the society;

- make an order for the remuneration of the liquidator; or
- refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

(2) Offence.—Any person who—

- wilfully neglects or refuses to do any act or to furnish any information required for the purposes of subsection (1); or
- furnishes information known to be false; or
- without reasonable excuse disobeys any order issued under subsection (1), shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such imprisonment and fine.[No. 4 of 2006.]

51. Enforcement of order

(1) The decision of an arbitrator on any matter referred to him under section 50 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the registrar under that section.

(1) An order made by the liquidator or by the registrar under section 49 or section 50 shall be enforced by any civil court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of that court.

52

[No. 4 of 2006.]

53. Disposal of funds on liquidation

- In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the

share capital and then, provided that the by-laws of the society permit, to the payment of a dividend at a rate not exceeding five per centum per annum for any period for which no disposal of profits was made.

- When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the State Gazette; and no claim against the funds of the society liquidated shall lie after two years have elapsed from the date of the publication in the State Gazette notice.
- Any surplus remaining after the application of the funds to the purposes specified in subsection (1) and the payment of any claims for which an action is instituted under subsection (2) shall be available for use by the registrar for any cooperative purpose at his discretion.

PART VIII

Surcharge and Attachment

54. Power of registrar to surcharge

- Where in the course of an audit of a registered society held under the provisions of section 41 or in the course of an inquiry held under the provisions of section 44, or in the course of the winding up of a registered society it appears that any person who has taken part in the organisation or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the registrar may, on his own motion, or on the application of the liquidator or of any creditor or contributor, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the registrar thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the registrar thinks fit.
- This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.
- —Any person who without reasonable excuse fails to comply with the provisions of an order issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such fine and imprisonment in addition to any punishment for which he may be liable upon conviction for any offence committed by him arising out of any act or omission referred to in subsection (1). [No. 4 of 2006.]

55. Attachment of property

(1) When the registrar is satisfied that any person, with intent to defraud or delay the execution of any order which may be made against him under subsection (1) of section 54 or subsection (1) of section 57 or of any decision given in a dispute referred to the registrar or to any arbitrators under the regulations— (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 interim 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.

(2) Offence.—Any person who without reasonable excuse fails to comply with the provisions of an order issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to imprisonment for six months or to a fine of five thousand naira or to both such imprisonment and fine.[No. 4 of 2006.]

56. Appeal to Commissioner

Any person aggrieved by an order of the registrar made under section 54 or 55 may appeal to the Commissioner within thirty days from the date of such order and the decision of the Commissioner shall be final and conclusive.

PART IX

Disputes

57. Settlement of disputes

(1) If any dispute touching the business of a registered society arises—

- among members, past members and persons claiming through members, past members and deceased members; or
- 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
- between the society or its committee and any officer, agent or servant of the society; or
- between the society and any other registered society, such dispute shall be referred to the registrar for decision.
- A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir, legal personal representative or estate of a deceased member, whether such debt or demand be admitted, shall not be deemed to be a dispute touching the business of the society within the meaning of subsection (1). [NN 19 of 1962, No. 4 of 2006.]
- The registrar shall on receipt of such reference— (a) decide the dispute; or

(b) subject to the provisions of any regulations, refer it for disposal to an arbitrator.

Subject to the provisions of any regulations the registrar may withdraw any reference transferred under paragraph (b) of subsection (3) and decide the dispute under paragraph (a) of that subsection.

- The registrar may of his own motion or on the application of a party to a reference revise any decision thereon by an arbitrator to whom it was referred.
- (a) Any decision given by the registrar under paragraph (a) of subsection (3) or under subsection (5) shall, save as otherwise provided in subsection (7), be final. (b) Any decision given by the arbitrator under paragraph (b) of subsection (3) shall, save as otherwise provided in subsection (5), be final.

(c) The decision 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 had been a judgment or decision of such court.

(7) Any party aggrieved by any order of the registrar made under the provisions of subsection (5) or (6) may appeal to the Commissioner within thirty days from the date of such order and the decision of the Commissioner shall be final and conclusive.

58. Case stated on question of law

(1) Notwithstanding anything contained in section 5, the registrar at any time when proceeding to a decision under this Law, or the Commissioner at any time when an appeal has been referred to him against any decision of the registrar under this Law, may refer any question of law arising out of such decision for the opinion of the High Court.

- Any judge or judges of the High Court, as the Chief Judge may direct, may consider and determine any question of law so referred and the opinion given on such question shall be final and conclusive.
- The Chief Judge with the approval of the Governor may make rules of court regulating the procedure of the High Court when exercising jurisdiction under the provisions of this section.

PART X

Division and Amalgamation

59. Division of society

- Any registered society may, at a meeting of its general body specially called for the purpose of which at least fourteen clear days' notice shall be given to the members, resolve to divide itself into two or more societies.
- A resolution passed under the provisions of subsection (1) (in this section referred to as the preliminary resolution) shall contain proposals for the division of the assets and liabilities of the society among the new societies into which it is proposed to divide it and may prescribe the area of operation of, and specify the members who will constitute, each of the new societies.
- (a) A copy of the preliminary resolution shall be sent to all the members and creditors of the society.
- Any member of the society may, notwithstanding any by-law to the contrary, by notice given to the society within a period of two months from his receipt of the preliminary resolution, intimate his intention not to become a member of any of the new societies.
- Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within the said period of two months, intimate his intention to demand a return of the amount due to him.
- After the expiry of two months from the receipt of the preliminary resolution by all the members and creditors of the society, a meeting of the general body of the society, of which at least fourteen clear days' notice shall be given to its members, shall be convened for considering the preliminary resolution. If, at such meeting, the preliminary resolution is confirmed by a resolution passed by a majority of not less than two-thirds of the members present, either without changes or with such changes as, in the opinion of the registrar, are not material, he may register the new societies and the by-laws thereof and on such registration the registration of the old society shall be deemed to have been cancelled.
- The opinion of the registrar as to whether the changes made under subsection (4) in the preliminary resolution are or are not material shall be final and no appeal shall lie therefrom.
- At the meeting referred to in subsection (4) provision shall be made by another resolution for—
 - the repayment of the share capital of all the members who have given notice under paragraph (b) of subsection (3); and
 - the satisfaction of the claims of all the creditors who have given notice under paragraph (c) of subsection (3):

Provided that no member or creditor shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in subsection

(4).

- If, within such time as the registrar considers reasonable, the share capital of the members referred to in subsection (6) is not repaid or the claims of the creditors referred to in the same subsection are not satisfied, the registrar may refuse to register the new societies.
- The registration of the new societies shall operate to vest the assets and liabilities of the original society in the new societies in the manner specified in the preliminary resolution as confirmed under subsection (4) above.

60. Amalgamation of societies

- Two or more registered societies may, at meetings of their respective general bodies specially called for the purpose of which at least fourteen clear days' notice shall be given to their respective members, pass a resolution (in this section referred to as the preliminary resolution) to amalgamate into one society.
- (a) A copy of the preliminary resolution of each society shall be sent to all the members and creditors thereof.
- Any member of any such society may, notwithstanding any by-law to the contrary, by notice given to the society of which he is a member within a period of two months from his receipt of the copy of



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