

REPUBLIC OF BULGARIA
GRAND NATIONAL ASSEMBLY

COOPERATIVES ACT

*Promulgated State Gazette No 63/03.08.1991
Amended SG Nos 34 & 55/1992; 63/1994; 59/1996*

**Chapter One
GENERAL PROVISIONS**

Definition

Article 1

- (1) A cooperative shall be a voluntary organization of natural persons with variable capital and a variable number of members engaging in economic and other activity along the lines of mutual assistance and cooperation in order to meet their interests.
- (2) A cooperative shall be a legal person.

Assistance and Promotion by the State

Article 2

The state shall assist and promote the cooperatives through tax, lending rate, customs and other economic concessions.

**Chapter Two
COOPERATIVES**

**Section I
Constitution**

Constitution Procedure

Article 3

- (1) A cooperative shall be constituted by not fewer than seven capable natural persons whose constituent assembly shall resolve to constitute the cooperative, adopt its Statutes and elect its Managing Board and Control Board.
- (2) The Statutes shall establish:
 1. the name, the registered address and the purpose of the cooperative;
 2. the eligibility, rights and obligations of its members;
 3. the managing bodies of the cooperative and their prerogatives;
 4. the decision-making procedure;
 5. the size of the members' subscription and shares;
 6. the conditions and procedure for the contribution of land;
 7. the distribution of income, profit and losses, funds, dividends, and the land rent;
 8. the manner of disposal with cooperative property;
 9. the grounds and procedure for the termination of membership.
- (3) The Statutes may further settle other matters insofar as they are not settled by the law.
- (4) The Memorandum of Incorporation and the Statutes shall be signed by the founding members.

Registration

Article 4

A cooperative shall be registered with the district court where its registered address is located, upon application by its Managing Board. The application shall have the following supplements:

1. copies of the Memorandum of Incorporation and the Statutes;

2. notarized specimens of the signatures of the cooperative's authorized representatives;
3. certificates showing that each member of the Managing Board and Control Board has a clear conviction record;
4. affidavits by the members of the Board or Directors and Control Board that they are not related to one another by marriage and are not direct relatives, brothers or sisters.

Incorporation

Article 5

A cooperative shall be incorporated on the day of its court-ordered registration.

Cancellation

Article 6

Should a cooperative fail to become a going concern within a year of its registration, it shall be struck from the register at the request of the Office of the Public Prosecutor.

Liability for Actions Preceding Incorporation

Article 7

An act performed on behalf of a cooperative prior to the date of its incorporation shall give rise to rights and obligations on the part of the said cooperative if performed by persons duly authorized by the founding members. Should such due authorization be absent, these persons shall bear joint liability for any obligations thus assumed. Should a cooperative fail to be incorporated, all founding members shall bear joint liability except those who have refused to issue authorization.

Section II

Membership, Rights and Obligations

Membership

Article 8

- (1) Eligible for membership in a cooperative shall be anyone who subscribes to its Statutes and is above the age of 16 or, if a student, the age of 15.
- (2) Everyone shall be free to be a member of more than one cooperative.

Admission of New Members

Article 9

- (1) An applicant shall submit a written application which shall be reviewed by the Managing Board at its earliest meeting or, if held within fewer than 14 days from the receipt of the application, at its next earliest meeting.
- (2) The resolution of the Managing Board shall require the endorsement of the General Meeting.
- (3) A refusal by the Managing Board to approve an application may be appealed before the General Meeting within 14 days of receiving written notice of the refusal. Should the General Meeting overrule the Managing Board, the applicant shall be considered admitted as of the date of the General Meeting's resolution.
- (4) Should an applicant fail to appeal within the time established by para 3, or should the General Meeting confirm the refusal, the applicant shall not file a new application for membership until the expiry of one year.
- (5) A newly admitted member shall be recorded in the register of members.

Rights of Members

Article 10

- (1) A member of a cooperative shall have the following rights:
 1. to participate in and benefit from the cooperative's activity;

2. to participate in and vote at its General Meeting, and be elected to the managing bodies of the cooperative;
 3. to question its managing bodies as to their failures to implement adopted resolutions and to have access to all information concerning his own interests;
 4. to seek the overturning of decisions or actions by the cooperative's bodies which contravene the law or its Statutes, or are inappropriate;
 5. to dividend;
 6. to his share of the founding capital upon termination of membership;
 7. to social and medical security in accordance with the law.
- (2) A member of a cooperative who has contributed land shall further enjoy the following rights in addition to those established by para 1:
1. to retain his ownership over the land as real estate or an equivalent share;
 2. to preserve the established crops on the contributed land;
 3. to sell the contributed land to other members of the cooperative;
 4. to receive rent for any land thus contributed;
 5. to receive part of the rent or remuneration in the form of farm produce.
- (3) A member of a producers' cooperative shall have the right to be employed therein in a job befitting his skills and age.

Obligations of Members

Article 11

- (1) A member of a cooperative shall observe its Statutes and the resolutions of its managing bodies.
- (2) A member under legal age shall pay his share of the capital pursuant to the provisions of the Persons and Family Act.

Employment Relations and Social Security

Article 12

- (1) The employment relations, medical and social security of non-members employed by a cooperative shall be settled in accordance with the national employment, medical and social security legislation.
- (2) Control over the observance of employment, medical and social security legislation by a cooperative shall be exercised by a social affairs committee elected by the General Meeting.

Discipline

Article 13

- (1) A member may be given a reprimand or notice of expulsion for failure to carry out his obligations to the cooperative.
- (2) Such reprimand or notice of expulsion shall be issued by the Managing Board.

Termination of Membership

Article 14

- (1) A member of a cooperative shall cease to be one upon any of the following occurrences:
 1. withdrawal from the cooperative;
 2. joining of another cooperative by a procedure established in the Statutes;
 3. expulsion;
 4. death.
- (2) Membership shall be further terminated with the termination of the cooperative by a liquidation.

Expulsion of Member

Article 15

- (1) A cooperative shall be free to expel a member for systematic violations of the law, the Statutes or the decisions of the cooperative's managing bodies.
- (2) The Managing Board shall be free to suspend a member prior to a final ruling on his expulsion by the General Meeting. The said member shall be invited to attend the meeting which shall rule on the matter.

Material Consequences

Article 16

- (1) The share of a former member shall be reimbursed to him or his heirs after the approval of the cooperative's annual balance statement.
- (2) The amount of a reimbursed share shall be preserved, unless that Statutes provide otherwise.
- (3) A former member who has contributed land and has retained his ownership over an equivalent share or that member's heirs shall be reimbursed with land equal in quantity and quality to the land originally contributed.
- (4) The right to reimbursement of a share shall expire by limitation after five years, and the right to dividend, after three years.

Section III

Managing Bodies of a Cooperative

I. General Meeting Membership and Prerogatives

Article 17

- (1) The General Meeting of a cooperative shall consist of all members of the cooperative. A cooperative with a very large membership or active in several communities shall be free to establish instead a Meeting of Plenipotentiaries elected by a secret ballot. The number of the plenipotentiaries shall not be less than one hundred. A Meeting of Plenipotentiaries shall enjoy all rights vested in a General Meeting.
- (2) A General Meeting shall:
 1. draw up, adopt and amend the Statutes;
 2. elect and dismiss the Chairman of the cooperative;
 3. establish the number of and elect by secret ballot the members of the Managing Board and the Control Board;
 4. approve the annual report of the Managing Board and, after hearing the report of the Control Board, the balance sheet and the distribution of income;
 5. approve the report of the Control Board;
 6. resolve on the joining or withdrawal from a cooperative association and on the purposes thereof;
 7. elect delegates to the General Meeting (Congress) of the cooperative association of which the cooperative is a member;
 8. approve any cancellation of cash debts to the cooperative or their rescheduling;
 9. approve any disposal of cooperative-owned fixed assets;
 10. endorse the Managing Board' resolution on the admission of new members or, on overturning such a resolution, shall terminate membership as of the date of the meeting;
 11. expel members;
 12. approve any voluntary aim-oriented or other capital raising among the members;
 13. revoke resolutions or acts of the other managing bodies of the cooperative which it considers to be contrary to the law or the Statutes or to be inexpedient;

14. make appropriate decisions pursuant to the results from any auditing of the cooperative;
 15. approve any reconstruction or the termination of the cooperative or a filing for liquidation.
- (3) The General Meeting shall be competent to debate and resolve all matters pertaining to the cooperative and its activity even when not expressly authorized by the law or the Statutes.

Convocation

Article 18

- (1) A General Meeting shall be convened by the Managing Board by written invitation communicated by a procedure established by the Statutes. The invitation shall indicate the agenda, the day, time and venue of the General Meeting. A General Meeting shall not resolve on matters not indicated on the invitation except if attended by all members and upon their unanimous resolution to do so.
- (2) A General Meeting shall be convened as follows:
 1. regularly, once a year, to hear the report on the cooperative's activity;
 2. extraordinarily, by a resolution of the Managing Board, or on a motion by the Control Board or by one-third of the members of the cooperative. Should the Managing Board fail to convene a General Meeting, this shall be done by the Control Board or by one-third of the members of the cooperative.
 3. The Managing Board shall convene the General Meeting on any matter within the General Meeting's exclusive competence within fourteen days after it is requested to do so. Should the Managing Board fail to do so, the General Meeting shall be convened by the procedure established by para 2.

Quorum

Article 19

- (1) A General Meeting shall be legitimate if attended by more than half of its members. A General Meeting convened to adopt the Statutes or to resolve on the reconstruction or liquidation of a cooperative shall be legitimate if attended by more than two-thirds of its members.
- (2) In the absence of the required number of members, the meeting shall be postponed and shall be held seven days later with the same agenda. Should the required number of members again be not at hand, the meeting shall open one hour later regardless of the number of members attending.

Resolutions

Article 20

- (1) Resolutions of the General Meeting shall require a simple majority of the votes of those present, unless otherwise provided by the Statutes.
- (2) Resolutions pursuant to Art. 17 para 2 items 1, 3, 7, 8, 9, 10 and 14 shall require a majority of two-thirds of all members.
- (3) Voting at a General Meeting shall be by a show of hands, except when provided otherwise by the law. A General Meeting may resolve on holding a secret ballot on other matters as well.

Voting Rights

Article 21

Each member shall be entitled to one vote which shall be cast personally, regardless of his share of the nominal capital.

II. Managing Board Composition

Article 22

- (1) The members of a Managing Board shall be elected for a term of three years from among the members of a cooperative. A new Managing Board shall not have among its members more than two-thirds of the members of the incumbent Managing Board.
- (2) Ineligible for election to the Managing Board shall be:

1. anyone under 18 years of age, except for a student in a school cooperative, or anyone placed under a legal interdiction;
2. anyone prohibited from occupying a managerial, accounting or materially liable post;
3. anyone married to or directly related to, or a brother or sister of another member of the Managing Board or the Control Board.

Prerogatives

Article 23

- (1) The Managing Board shall implement the resolutions of the General Meeting, direct the activities of the cooperative and perform any other functions entrusted to it by virtue of the law or the Statutes. It shall report to the General Meeting.
- (2) The Managing Board shall be free to appoint an executive director and other executives whenever allowed to do so by virtue of the Statutes.
- (3) The Managing Board shall be free to set up commissions, councils and other auxiliary bodies to assist it in its work.

Convocation

Article 24

- (1) The Managing Board shall be convened by its Chairman at least once a month. The Chairman shall further convene the Managing Board on a motion by one-third of its members within seven days. Should he fail to do so, the Managing Board shall be convened by the Control Board.
- (2) A session of the Managing Board shall be legitimate if attended by at least two-thirds of its members.

Resolutions

Article 25

Resolutions of the Managing Board shall be passed by a show of hands and shall require a simple majority of its members, unless otherwise provided by the Statutes.

Liability

Article 26

Members of the Managing Board shall be jointly liable for any damages caused by them to the cooperative.

Court Representation

Article 27

In a judicial dispute between a cooperative and the members of its Managing Board the cooperative may be represented by one or several persons elected by the General Meeting.

III. Chairman

Article 28

- (1) The Chairman of a cooperative shall also serve as Chairman of the Managing Board in which he shall be entitled to an ordinary vote.
- (2) The Chairman of a cooperative shall:
 1. represent the cooperative;
 2. organize the implementation of the resolutions passed by the General Meeting and the Managing Board;
 3. manage the day-to-day activities of the cooperative.

IV. Control Board Composition

Article 29

- (1) The members of a Control Board shall be elected for a period of three years from among the members of a cooperative. The Control Board shall elect a Chairman from among its members.
- (2) Ineligible for election to the Control Board shall be any person prohibited by virtue of Art. 22 para 2 and any member of the cooperative who in the previous year has occupied a post of material or accounting responsibility or has sat on the Managing Board.

Prerogatives

Article 30

- (1) A Control Board shall monitor the activities of the cooperative and report to the General Meeting.
- (2) A member of the Control Board shall be free to attend the meetings of the Managing Board and shall be entitled to a deliberative vote.
- (3) A member of the Control Board shall enjoy the authority of auditor, provided he meets the professional requirements.
- (4) The Control Board shall convene the General Meeting whenever it finds essential violations of the law or the Statutes by the Managing Board.
- (5) The provisions of Art. 26 shall apply further to the members of the Control Board.

Section IV

Property, Distribution of Income, Taxation

Property

Article 31

- (1) Cooperative property shall consist of ownership and other material rights over long-term and short-term assets, trade marks, industrial prototypes, licenses, securities, company stock and other rights and obligations.
- (2) A cooperative's property shall be under the exclusive management of its members through their elected bodies.
- (3) No object owned by a cooperative shall be acquirable by virtue of a limitation.

Sources of Income

Article 32

A cooperative shall have the following sources of income:

1. members' subscriptions;
2. members' paid-in capital;
3. additional capital contributions by members;
4. business earnings;
5. loans;
6. other income.

Payments by Members

Article 33

- (1) Each member of a cooperative shall pay a subscription fee and his share of the called-up capital to an amount established by the statutes.
- (2) The sum total of paid-in capital shall form the capital of the cooperative.
- (3) Evidence of ownership over land contributed to a cooperative shall be in the form of a deed or a final ruling of the municipal land board. A memorandum of land contribution shall be signed by the

contributing member and the Chairman of the Managing Board and shall be recorded in the notary public's register.

- (4) A member's share of capital shall be exempt from distraint or confiscation.
- (5) Members shall be free to extend loans to a cooperative which shall not be considered part of its capital.
- (6) The interest rate on loans pursuant to para 5 shall be established by the cooperative's General Meeting.

Material Liability of Cooperative

Article 34

- (1) A cooperative shall be held liable to the extent of its assets.
- (2) A member of a cooperative shall be held liable to the extent of his share.

Distribution of Income, Profit and Losses

Article 35

- (1) A cooperative shall keep its books in accordance with the Accountancy Act.
- (2) The distribution of income, profit and losses, the nature of a cooperative's cash funds and the manner in which they are maintained and spent shall be established by its General Meeting.
- (3) The amounts set aside for the different cash funds shall be charged to the cooperative's income. The residue income shall be distributed as dividend to members pursuant to a resolution by the General Meeting.

Cooperative Funds

Article 36

- (1) A cooperative shall maintain a contingency reserve and any other cash funds established by a resolution of the General Meeting.
- (2) A portion of the income established by the General meeting but amounting to not less than 20 per cent of the cooperative's capital shall be deducted each year towards its contingency reserve.
- (3) Any loss reported by a cooperative during a calendar year shall be charged either against its contingency reserve or against future profits by virtue of a General Meeting resolution.

Taxes and Tax Concessions

Article 37

- (1) Repealed, SG No. 59/1996.
- (2) A cooperative shall be exempt of any duty related to its incorporation, reconstruction, winding-up or liquidation.
- (3) A member of a cooperative shall be exempt of any tax or duty on paid-in capital and the relevant transfer of rights.
- (4) Repealed, SG No. 59/1996.
- (5) Repealed, SG No. 59/1996.
- (6) Repealed, SG No. 59/1996.

Savings and Loan Activities

Article 38

A cooperative shall be free to engage in savings and loan activities by virtue of a resolution of its General Meeting.

Mutual Assurance Society

Article 39

- (1) A cooperative shall be free to set up a mutual assurance society for its members.

- (2) A mutual assurance society shall be incorporated as a legal person by virtue of the opening of a separate bank account.
- (3) Chapter Two of this Act shall apply further to a cooperative's mutual assurance society.

Section V
Reconstruction, Termination, Liquidation
Reconstruction

Article 40

- (1) The terms of any merger or amalgamation of cooperatives shall be negotiable between their boards of directors subject to approval by their general meetings.
- (2) Any division of or separation from a cooperative shall require the approval of its General Meeting.

De Jure Membership

Article 41

Members of merging or amalgamating cooperatives shall acquire membership in the new cooperative; members of a dividing cooperative shall acquire membership in the newly formed cooperatives.

Liability Following Reconstruction

Article 42

- (1) Cooperatives formed as a result of a division shall bear joint liability for the obligations of the terminated cooperative.
- (2) A cooperative formed as a result of a separation shall bear joint liability with the source cooperative for any prior obligations.

Termination of Cooperative

Article 43

- (1) A cooperative shall be terminated:
 1. by a resolution of the General Meeting;
 2. by a district court ruling sought by the Office of the Public Prosecutor whenever the cooperative:
 - a. pursues aims prohibited by law or engages in prohibited economic activity;
 - b. has been left with fewer members than the established minimum and has failed to gain the required number of new members within a period of six months.
 3. upon expiry of the term for which it had been set up or as otherwise provided for in the Statutes;
 4. upon declaring insolvency.
- (2) A terminated cooperative shall be placed in liquidation.

Liquidators

Article 44

- (1) Upon terminating the activity of a cooperative the General Meeting shall appoint a liquidator or a three-member board of liquidators and shall establish the liquidation period. A liquidator does not have to be a member of the cooperative.
- (2) In a court-ordered liquidation the liquidators and the liquidation period shall be established by the court.
- (3) Ineligible to serve as liquidators shall be any of the persons referred to in Art. 22 para 2.

Effect of Termination and Liquidation

Article 45

- (1) The termination of a cooperative and its placement into liquidation shall be subject to registration.

- (2) The termination and liquidation of a cooperative shall take effect from the day on which the ruling concerning the registration is promulgated.

Rights and Obligations of Liquidators

Article 46

- (1) Liquidators shall have the rights and obligations of a Managing Board. A cooperative shall be represented by liquidator or, in the case of a board of liquidators, by a member thereof appointed by the General Meeting or the court.
- (2) Liquidators shall wind up the day-to-day operations of the cooperative, convert its property into cash, collect its receivables and settle its liabilities.
- (3) Liquidators shall be free to terminate contracts concluded by the cooperative prior to its going into liquidation and to compensate the other parties for relevant damages suffered. Such compensation shall be settled on the same terms as the other debts of the cooperative.

Creditors' Claims

Article 47

- (1) The creditors of a cooperative in liquidation shall lodge with the liquidators all claims, regardless of origin, security or executability, within one month from the day of the promulgation referred to by Art. 45 para 2.
- (2) The liquidators shall invite all creditors of a known address by letter with return advice of delivery to lodge their claims.
- (3) Liquidators shall notify creditors of any disputed claims by the procedure established by the preceding paragraph. Should such a creditor file a claim within one month of receipt of the said notification, the liquidators shall enter such claims as disputed liabilities in the liquidation balance sheet.

Satisfaction of Creditors

Article 48

- (1) Should the property of a cooperative prove insufficient to satisfy all creditors, the liquidators shall satisfy the privileged claims in accordance with their order, and the remainder shall be used to satisfy the other claims proportionally to their size.
- (2) A creditor who has failed to lodge a claim within the established time shall be reimbursed from the residual property of the distribution.
- (3) Members' shares shall be reimbursed only after all other liabilities have been settled. Should the residue prove insufficient, it shall be distributed proportionally to each member's share.

Execution

Article 49

There shall be no separate execution against the property of a cooperative in liquidation.

Closing Down of Cooperative

Article 50

- (1) The liquidators shall report to the General Meeting on the final distribution of the property and the General Meeting shall then resolve on the closing down of the cooperative.
- (2) In a court-ordered termination, the liquidators shall submit their report to the court which shall order the closing down of the cooperative.
- (3) The liquidators shall request the court to register a resolution pursuant to paras 1 or 2 within seven days from its passage.

Disposal of Residue Assets

Article 51

Any residue assets from the liquidation of a cooperative shall be distributed among its members proportionally to each member's share, except when provided otherwise by its Statutes.

Perpetuation of Terminated Cooperative

Article 52

Should a cooperative be terminated by a resolution of its General Meeting, the latter may decide to continue its activity prior to the conclusion of the liquidation. The General Meeting shall then conduct an election pursuant to Art. 18 pa ra 2 subparas 2 and 3, and shall register that resolution with the court.

Liquidators' Costs

Article 53

The costs of the liquidators shall be approved by the body established pursuant to Art. 50 and shall be borne by the cooperative. The liquidators' emolument shall be paid prior to any other debts.

Liability of Liquidators

Article 54

Liquidators shall bear joint liability for any damages caused to a cooperative.

Section VI

Cooperative Enterprise

Constitution, Reconstruction and Termination

Article 55

- (1) A cooperative shall be free to constitute cooperative enterprises for particular economic activities.
- (2) A cooperative enterprise may be a legal person.
- (3) A cooperative enterprise shall be constituted, reconstructed or terminated by a resolution of the cooperative's General Meeting. The relevant resolution shall establish the name, registered address, purpose and the assets placed at the disposal of the cooperative enterprise.
- (4) The regulations concerning the structure and activities of an enterprise shall be approved by the Managing Board of the cooperative.

Assets of Enterprise

Article 56

- (1) The assets of an enterprise shall be owned by the founding cooperative which shall use and dispose of them in accordance with the established regulations.
- (2) The manner of distribution of an enterprise's income shall be established by the enterprise's founding body.

Enterprise Manager

Article 57

An enterprise shall be represented by its manager, who shall be appointed and dismissed by the Managing Board of the founding cooperative.

Chapter Three

INTERCOOPERATIVE ENTERPRISE

Constitution

Article 58

- (1) Cooperatives shall be free to constitute intercooperative enterprises to engage in activities of common interest.

- (2) The general meetings of the cooperatives referred to in para 1 shall resolve on the constitution of an intercooperative enterprise and shall elect plenipotentiaries to its constituent assembly.
- (3) An intercooperative enterprise shall be a legal person.

Reference

Article 59

The provisions of Chapters Two and Five shall apply to all matters pertaining to the intercooperative enterprise not settled by this Chapter.

Chapter Four COOPERATIVE ASSOCIATIONS Constitution

Article 60

- (1) By virtue of a resolution of their general meetings cooperatives shall be free to join into a territorial, sectorial or other association.
- (2) To be constituted, a cooperative association shall require at least two cooperatives.
- (3) Cooperative associations shall be free to form their own unions or federations.

Functions

Article 61

A cooperative association shall:

1. assist its members in the attainment of their goals and objectives;
2. evolve guidelines for the development of cooperative activity;
3. defend the interests of its members before the state, public and other bodies and organizations;
4. engage in any other functions established by its Statutes.

Managing bodies

Article 62

- (1) A cooperative association shall have the following managing bodies: a General Meeting, a Managing Board, a Chairman, and a Control Board. The members of the Managing Board shall be elected by the General Meeting for a term of three years.
- (2) If provided for by the Statutes, the Managing Board shall elect from among its members an Executive Committee and shall further establish that Committee's prerogatives and resolution-passing procedures.
- (3) The General Meeting of a cooperative association shall consist of authorized plenipotentiaries elected by the general meetings of the constituent cooperative organizations on conditions and by a procedure established by its Statutes.

Cash Funds

Article 63

- (1) A cooperative association shall be free to set up cash funds for the purpose of mutual assistance, education, occupational training etc.
- (2) Cash funds pursuant to para 1 shall be set up by virtue of a resolution of the association's General Meeting.

Chapter Five JUDICIAL CONTROL Grounds and Procedure

Article 64

- (1) The district court where a cooperative has its registered address shall be free to enjoin any resolution or act of a cooperative's managing body should it find it in contravention of a law or the Statutes.

- (2) Such injunction may be sought by any member of the cooperative, by its Control Board, or by the Office of the Public Prosecutor.
- (3) A member of the cooperative may file a suit pursuant to the preceding paragraph within two weeks of the day of the resolution or, in the case of a resolution passed in his absence, within two weeks of the day of finding out or receiving notification. In a suit seeking injunction of an act, the fourteen-day period shall commence on the day on which the member of the cooperative acquires knowledge thereof. In any case, a suit may be filed within a year from the date of the passage of the contested resolution or the commitment of the contested act.
- (4) A cooperative's Control Board may seek an injunction within two weeks of the passage of a resolution or the committing of an act.

Court Ruling

Article 65

- (1) The court shall be free to annul a resolution or act entirely or in part, or to deny action thereon.
- (2) The court's ruling shall be subject to appeal by the generally established procedure.

Joining of Suit

Article 66

- (1) Any other member of the cooperative or the Control Board shall be free to join the suit and shall be further free to press the claim after it is waived by the original claimant.
- (2) In a suit filed against a resolution or action by a cooperative's managing body, a member may seek compensation for material damages caused by any violation of his rights by the said resolution or act.

Suspension of Execution

Article 67

The district court may suspend the execution of a resolution or act against which a suit has been lodged pending its own ruling.

SUPPLEMENTARY PROVISIONS

- § 1. (1) The rights of existing and restored cooperatives over any property confiscated or nationalized after 10 September, 1944, is hereby reinstated.
- (2) Evidence of ownership of the property in the sense of para 1 shall be in the form of deeds, protocols, balance sheets, receipts for taxes, duties or insurance premiums, court decisions or other written evidence. Should such evidence be absent, ownership shall be claimed by the generally established procedure. No stamp duty shall be paid on legal proceedings connected with such claims.
 - (3) (SG No 34/24.4.1992) State, municipal and other companies and organizations shall reinstate the cooperatives' property pursuant to para 1 within 18 months of the date on which this Act comes into effect. Within the same period of time cooperatives and cooperative associations shall submit to the said companies and organizations in writing any claims they may have.
 - (4) The terms and procedure for the reinstatement of property shall be established by the Council of Ministers.
- § 2. (1) All property of the cooperative associations owned at the time of the passage of this Act shall be divided among their constituent cooperatives in proportion to their stock (contributions) in the association's funds. A recipient cooperative shall dispose of such property in accordance with this Act.
- (2) Resolutions concerning the distribution of property pursuant to para 1 shall be passed by the General Meeting of the respective association.
 - (3) The General Meeting of a cooperative association shall resolve on what portion of these funds shall be transformed into cash funds of the association pursuant to Art. 63 of this Act.
- § 3. A cooperative which receives stock or cash pursuant to § 2 shall place it in its contingency reserve.

TRANSITIONAL AND CONCLUDING PROVISIONS

- § 4. The present Act shall supersede the Act on Cooperative Organizations (promulgated in the State Gazette No. 102/1983, amended in No 46/1989).
- § 5. Obligations pursuant to §§ 2 and 3 of the Supplementary Provisions of this Act shall be settled within six months from the date on which this Act comes into effect.
- § 6. This Act shall supersede Decree No. 922 of 1989 Concerning Land Use and Farming (promulgated in the State Gazette No. 39/1989, amended in No 10/1990).
- § 7. (1) An organization constituted and incorporated by virtue of Decree 922 shall acquire the statute of a cooperative in the sense of this Act if incorporated prior to 1 March, 1992.
(2) Repealed (SG No 34/24.04.1992)
- § 8. Repealed (SG No 34/24.04.1992)
- § 9. (SG No 34/24.04.1992) A land owner or his heirs shall be entitled to a share of the property of a cooperative farm even if not a member of that farm. Shares shall be determined for the years during which the said lands have been incorporated in the cooperative farm.
- § 10. The owner of land and of a share of the property of a cooperative farm shall be entitled to rent and dividend from the date of coming into effect of the Ownership and Use of Farm Land Act.

The present Act was duly adopted by the Grand National Assembly on 19 July, 1991 and the State Seal was affixed thereto.

Chairman of the Grand National Assembly: **Nikolai Todorov**