

LAWS OF TRINIDAD AND TOBAGO

CO-OPERATIVE SOCIETIES ACT

CHAPTER 81:03

Act
22 of 1971
Amended by
7 of 1972
24 of 1976

Current Authorised Pages

<i>Pages (inclusive)</i>	<i>Authorised by L.R.O.</i>
1-58	1/1980

CHAPTER 81:03

CO-OPERATIVE SOCIETIES ACT

ARRANGEMENT OF SECTIONS

SECTION

1. Short title.
2. Interpretation.

PART I

ADMINISTRATION

3. Commissioner for Co-operative Development.
4. Powers of Commissioner.
5. Commissioner to have access to books, etc. of society.
6. Costs of inquiry.

PART II

REGISTRATION AND MEMBERSHIP

7. Restriction on use of the terms "co-operative" and "credit union".
8. Societies eligible to be registered.
9. Conditions of registration
10. Qualification for membership.
11. Rights and liabilities of infant members.
12. Rights of membership not to be exercised until payment made.
13. Person not to be member of more than one society.
14. Voting rights.
15. Limitation on interest of member of a society with limited liability.
16. Application for registration.
17. Registration of society.
18. Commissioner may cancel registration of society.
19. Evidence of registration.
20. Society becomes body corporate on registration etc.
21. Amendment of bye-laws.

PART III

DUTIES, PRIVILEGES AND BUSINESS OF SOCIETIES

22. Constitution and management of society.
23. Certificate of registration to be displayed at registered address.

SECTION

24. Act, regulations etc., to be available for inspection at registered address.
25. Admissibility of copy of entry as evidence.
26. Production of books, etc., legal proceedings.
27. Disposal of members' produce through a society.
28. Loans by society to member.
29. Creation of charge in favour of society.
30. Execution and registration of charges.
31. Effect of charge registered under Ordinance.
32. Claims of Government, etc., not to be affected.
33. Prior claim of society.
34. Enforcement of charge.
35. Assignment of charges.
36. Charge, lien and set off in respect of shares or interest.
37. Bond as additional security for loan to member.
38. Validity of payments.
39. Restriction on transfer of shares or interest.
40. Shares or interest not liable to attachment.
41. Transfer of share or interest on death of member.
42. Liability of past member and estate of deceased member for debts of society.

PART IV

PROPERTY AND FUNDS OF SOCIETIES

43. Restriction on loans.
44. Society may receive deposits and loans.
45. Investment of funds.
46. Restriction on dividend.
47. Reserve fund.
48. Restriction on distribution surplus.
49. Pension fund.
50. Contribution to charitable purpose.
51. Audit.

PART V

RECONSTRUCTION OF SOCIETIES

52. Reconstruction of societies.
53. Amalgamation of societies.
54. Transfer of societies.
55. Claims of objecting creditor to be satisfied.
56. Division of societies.
57. Effect of registration of new societies.

SECTION

PART VI

WINDING-UP

58. Winding-up.
59. Society may be wound-up if membership is reduced.
60. Power of Commissioner on issuing a winding-up order.
61. Powers of a liquidator.
62. Effect of cancellation of registration.
63. Bar of action in reconstruction, winding-up and dissolution matters.
64. Disposal of surplus assets.
65. Power of Commissioner to surcharge officers etc. of registered society.
66. Attachment of property.

PART VII

DISPUTES

67. Settlement of disputes.
68. Case stated on question of law.

PART VIII

OFFENCES

69. Corrupt practice and bribery.
70. Falsely obtaining, withholding, or misapplying property of society.
71. Offences.
72. Dealing with property subject to a charge.
73. Penalty for offences not otherwise provided for.

PART IX

MISCELLANEOUS

74. Appeals.
75. Delegation of powers.
76. No stamp duty etc. payable on instrument.
77. Provisions of Companies Ordinance not to apply.
78. Act not to apply to Trinidad Co-operative Bank.
79. Saving for existing societies, bye-laws, rules, regulations, etc.
80. Power to exempt societies from provisions of Act.
81. Regulations.

CHAPTER 81:03

CO-OPERATIVE SOCIETIES ACT

22 of 1971. **An Act to amend, consolidate and re-enact the laws relating to co-operative societies, credit union societies and agricultural credit societies**

Commencement. [9TH JUNE 1971]

Short title. **1. This Act may be cited as the Co-operative Societies Act.**

Interpretation. **2. In this Act—**
{7 of 1972}.

“board” means the board of management or other directing body to whom the management of the affairs of a society is entrusted;

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

“Commissioner” means the Commissioner for Co-operative Development under this Act;

“credit union” means a society which has as its objects the promotion of thrift and the creation of a source of credit for its members, the majority of whom are not agriculturists, for provident or productive purposes;

“dividend” means a share of the surplus of a society distributed to its members in proportion to the paid up share capital held by them;

“member” includes a person or society joining in the application for the registration of a society and a person or society admitted to membership after registration in accordance with the bye-laws of that society;

“officer” includes the Chairman or President, secretary, treasurer, member of the board or other person empowered under the regulations or under the bye-laws of a society to give directions with regard to the business of that society;

“seal” includes a rubber stamp;

“society” means a society registered or deemed to have been registered under this Act.

PART I

ADMINISTRATION

3. There shall be a Commissioner for Co-operative Development hereinafter called "the Commissioner", who shall have general powers of supervision of the affairs of societies and shall perform the duties of registrar of societies.

Commissioner
for
Co-operative
Development.

4. (1) In the exercise of his powers of supervision referred to in section 3 the Commissioner may—

Powers of
Commissioner.

- (a) on his own motion;
- (b) on the application of a creditor of a society;
- (c) in accordance with regulations made in that behalf, on the requisition of a society in respect of one of its members being itself a society; or
- (d) on the application of a majority of members of the board of management or one third of the members of a society,

hold an inquiry into the constitution, operations and financial position of that society and in the course of such inquiry shall inspect the books, accounts and other records of the society.

(2) Where having held an inquiry under this section the Commissioner is of the opinion that the board has mis-managed the affairs of the society or otherwise performed its duties improperly, he may by notice to the society call upon it to remedy the situation within three months from the date of such notice.

(3) Where a society fails to comply with the notice referred to in subsection (2), the Commissioner may, after giving the board an opportunity to be heard in general meeting called by him for the purpose, order the dissolution of the board and direct that the affairs of the society be managed by such persons as he may appoint for a period not exceeding two years.

(4) Persons appointed by the Commissioner under this section shall exercise all the powers and perform all the functions as a duly constituted board and in particular shall make arrangements prior to the end of their term of management for the election of a new board in accordance with the bye-laws of the society.

(5) The Commissioner may determine the remuneration and expenses to be paid to the persons appointed under this

section and any moneys required for this purpose shall be payable from the funds of the society.

(6) Nothing in this section shall derogate from the power of the Commissioner to cancel the registration of any society should he think fit.

(7) Where a creditor applies to have an inquiry instituted he shall first satisfy the Commissioner that his debt is due and that payment was demanded and not satisfied and he shall deposit as security towards the cost of the inquiry such sum as the Commissioner may determine.

Commissioner to have access to books, etc. of society.

5. The Commissioner shall at all times have access to the books, accounts, records and securities of a society and is entitled to inspect the cash in hand, and every officer of a society shall furnish such information respecting the operation and transactions of a society as the Commissioner may require.

Costs of inquiry.

6. (1) The Commissioner may apportion the costs of an inquiry or any part thereof between the society and the person requiring the inquiry but no such apportionment may be made unless the parties liable to pay the costs thereunder are given an opportunity of being heard.

(2) Costs may be recovered from any party liable to pay the same on the application of the Commissioner to the Magistrate of the district in which such party resides or carries on business and the Magistrate may issue a warrant of distress upon and may order the sale of any personal property belonging to such party so however that no such property may be sold until after the expiration of five clear days from the date of the levy.

PART II

REGISTRATION AND MEMBERSHIP

Restriction on use of the terms "co-operative" and "credit union".

7. No undertaking may style itself a co-operative or credit union society or have the term "co-operative" or "credit union" in its name or hold itself out as being operated in accordance with co-operative principles unless it is registered under this Act.

Societies eligible to be registered.

8. (1) Subject to section 9, any society established for the promotion of the economic welfare of its members in accordance with co-operative principles or a society established to facilitate

the operations of such a society is eligible to be registered under this Act.

(2) A society may be established with or without limited liability save that, unless the Minister by general or special order otherwise directs—

- (a) a society of which a member is another society shall have limited liability;
- (b) a society the primary object of which is the creation of funds to be lent to its members, the majority of whom are agriculturists and of which no other society is a member shall have unlimited liability and the members of such society shall only on its liquidation, be jointly and severally liable for and in respect of all its obligations.

9. (1) No society, other than a society of which another society is a member, may be registered, under this Act unless its membership consists—

Conditions of registration.

- (a) of at least twelve members of full age; or
- (b) solely of members of a school, club or cultural organisation, all under the age of twenty-one years.

(2) No society may be registered unless there exists among its members none of whom is another society, some common bond of occupation or association or of residence in a defined neighbourhood or district.

(3) The word "co-operative" shall form part of the name of every society and a society whose membership is as described in subsection (1)(b) shall be called a junior co-operative society.

(4) The word "limited" shall be the last word in the name of every society with limited liability.

10. (1) Subject to subsection (2), in order to qualify for membership in a society other than a junior co-operative society an individual must—

Qualification for membership.

- (a) have attained the age of sixteen years; and
- (b) reside or occupy land or carry on business in the area in which the society operates.

(2) Where the society is a credit union, an individual who has not yet attained the age of sixteen years may be admitted as a member and may enjoy all the rights of membership save that where such member is required to execute any instrument or give

any acquittance he may, if he has attained the age of fourteen years, execute such instrument and give such acquittance himself and if he has not attained the age of fourteen years he may do so only by his parent or guardian.

Rights and liabilities of infant members.

11. (1) Subject to subsection (2) an infant duly admitted as a member of a society shall enjoy all the rights and be subject to all the liabilities of membership and notwithstanding any law to the contrary all contracts entered into by him as a member shall be enforceable at law.

(2) An individual who has not attained the age of eighteen years shall not be an officer of a society but may be an employee of a society; this subsection shall not apply to junior co-operative societies.

Rights of membership not to be exercised until payment made.

12. A person may not exercise the rights of membership of a society unless he has paid such membership fee or acquired such interest as may be specified in the bye-laws.

Person not to be member of more than one society.

13. Where the primary object of a society with unlimited liability is to grant loans to its members, no person may be a member of more than one such society unless the Commissioner so directs; but a person may be a member of more than one society with limited liability unless the Commissioner otherwise directs.

Voting rights.

14. (1) There shall be no voting by proxy and subject to any special provisions in the bye-laws relating to the voting rights of members who are themselves other societies, a member of a society shall have one vote except where such member is the Chairman of any meeting of the society in which case if there is an equality of votes he shall have a casting vote in addition to his original vote.

(2) A society that is a member of another society shall exercise its voting rights in that other society through one of its members duly appointed in that behalf.

Limitation on interest of a member of a society with limited liability.

15. Where the liability of the members of a society is limited by shares, no member not being another society, may hold more than one-fifth of the shares of that society.

Application for registration.

16. (1) Application for registration shall be made to the Commissioner on the prescribed form, signed—

(a) in the case of a society of which no member is another society, by at least twelve members of full age;

- (b) in the case of a society, the members of which consist solely of other societies by a duly authorised person on behalf of every such other society;
- (c) in the case of a society the members of which consist of other societies and individuals by a duly authorised person on behalf of each such other society and twelve individuals of full age and where there are less than twelve such individuals by all of them;
- (d) in the case of a junior co-operative society by twelve of the members.

(2) The application shall be accompanied by three copies of the proposed bye-laws of the society and such other information including the address of the office of the society, as the Commissioner may require.

(3) There shall be payable to the Commissioner on every application under this section a prescribed fee.

17. The Commissioner may, on being satisfied that a society has complied with the provisions of this Act and the regulations and that its proposed bye-laws are not contrary to co-operative principles, approve the bye-laws and register the society.

Registration of society.

18. (1) Subject to this section, the Commissioner may, if he thinks fit, at any time cancel the registration of a society and where such registration is cancelled the society shall be deemed to have been dissolved from the date on which its affairs are wound up.

Commissioner may cancel registration of society. [24 of 1976].

(2) The Commissioner shall, before exercising the power conferred on him by subsection (1), signify his intention to cancel the registration of a society—

- (a) by registered letter addressed to the Board; and
- (b) by notice published in the *Gazette*.

(3) Any officer or member of a society who is aggrieved by a decision of the Commissioner to cancel the registration of the society, may within three months of the publication of the notice in the *Gazette* pursuant to subsection (2)(b), appeal therefrom within the periods and in the manner specified in section 74.

(4) On the expiration of the three-month period referred to in subsection (3) or, where there is an appeal, on its determination by means of dismissal, the Commissioner shall commence to wind-up the affairs of the society and shall issue a winding-up order.

Evidence of registration.

19. The issue to the society of a certificate of registration signed by the Commissioner, notice of which shall be published in a *Gazette*, shall be conclusive evidence that the society is duly registered unless it is proved that the registration was subsequently cancelled.

Society becomes body corporate on registration etc.

20. The registration of a society shall thereupon establish it body corporate to be known by the name under which it is registered and the address referred to in section 16 shall become the registered address of the society.

Amendment of bye-laws.

21. A society may at any time amend its bye-laws by resolution passed at a general meeting called for the purpose but no such amendment shall be of any effect until approved by the Commissioner, for which purpose three copies of the amendment shall be forwarded to him and should the Commissioner approve the amendment one copy indicating his approval shall be returned to the society.

PART III

DUTIES, PRIVILEGES AND BUSINESS OF SOCIETIES

Constitution and management of society.

22. Every society shall be constituted and managed in accordance with its bye-laws and the regulations.

Certificate of registration to be displayed at registered address.

23. Every society shall have its certificate of registration prominently displayed at its registered address.

Act, regulations etc., to be available for inspection at registered address.

24. (1) There shall be available at all reasonable times at the registered address of a society—

- (a) a copy of this Act and the regulations made thereunder;
- (b) a copy of the bye-laws of the society; and
- (c) the register of members and their shareholdings and such other records as may be prescribed.

(2) A copy of an entry in the register of members shall be *prima facie* evidence of the date on which the name of any person was entered in such register as a member or the date on which such person ceased to be a member, as the case may be.

Admissibility of copy of entry as evidence.

25. A copy of any entry in any register, book or other record kept in the course of business of a society shall, if duly certified in

such manner as may be prescribed, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions recorded therein in every case where and to the same extent as the original entry would, if produced, have been admissible to prove such matters.

26. No officer of a society may in any legal proceedings to which the society is not a party be compelled to produce any of the registers, books or other records of the society, the contents of which can be proved under section 25 or to appear as a witness to prove the matters or transactions therein recorded, unless the court so directs.

Production of books, etc., legal proceedings.

27. (1) Where a society has among its objects the disposal of any article or produce obtained by the work or industry of its members, such society may by its bye-laws provide—

Disposal of members' produce through a society.

(a) that every member who produces any such article or produce shall under contract in writing agree to dispose of all or any specified amount thereof to or through the society; and

(b) that any member who acts in breach of his contract shall pay to the society by way of liquidated damages a sum to be ascertained or assessed in such manner as may be prescribed in the bye-laws.

(2) A contract entered into under this section shall not be questioned in any court on the ground only that it is a contract in restraint of trade.

28. (1) A society may make advances by way of loan to its members in accordance with its bye-laws.

Loans by society to member.

(2) Notwithstanding anything to the contrary contained in the Banking Act and the Local Savings Banks Act a society shall not be deemed to be engaged in any business in the nature of banking so as to be obliged to obtain a licence under either of those Acts.

Ch. 79:01.
Ch. 79:03.

(3) A society shall not be required to obtain a licence under the Moneylenders Act in order to carry on the business of moneylending.

Ch. 84:04.

29. (1) A member to whom money has been lent by a society or who is otherwise indebted to the society may be required to create a charge in favour of the society in such form as may be prescribed.

Creation of charge in favour of society.

(2) A charge shall so long as it continues in force confer on the society the following rights and impose on the society the following obligations, that is to say—

- (a) the right upon the happening of any event specified in the charge as being an event authorising the chargee to seize the property subject to the charge and to take possession of any property so subject;
- (b) after an interval of five clear days or such less time as may be specified in the charge from the date of the chargee taking possession of any property subject to the charge to sell such property either by auction or in such manner as the charge so provides by private treaty and either for a lump sum or payment by instalments;
- (c) to apply the proceeds of sale in or towards the discharge of the debt secured by the charge and to pay any surplus of such proceeds to the member whose property is so sold.

(3) A charge shall so long as it continues in force impose on the member the obligation to pay to the society towards the discharge of his indebtedness the proceeds of sale of any property comprised in the charge or any money received under any policy of insurance or by way of compensation in respect of any property, except insofar as the charge otherwise allows.

(4) It is hereby declared that a charge under this section shall not be a bill of sale within the meaning of the Bills of Sale Act, 1906, or a contract within the meaning of the Agricultural Contracts Act, 1906, or a mortgage under the Mortgages of Produce Ordinance.

Ch. 82:32.
Ch. 63:50.
Ch. 27 No. 21.
(1950 Ed.).

Execution and
registration of
charges.
[7 of 1972].

30. (1) A charge created under section 29 shall be executed if signed by the member in duplicate in the presence of the Chairman or the President and the Secretary of the Society.

(2) The Secretary shall file one copy of the charge with the Registrar General and shall forthwith transmit the other copy to the Registrar General.

(3) The Registrar General shall keep a book to be known as "the Register Book of Co-operative Societies' Charges", in which he shall register every charge transmitted to him by the Secretary of a society, and issue to the society a certified copy of the registration.

(4) The registration of a charge under subsection (3) shall constitute a first charge and security in favour of the society.

shall be deemed to affect with notice any person dealing with the property comprised in the charge.

(5) As soon as the loan or other indebtedness in respect of which a charge was created is discharged, the Secretary of the society shall record the discharge in the file at the registered address of the society and notify the Registrar General who shall forthwith make an entry of satisfaction in the Register Book of Co-operative Societies' Charges.

(6) Any person may, on payment of the prescribed fee, inspect the Register Book of Co-operative Societies' Charges and take extracts therefrom.

31. Every charge registered in the Register Book of Agricultural Credit Societies' Charges under the Agricultural Credit Societies Ordinance 1954 (now repealed by this Act), and subsisting at the date of the commencement of this Act shall be deemed to have been registered in the Register Book of Co-operative Societies' Charges under this Act and such charge shall, without prejudice to anything contained therein, have the same force and effect as a charge created under this Act.

Effect of charge registered under Ordinance [7 of 1972], 6 of 1954.

32. Nothing in section 30 shall affect—

- (a) any claim of the Government in respect of taxes or money recoverable as such or of a landlord in respect of rent or money recoverable as rent;
- (b) the rights of any *bona fide* purchaser for value without notice of the charge; or
- (c) the rights of any prior chargee or encumbrancer.

Claims of Government, etc., not to be affected.

33. (1) Subject to any claim in respect of debts due to the State or to a landlord in respect of rent or any money recoverable as rent, any debt or outstanding demand owing to a society by a member or past member shall notwithstanding anything contained in section 29 be a first charge—

Prior claim of society.

- (a) upon the crops or other agricultural produce whether standing or severed, raised in whole or in part with the loan from the society by such member or past member; and
- (b) upon any cattle, fodder for cattle, agricultural or industrial machinery or implements, or raw materials for use in manufacture or handicraft, or buildings used for the purposes of agriculture or industry, or fishing or fish processing equipment supplied to or

purchased by such member or past member in whole or in part from any loan whether in goods or money granted him by the society.

(2) Any person dealing with any of the property specified in subsection (1) shall be deemed to have notice of such first charge and all such dealing shall be subject to the charge and priority created by this Act.

Enforcement of charge.

34. A society may enforce a charge by applying to the magistrate of the district in which the member or past member resides or carries on business or where the property subject to the charge is situate for a warrant of distress by certifying under seal to the Magistrate the amount due and particulars of the property so charged and the Magistrate shall issue a warrant of distress and may order the sale of the property by public auction or private treaty.

Assignment of charges.

35. (1) A society may borrow from any other society or from any bank approved by the Commissioner on the security of any charge executed and registered in accordance with section 30 and may for this purpose assign any such charge to the other society or bank.

(2) An assignment of a charge under this section shall be registered in the same manner as a charge and section 29 shall apply *mutatis mutandis* to an assignment so registered.

(3) An assignment of a charge when registered shall operate as a first charge in favour of the assignee subject to section 32.

(4) Where any charge is assigned to a society established with the object of facilitating the operations of other societies, such society may borrow from any bank approved by the Commissioner and for this purpose may re-assign any such charge to such bank and subsections (2) and (3) shall apply *mutatis mutandis* to such re-assignment.

Charge, lien and set off in respect of shares or interest.

36. Notwithstanding anything contained in sections 29, 30, 32, 33 and 37 a society shall have a charge or lien in respect of any debt due from a member or past member upon his shares or interest in the capital and on his deposits and upon any dividend, bonus or surplus payable to him and may set off any sum payable to him in or towards payment of any such debt.

Bond as additional security for loan to member.

37. (1) A society may require a member to give a bond with or without surety as additional security for the repayment of any

loan and any condition thereby imposed on the member relating to the payment of capital and interest shall be strictly observed and performed and on breach of any such condition the bond shall be forthwith forfeited.

(2) Section 35 relating to the assignment of charges shall apply *mutatis mutandis* to the assignment of bonds.

38. (1) A society may receive deposits from an infant and may pay to such infant any such deposit together with the interest accrued thereon. Validity of payments.

(2) Any deposit made on behalf of an infant may together with any interest accrued thereon be paid to the parent of the infant or, where the infant is under the care of a guardian, to such guardian for the use of the infant.

(3) For the purposes of this section and section 10(2) the mother of an infant born out of wedlock is the guardian of such infant, except—

- (a) there is subsisting a court order depriving her of the custody of such infant, in which case the guardian shall be the person named in the court order; or
- (b) the infant customarily resides with some person other than the mother in which case that person shall be the guardian.

In paragraph (b) the expression "customarily resides with" includes "is under the care of".

(4) The receipt of an infant or his parent or guardian, as the case may be, for money received under this section shall be a good and sufficient discharge of the liability of the society in respect of that money.

(5) Where a person under disability other than an infant is entitled to receive from a society any money whatsoever such money shall be paid by the society to the Administrator General to the credit of such person under disability and the receipt of the Administrator General shall be a good and sufficient discharge of the liability of the society to pay that money.

(6) The Administrator General may retain out of any money so paid to him a sum not exceeding three per cent thereof for fees of office and shall pay or apply the remainder to or for the care, maintenance, education or benefit of such person under disability.

Restriction on transfer of shares or interest.

39. (1) The transfer of or the creation of a charge on the shares or interest of a member, past member or deceased member in the share capital of a society shall be subject to the conditions as to maximum holding as are provided in section 15.

(2) A member shall not transfer or create a charge on his shares or interest in a society unless—

- (a) he has held such shares or interest for not less than one year; and
- (b) the transfer or charge is made to the society or to a person whose application for membership has been accepted by the board.

(3) Subsection (2) does not apply to credit unions.

Shares or interest not liable to attachment.

40. Subject to section 36, the shares or interest (excluding deposits) of any member in the capital of a society or in any pension fund established under this Act shall, up to a maximum of two thousand dollars, not be liable to attachment or sale under any court order or decree in respect of any debt or liability incurred by such member and subject to section 41 no person shall be entitled to or have any claim in such share or interest.

Transfer of share or interest on death of member.

41. (1) Where a person has been nominated as beneficiary by a member in accordance with the bye-laws of a society and such nominee is admitted to membership in the society, the society shall within one year of the death of the member by whom the nomination was made, transfer the shares or interest of such deceased member subject to the limit specified in subsection (3) to the nominee. Where however such nominee is not admitted to membership in the society or where the deceased member made no such nomination, the society shall within one year of the death of such deceased member pay to the nominee or legal personal representative of the deceased member as the case may be, such sum, not exceeding the said limit, representing the value or part thereof of the deceased member's shares or interest in the society.

(2) Nothing in this section shall be construed as prohibiting a nominee who has been admitted to membership from electing to receive payment representing the value of the deceased member's shares or interest instead of accepting a transfer.

(3) A society shall subject to section 30 and unless prevented by order of a court of competent jurisdiction pay to such nominee or legal personal representative, as the case may be, a sum not exceeding five thousand dollars due to the deceased member from the society. All other moneys due to the deceased

member from the society shall fall into his estate and be subject in all respects to the laws relating to inheritance including the requirement to pay estate duty.

42. (1) The liability of a past member for the debts of a society as they existed at the time when he ceased to be a member, shall continue for a period of two years from the date of his ceasing to be a member.

Liability of past member and estate of deceased member for debts of society.

(2) The estate of a deceased member is liable for a period of two years from the date of his decease for the debts of a society as they existed at the time of his death.

PART IV

PROPERTY AND FUNDS OF SOCIETIES

43. (1) A society may not, save with the consent of the Commissioner, make a loan to any person other than a member.

Restriction on loans.

(2) A society may not save with the consent in writing of the Commissioner lend its money on mortgage of real property.

(3) No loan shall be made to an officer of a credit union of a sum in excess of the value of his shares and deposits and accumulated dividends and interests thereon unless such loan is approved by the vote of a two-thirds majority at a meeting of the other members of the board, the credit committee and the supervisory committee all sitting together or is made with the consent in writing of all the members, other than the borrowing officer, constituting the board, the credit committee and the supervisory committee.

*44. (1) Subject to the regulations or any bye-laws of a society made for the purpose, a society may receive deposits and loans from persons who are not members of the society for the purpose of meeting any of its obligations or discharging any of its functions under this Act.

Society may receive deposits and loans. [24 of 1976].

(2) A society may by mortgage or in any other manner it deems appropriate guarantee the repayment of any sums received by it pursuant to subsection (1).

* Deemed to have come into operation on 9th June 1971 (see Act 24 of 1976, s. 3).

Investment of funds.

45. A society may invest or deposit its funds—

- (a) in any bank approved by the Commissioner;
- (b) in any securities issued or guaranteed by the Government;
- (c) in the shares or on the security of any other society, provided that no such investment shall be made in the shares of any society other than one with limited liability; or
- (d) in any other manner permitted by the Commissioner.

Restriction on dividend.

46. A society may pay a dividend on share capital to its members at a rate not exceeding that specified in the regulations.

Reserve fund. [7 of 1972].

47. (1) Every society that realises a surplus from its transactions shall establish and maintain a reserve fund.

(2) At least one-tenth of the net surplus of the society each year as ascertained by the annual audit shall be credited to the reserve fund, and such reserve fund may, subject to the approval of the Commissioner, be used in the business of the society or may be invested in accordance with section 45.

Restriction on distribution of surplus.

48. Any balance of the surplus of a society, after making the prescribed provision for the reserve fund, may together with any available surplus of past years, be distributed among its members to the extent and under the conditions prescribed by the regulations and by the bye-laws of the society.

Pension fund.

49. A society may establish a contributory pension fund for its servants and employees and may contribute to such pension fund from its net surplus, after the prescribed payments have been made to the reserve fund. Such pension fund shall not be considered part of the assets of the society but shall be invested under section 45.

Contribution to charitable purpose.

50. With the approval of the Commissioner any society after making the prescribed payments to its reserve fund, may—

- (a) set aside a sum not exceeding twenty per cent of its net surplus; and
- (b) at any time utilise that sum in contributing to any public, co-operative or charitable purpose.

51. (1) Every society shall have its accounts audited annually ^{Audit.} by the Commissioner or some other person authorised by him or, in accordance with regulations made by the Minister in that behalf, by an auditor selected by the society and approved by the Commissioner.

(2) Each society shall pay a fee where the audit is carried out by the Commissioner or some other person authorised by him for that purpose and such fee shall be paid to a fund called "The Supervisory and Audit Fund," to be administered according to the regulations.

(3) The audit shall include an examination of overdue debts, if any, the verification of cash balances and securities, and a valuation of the assets and liabilities of the society.

(4) The Commissioner or other person auditing the accounts of any society shall have free access to the books, accounts and vouchers of the society.

(5) The members of the board, and all officers of the society shall furnish the Commissioner or other person auditing the accounts with all such information regarding the transactions and operations of the society as may be required.

(6) The Commissioner and every other person appointed to audit the accounts of a society shall have power at the time of the audit—

- (a) to summon any officer, agent, servant or member of the society or any other person, whom he has reason to believe can give valuable information regarding any transactions of the society or the management of its affairs, to give such information; or
- (b) to require any officer, agent, servant or member of the society or any other person to produce any book or document relating to any cash or securities belonging to the society.

PART V

RECONSTRUCTION OF SOCIETIES

52. (1) Reconstruction of a society may be effected in any of the following ways, that is to say, a society may—

Reconstruction
of societies.
[7 of 1972].

- (a) amalgamate with other societies to form a single society;

L.R.O. 1/1980

- (b) transfer its assets and liabilities to another society; or
 (c) divide itself into two or more societies.

(2) The procedures to be adopted in any such case are set out in sections 53 to 56.

Amalgamation
of societies.

53. (1) Any two or more societies may, with the approval of the Commissioner by a resolution passed by not less than three-fourths of all the members of each such society present and voting at a special general meeting called for the purpose amalgamate as one society.

(2) On the passing of the resolution referred to in subsection (1) each such society shall apply to the Commissioner for cancellation of its registration and together make application for the registration of the amalgamated society.

(3) Registration of the amalgamated society shall be a sufficient conveyance to vest the assets and liabilities of the amalgamating societies in the amalgamated society.

Transfer of
societies.

54. (1) Any society may, with the approval of the Commissioner, by resolution passed by not less than three-fourths of all the members present and voting at a special general meeting called for the purpose, agree to transfer its assets and liabilities to any other society which has agreed to accept them. Acceptance of that other society shall be evidenced by a resolution of not less than three-fourths of the members of that other society present and voting at a special general meeting called for the purpose.

(2) On the passing of the resolutions referred to in subsection (1) the transferor society shall apply to the Commissioner for cancellation of its registration and the transferee society shall submit to the Commissioner a copy of its resolution agreeing to the transfer. Cancellation of registration and the submission of the resolution agreeing to accept the transfer shall be a sufficient conveyance to vest the assets and liabilities of the transferor in the transferee.

Claims of
objecting
creditor to be
satisfied.

55. Notwithstanding sections 53 and 54, no amalgamation or transfer shall be effected unless the creditors of the societies concerned are given three months written notice of the proposals and where any such creditor objects in writing to the proposal his claims against the society are first satisfied.

Division of
societies.

56. (1) Any society may, with the approval of the Commissioner, by a resolution passed by three-fourths of the members present and voting at a special general meeting called for the

purpose, resolve to divide itself into two or more societies. The resolution (hereinafter in this section referred to as a "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 the society and may specify the area of operation of, and the members who will constitute, each of the new societies.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of the society. A notice of the resolution shall also be given to all other persons whose interests may be affected by the division of the society.

(3) Any member of the society may, notwithstanding any bye-law to the contrary, by notice given to the society within a period of three months from his receipt of the preliminary resolution, intimate his intention not to become a member of any of the new societies.

(4) Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within a period of three months from his receipt of the preliminary resolution, intimate his intention to demand the payment of moneys due to him.

(5) Any other person whose interest may be affected by the division may by notice given to the society object to the division unless his claim is satisfied.

(6) After the expiry of three months from the receipt of the preliminary resolution by all the members and creditors of the society and of the notice to other persons given under subsection (2), another special general meeting of the society, of which at least fifteen 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 not less than two-thirds of the members present and voting either without changes or with such changes as in the opinion of the Commissioner are not material, the Commissioner may subject to the provisions of subsection (9) and section 17, register the new societies. On such registration, the original society shall be deemed to be dissolved and its registration cancelled.

(7) The decision of the Commissioner as to whether or not any changes made in the preliminary resolution are material shall be final and no appeal shall lie therefrom.

(8) At the special general meeting referred to in subsection (6) provision shall be made by another resolution for—

- (a) repayment of the share capital of all the members who have given notice under subsection (3);
- (b) satisfaction of the claims of all the creditors who have given notice under subsection (4);
- (c) satisfaction of the claims of such of the other persons who have given notice under subsection (5) as the Commissioner decides, or securing their claims in such manner as the Commissioner directs,

save that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in subsection (6).

(9) If within such time from the confirmation of the preliminary resolution as the Commissioner considers reasonable subsection (8) is not complied with, the Commissioner may refuse to register the new societies.

Effect of registration of new societies. [7 of 1972].

57. The registration of new societies established pursuant to section 56 shall be a sufficient conveyance 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 (6) of that section.

PART VI

WINDING-UP

Winding-up.

58. If the Commissioner, after an inquiry has been held under section 4, is of the opinion that the society ought to be wound up, he may make an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration which shall be paid out of the funds of the society. Where no liquidator is appointed the assets and liabilities of the society shall vest in the Commissioner.

Society may be wound-up if membership is reduced.

59. Where it is a condition of the registration of a society that it shall consist of at least twelve members who are above the age of twenty-one years, the Commissioner may by order in writing direct the society to be wound up, if at any time it is proved to his satisfaction that the membership has been reduced to less than twelve such members.

Power of Commissioner on issuing a winding-up order. [24 of 1976].

60. (1) Where, pursuant to section 18(4) the Commissioner issues a winding-up order, the assets and liabilities of the society

shall forthwith vest in him and he shall have in respect of those assets and liabilities the powers of a liquidator under section 61.

(2) The Commissioner may by notice published in the *Gazette* delegate his power as a liquidator to an officer of his department.

(3) Any delegation under subsection (2) shall be revocable at will and shall not preclude the Commissioner from exercising the power.

(4) In the exercise of his power as a liquidator, the Commissioner or the officer delegated by him pursuant to subsection (2) shall adopt the procedure specified in regulation 56(b) to (f) of the Co-operative Societies Regulations except that the provisions of regulation 56(c) thereof shall not apply where the Commissioner exercises the power personally. 225/1971.

61. A liquidator appointed under section 58 shall have power Powers of a liquidator. to do all or any of the following things—

- (a) to take immediate possession of all assets belonging to the society and of all books, records and other documents relating to the business thereof, to carry on the business of the society so far as may be necessary for its winding-up and to raise on the security of the assets of the society the money requisite for this purpose;
- (b) to have disputes referred to the Commissioner with recommendations that the disputes be settled by arbitration under section 67 and to institute and defend actions and other legal proceedings on behalf of the society in the name of his office;
- (c) to investigate all claims against the society and, subject to the provisions of this Act, to decide questions of priority arising out of such claims, and to pay rateably according to the amount of such debts, the surplus if any being applied in payment of interest from the date of liquidation at a rate to be fixed by the Commissioner and not exceeding the contract rate;
- (d) to fix the time within which creditors shall prove their debts and claims or be included for the benefit of any distribution made before those debts or claims are proved;

- (e) make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim, present or future, for which the society may be rendered liable;
- (f) compromise all calls or liabilities to calls and debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or supposed to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society, and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof;
- (g) from time to time to determine the contribution to be made or remaining to be made by the members or past members or by the estates or nominees or legal personal representatives of deceased members or by any officer, to the assets of the society, such contribution shall include debts due from such members or persons;
- (h) to determine by what persons and in what proportions the cost of the liquidation shall be borne;
- (i) to arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Commissioner.

Effect of
cancellation of
registration.

62. When the affairs of a society for which a liquidator has been appointed under section 58 have been wound up, or where no liquidator has been appointed after two months from the date of an order under section 59 or after confirmation of such order on appeal, the Commissioner shall make an order cancelling the registration of the society, and the society shall be deemed to be dissolved from the date of such order.

Bar of action in
reconstruction,
winding-up and
dissolution
matters.
[7 of 1972].

63. Save in so far as is expressly provided in this Act, no court shall take cognisance of any matter connected with the reconstruction within the meaning of Part V, winding-up or dissolution of a society under this Act, and when a society has been reconstructed or a winding-up order has been made no action or other legal proceeding shall lie or be proceeded with against the society

except by leave of the Commissioner and subject to such terms as he may impose.

64. After all the liabilities including the paid-up share capital of a cancelled society have been met, any surplus assets shall not be divided amongst its members but shall be devoted to any object described in the bye-laws of the society, and when no object is so described, to any object of public utility determined by the general meeting of the society and approved by the Commissioner, or such assets, should the members so agree, may be assigned by the Commissioner in whole or in part to either or both of the following—

Disposal of surplus assets.

- (a) an object of public utility of local interest;
- (b) a charitable purpose, or

may be placed on deposit with a bank approved by the Commissioner until such time as a society with similar objects and bye-laws is registered when with the consent of the Commissioner such surplus assets may be credited to the reserve fund of such new society.

65. (1) Where, in the course of the winding-up of a 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 such 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 Commissioner may, on the application of the liquidator or of any creditor or contributory, inquire 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 Commissioner 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 Commissioner thinks just.

Power of Commissioner to surcharge officers etc. of registered society.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally liable.

66. Where the Commissioner is satisfied that any person with intent to defraud or delay the execution of any order that may be made under section 59 or section 65 or any decision that may be given in a dispute referred to the Commissioner or to any arbitrators is about to dispose of the whole or any part of his property, the Commissioner may, unless adequate security is furnished, apply to the Magistrate of the district in which the prop-

Attachment of property.

erty is situate for an Order for the conditional attachment of such property and the Magistrate may where he considers it to be in the interest of justice, make such an Order.

PART VII

DISPUTES

Settlement of
disputes.

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

- (a) among members, past members and persons claiming through members, past members and deceased members;
- (b) between a member, past member, or person claiming through a member, past member or deceased member, and the society, its board, or any officer of the society;
- (c) between a member and the society arising out of or under any bye-law or bye-laws relating to the disposal of the produce of agriculture or animal husbandry, or under any contract, made under section 27;
- (d) between the society or its board and any officer of the society;
- (e) between the society and any other society; or
- (f) between the society and any of its creditors,

the dispute shall be referred to the Commissioner for decision.

(2) The Commissioner may before proceeding to hear or determine a dispute, make or cause to be made a preliminary investigation into the dispute with the object of ascertaining the facts, defining the issues and endeavouring to bring about a voluntary settlement between the parties to the dispute.

(3) The Commissioner may, on a dispute being referred to him under subsection (1)—

- (a) decide the dispute himself; or
- (b) with the consent of the parties refer the dispute to arbitration.

(4) The settlement of any dispute by an arbitration award shall be final and shall not be called in question in any court of law.

(5) For the purpose of hearing and determining any dispute the Commissioner, or the arbitrator as the case may be, may

administer oaths, and may require the attendance of all parties concerned and witnesses, and the production of all books, documents and things relating to the dispute.

(6) The Commissioner, or the arbitrator as the case may be, shall also have power to order the expenses of determining any dispute including fees to legal practitioners to be paid either out of the funds of the society or by such parties to the dispute as he in his absolute discretion may think fit.

(7) The decision given in respect of every dispute under this section shall be recorded in the prescribed form or as near thereto as the circumstances of the case may require and a copy thereof shall be issued to every party to the dispute.

(8) Every order made by the Commissioner and any arbitration award shall be executed by any civil court in the same manner as a decree or order of such court.

(9) In this section "dispute" includes a claim by a society for any debt or demand due to it from a member, past member or the nominee, heir or legal personal representative of a deceased member.

68. (1) Notwithstanding anything contained in section 67, the Commissioner at any time when proceeding to a decision under this Act or the Minister when an appeal has been preferred to him against any decision of the Commissioner under this Act may refer any question of law arising out of such decision for the opinion of the High Court.

Case stated on question of law.

(2) Any Judge of the High Court may consider and determine any question of law so referred and the opinion given on such question shall be final and conclusive.

PART VIII

OFFENCES

69. (1) Any member, agent or employee of a society who corruptly accepts, agrees to accept, obtains or attempts to obtain whether for himself or another, any gift or consideration as an inducement or reward for doing or forbearing to do any act relating to the business of the society or for showing favour or disfavour to any person in relation to the business of the society and any person who corruptly gives, agrees to give, or offers such gift

Corrupt practice and bribery.

L.R.O. 1/1980

or consideration to any such member, agent or employee of a society as such inducement or reward, is liable on summary conviction to a fine of four thousand dollars and to imprisonment for two years and on conviction on indictment to imprisonment for five years.

(2) In this section "consideration" includes valuable consideration of any kind.

Falsely
obtaining
withholding, or
misapplying
property of
society.

70. (1) Any person who obtains possession of any property of or is granted any loan by a society by false representation or other corrupt means or wrongfully withholds or misapplies any such property or loan or wilfully applies any part thereof to purposes other than those directed or expressed in the bye-laws of such society or authorised in this Act or the regulations, is liable on summary conviction to a fine of two thousand dollars and to imprisonment for one year and on conviction on indictment to a fine or imprisonment for five years.

(2) In any proceedings under this section the person accused may in addition to any penalty imposed be ordered to deliver up any property or repay any sum of money to which the proceedings relate and pay the cost of the proceedings.

Offences.

71. (1) A society or any officer or member thereof or any other person who fails without reasonable cause or wilfully neglects or refuses to comply with any requirement of this Act or the regulations or to furnish any information or who purporting to comply with any such requirement knowingly furnishes false information is guilty of an offence.

(2) Any person who wilfully or without reasonable cause disobeys any summons, order or direction lawfully issued under this Act or the regulations is guilty of an offence.

(3) Any officer or member of a society who wilfully contravenes the bye-laws of the society relating to his duties or functions as such officer or member is guilty of an offence.

Dealing with
property
subject to a
charge.

72. (1) Any person who fraudulently or clandestinely removes any property comprised in a charge created in favour of a society under section 29 from the place where such property was situated at the time of the execution of the charge or who knowingly disposes of or deals with or attempts to dispose of or deal with such property without first obtaining in writing leave of the society on summary conviction is liable to a fine of two thousand dollars and to imprisonment for one year.

(2) Where any person who has received a loan from a society is convicted of an offence under this section there may be imposed on him notwithstanding any penalty specified in subsection (1) an additional penalty equal to such amount of the loan with interest as has not been repaid to the date of the conviction and the payment of such additional penalty shall discharge the liability of the borrower to repay the loan.

(3) Where the court has imposed an additional penalty specified in subsection (2) and such penalty is not paid the court may order that the person convicted under this section and who has defaulted in the payment of the additional penalty be imprisoned for six months in respect of such default.

73. Every society and every officer or member thereof or other person guilty of an offence under this Act for which no penalty is expressly provided is liable on summary conviction to a fine of two thousand dollars and in the case of a continuing offence to a further fine of one hundred dollars for each day that the offence continues after conviction thereof.

Penalty for offences not otherwise provided for.

PART IX

MISCELLANEOUS

74. A party aggrieved or adversely affected by any order or decision of the Commissioner under this Act may appeal therefrom to the Minister within two months of such order or decision, and a further appeal may lie therefrom to a Judge in Chambers within one month of such order or decision of the Minister.

Appeals.

75. The Commissioner may by instrument in writing delegate to any person any of his powers, except this power of delegation, and any power so delegated shall be exercised in the manner and to the extent specified in the instrument of delegation.

Delegation of powers.

76. (1) No stamp duty, registration fee nor court fee shall be payable on any instrument executed in pursuance of this Act or the regulations.

No stamp duty etc. payable on instrument. [7 of 1972].

(2) No fee shall be payable for the certification by the Commissioner or the Registrar General of any form of agreement under this Act.

L.R.O. 1/1980

Provisions of
Companies
Ordinance not
to apply,
Ch. 31 No. 1.
(1950 Ed.).

Act not to apply
to Trinidad
Co-operative
Bank.

Saving for
existing
societies,
bye-laws, rules,
regulations, etc.
[7 of 1972].

6 of 1954.

Ch. 38 No. 4.
(1950 Ed.).

77. The Companies Ordinance does not apply to any society within the meaning of this Act.

78. This Act does not apply to the Trinidad Co-operative Bank Limited.

79. (1) Every society registered or deemed to have been registered under any of the *Ordinances hereby repealed and whose registration subsists at the date of the commencement of this Act shall be deemed to have been registered under this Act and the bye-laws or rules of such society shall, so far as they are not inconsistent with this Act, continue in force until altered, substituted or revoked by bye-laws made under this Act, so however that societies registered under the repealed Agricultural Credit Societies Ordinance 1954 shall be deemed to have been registered with unlimited liability.

(2) Sections 86 to 101 of the Credit Union Societies Ordinance and the Trinidad and Tobago Credit Union Bank Rules 1952 shall be deemed to be the bye-laws of the Trinidad and Tobago Credit Union Bank until altered, substituted or revoked by bye-laws made under this Act.

(3) The Memorandum of Association of the Credit Union League of Trinidad and Tobago filed in the office of the Commissioner shall be deemed to be the bye-laws of the Credit Union League of Trinidad and Tobago until altered, substituted or revoked by bye-laws made under this Act.

(4) All regulations and rules made under any of the Ordinances hereby repealed and in force at the time of the commencement of this Act shall, in so far as they are not inconsistent with this Act, be deemed to have been made under this Act and shall continue in force until altered, substituted or revoked by regulations made under this Act.

(5) All appointments and orders made, notifications and notices issued, and suits or other proceedings instituted or deemed to have been made, issued or instituted under any of the Ordinances hereby repealed, shall, so far as may be, be deemed to have been respectively made, issued and instituted under this Act.

*Former section 79 of this Act (omitted) repealed the Credit Union Societies Ordinance, Ch. 38 No. 4; the Co-operatives Societies Ordinance, Ch. 38 No. 5; the Agricultural Credit Societies Ordinance 1954 (6 of 1954).

(6) Where in any law reference is made to a credit union or to a co-operative society or to an agricultural credit society registered under any of the Ordinances hereby repealed the reference shall be deemed to apply to a society registered or deemed to be registered under this Act.

80. The Minister may, by Order, exempt any society or class of societies from any of the provisions of this Act, or may direct that this Act shall apply to such society or class of societies with such modifications as may be specified in the Order; save that no order to the prejudice of any society shall be made without an opportunity being given to such society to represent its case.

Power to exempt societies from provisions of Act. [7 of 1972].

81. The Minister may make regulations to carry out the purposes of this Act and in particular such regulations may—

Regulations.

- (a) prescribe all things required by this Act to be prescribed;
- (b) provide for the constitution and management of societies, specifying the rights and obligations of members;
- (c) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;
- (d) prescribe the returns to be submitted by a society to the Commissioner, the persons by whom and the form in which such returns shall be submitted;
- (e) set out the procedure for the certification of copies of documents or entries in the books of societies and fix the charges to be levied for such copies;
- (f) provide for the writing off of bad debts;
- (g) prescribe the manner in which any question as to the breach of any bye-laws or contract relating to the disposal of produce to or through a society may be determined, and the manner in which liquidated damages for any such breach may be ascertained or assessed;
- (h) provide for the procedure to be followed by a liquidator appointed under section 58 or by the Commissioner under section 4;
- (i) provide for the appointment of arbitrators and the procedure to be followed in proceedings before them;

L.R.O. 1/1980

- (j) prescribe the procedure to be followed in presenting and disposing of appeals; and
 - (k) specify the conditions and the rates of payment of contributions by societies to any pension fund which they may establish for the benefit of their servants and employees.
-