

CHAPTER 28

CO-OPERATIVE SOCIETIES LAW

A Law to make provisions with respect to co-operative societies in Enugu State of Nigeria

A N S L Cap. 34

[27th August 1991]

PART 1.—GENERAL

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

Short title.

2. In this Law; —

Interpretation.

“bye-laws” includes the registered bye-laws made by a society in the exercise of any power conferred by this Law, and any registered amendment thereof, such amendment being either a new bye-law or the variation or revocation of an existing bye-law;

“Commissioner” means State Commissioner for the time being charged with responsibility for matters relating to co-operative societies,

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

“council of inspection” means the elected council of members who are not members of the committee to whom the supervision of the committee or society is entrusted;

“delegate” means representative of a society elected to be its proxy in meetings of a secondary society with which the society is affiliated;

“Director of co-operatives” means Director of Co-operative Societies appointed under section 3; of this law and includes any person for the time being exercising the powers of the Director of co-operatives under this law;

“dividend” means a share of the net surplus of a registered society divided among its members in proportion to the paid-up share capital held by them;

“honorarium” means a share of the net surplus of a registered society divided amongst some or all of the members of the committee or the council of inspection or scrutinizers of the society in recognition of services for which otherwise no payment is received;

“liability of members” means the extent to which a member may be obliged to contribute money to meeting the debts of a society on liquidation thereof;

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

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

“net surplus” means the difference between income received or accrued during the financial year and the total expenditure made or accrued during the year and provisions and allowances for the depreciation of fixed assets or the writing off of losses or bad debts and for the creation or maintenance of reserves against bad debts or depreciation of stocks;

“officer” includes a president, chairman, treasurer, member of committee or secretary, or other person empowered under the rules or bye-laws to give directions in regard to the business of a registered society;

“primary society” means a registered society consisting of individuals as members;

“productive society” means a registered society whose principal object is the carrying on of agricultural or forest production, fishing or manufactures and whose members are respectively working farmers, forest workers, fishermen, or craftsman or industrial workers;

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

“registrar” includes registrars of all grades, assistant director of co-operatives and other officers of the cadre of registrar of co-operative societies in the co-operative Division of the State Ministry responsible for co-operative matters.

“registration fee” means fee payable by a group of individuals or registered societies seeking registration as a primary or a secondary society respectively;

“school society” means a co-operative society whose members are pupils or students attending school;

“scrutinizer” means a member of a society who is not a member of the committee of such society and who is elected to supervise the work of the

"secondary financing society" means a registered society of which the principal object is to make loans to other registered societies;

"secondary society" includes a registered society of which some registered societies are members established to facilitate the operations of registered societies in accordance with co-operative principles and also a secondary financing society;

"Society" or "registered society" means co-operative society under this Law;

"State" means Enugu State of Nigeria.

"staff bonus" means a share of the net surplus of a registered society divided amongst some or all of the employees of the society;

PART II.—REGISTRATION

3. The appropriate body of persons which by enactment for the time being in force is empowered to appoint into posts in the State Ministry for the time being responsible for co-operative societies may appoint persons to be registrars or Director of co-operative societies

Appointment of
Director Deputy
Director and
Registrars.

(2) The Commissioner may confer on the any Registrar all or any of the powers of the Director under this Law.

4. Any person appointed as Director under section 3 shall have a seal of such device as may be approved by the Commissioner and impressions of such seal shall be judicially noticed.

Seal.

5. (1) Subject to the provisions of this Law, a society which has as its object the promotion of the economic interests of or the provision of services for, its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such societies, may be registered under this Law with or without limited liability as the Director may decide.

Societies which
may be
registered.

(2) From the date of the coming into operation of this law all co-operative societies possessing a registered address within Enugu State of Nigeria and registered under the Co-operative Societies Act shall be deemed to be registered under this law and shall be subject to the provisions of this Law.

6. (1) No primary society shall be registered under this Law which does not consist of at least 10 individuals each of whom is qualified under section 25 of this Law for membership;

Conditions for
registration.

Provided that a productive society may be registered with a membership of not less than 6 individuals.

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

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

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

(5) No school society shall be registered save with the consent of the Commissioner.

(6) Where, for the purpose of this section, any question arises concerning the age, residence, property, qualification or status of any person, then the same shall be decided by the Director.

(7) Any person aggrieved at any decision of the registrar under subsection (5) may appeal in writing by the Commissioner whose decision shall be final

(8) To register a co-operative society, every primary or secondary society shall pay a registration fee, the amount of which shall be fixed by the Director.

7. (1) An application for registration shall be made to the Director and the person on whose behalf such application is made shall furnish such information with respect to the society as the Director may require.

- (2) Such application shall be signed—
 - (a) in the case of a primary society, by at least 10 individuals or in the case of a productive society 6 individuals, qualified for membership under section 25; and
 - (b) in the case of a secondary society, by a duly authorized person on behalf of every registered society which is a member, and where all the members of the society are not registered societies, by 10 other members, or where there are less than 10 other members, by all of them.

Application for registration.

(3) Such application shall include the address of the society, and shall be accompanied by 3 copies of the proposed bye-laws of the society.

8. (1) If the Director is satisfied that the society is eligible for registration under this section and has complied with the provisions of the Law and that its proposed bye-laws are not inconsistent with the provisions of this Law, he may, if he thinks fit, register the society and its bye-laws.

Registration.

(2) If the Director refuses to register a society he shall give notice to the applicants in writing of the reasons for his refusal.

(3) Where the Director refuses to register a society an appeal shall lie to the Commissioner within 3 months of the Director giving notice under subsection (2), and the decision of the Commissioner thereon shall be final.

9. A society when registered shall be a body corporate having as its name the name under which it is registered; shall have perpetual succession and a common seal; and with power to hold movable and immovable property of every description, to enter into contracts, to sue and be sued and to do all things necessary for the purpose of its constitution.

Societies to be bodies corporate

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

Evidence of registration.

PART III.—DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES

11. (1) A registered society may, subject to the approval of the Director, make any bye-laws that are necessary or desirable for the purposes for which such society is established.

Power to make by-laws.

(2) A registered society shall make bye-laws in respect of the following matters —

- (a) the name of the society and the name of the town or village where it will have its registered address;

- (b) the area of its operation;
- (c) the objects of the society;
- (d) the purposes to which the society's fund may be applied and the mode of custody and investment of funds;
- (e) the qualifications for membership, the terms of admission of members, the entrance or affiliation fees, if any, payable, and the mode of election;
- (f) the nature and extent of the liability of members;
- (g) the notice required for withdrawal of membership;
- (h) the manner of raising the share capital, if any, and other funds and the terms of withdrawal or transfer of shares;
- (i) the powers and duties of a general meeting and of committees other than those specified in the rules;
- (j) the authorization of an officer or officers to sign documents and to use the seal on behalf of the society;
- (k) the disposal of the annual net surplus;
- (l) in the case of a housing society, the duration of the society;
- (m) in the case of a secondary society, the method of representation of members at general meetings, the removal of delegates and the manner of voting of delegates.

(3) If the objects of the registered society include the creation of funds to be lent to the members, additional bye-laws shall be made in respect of the following matters —

- (a) the conditions on which loans may be made to members including —
 - (i) the maximum rate of interest;
 - (ii) the maximum period allowed for the repayment of a loan;
 - (iii) the extension of the term and renewal of a loan;
 - (iv) the purposes for which a loan may be granted; and
 - (v) the security required for repayment;
- (b) the consequences of default in payment of any sum due on account of shares, compulsory savings or loan, and the consequences of failure to use a loan for the purpose for which it was granted; and

(c) the occupation or residence of each member.

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

12. (1) Any society may, subject to this Law and the rules, amend its bye-laws including the bye-law which declares the name of the society.

Amendment of
bye-laws.

(2) An amendment which changes the name of a society shall not affect any right or obligation of the society or any of its members or past members, and any legal proceedings pending may be continued by or against the society under the new name.

13. (1) No bye-law of a society or amendment to a bye-law shall be valid until it has been registered by the Director.

Registration of
bye-laws and
amendments.

(2) The Director shall register a bye-law or an amendment to a bye-law if he is satisfied that it is not inconsistent with the provisions of this Law or the rules.

(3) If the Director refuses to register a bye-law or an amendment to a bye-law he shall inform the society in writing of the reasons for his refusal.

(4) Where the Director refuses to register a bye-law or an amendment to a bye-law an appeal shall lie to the Commissioner within 3 months of the Director informing the society under subsection (3) and the decision thereon by the Commissioner shall be final.

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

14. (1) Every registered society shall have an address registered in accordance with the rules to which all notices and communications are sent.

Address of
society

(2) The address declared in accordance with section 7(3) shall be registered as the registered address until changed.

(3) Every change of address shall be notified to the Director, who shall register the new registered address, and to any non-members who are creditors of the society.

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

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

- (a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged in such manner as may be prescribed by the rules to have committed a breach of the bye-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the rules.

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

17. Subject to any prior claim of Government or to a charge lawfully registered on the property of the debtor and of a landlord in respect of rent or any money recoverable as rent—

- (a) any debt or outstanding demand owed to a registered society by any member or past member shall be a first charge—
 - (i) upon crops or other agricultural produce raised in whole or in part with a loan taken from the society by such member or past member; and

Copy of Law, rules, bye-laws and list of members open to inspection.

Contracts with members.

Creation of charges in favour of registered society.

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

Provided that nothing contained herein shall affect the claims of any *bona fide* purchaser or transferee for value without notice, of any such crops, or other agricultural produce, cattle, fodder for cattle, or raw materials for manufacture or agriculture fishing or industrial implements, or workshops, stores or places of business, or stock in trade or land or buildings.

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

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

Charges and set off in respect of shares or interests of members.

19. Subject to the provisions of section 18, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of any court in respect of any debt or liability incurred by such member, and neither his assigns in insolvency nor a receiver duly appointed shall be entitled to or have any claim on, such share or interest.

Share or interest not liable to attachment or sale.

20. (1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated, in accordance with any rules made in this behalf, or if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or its bye-laws.

Transfer of interest on death of member.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with this section shall be valid and effectual against any demand made upon the society by any other person.

21. (1) A registered society may receive deposits from or for the benefit of, minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposit made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of the minor for the use of the minor.

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

22. The register of members kept by a registered society shall be *prima facie* evidence of any of the following particulars entered therein—

- (a) the membership of any member,
- (b) the date at which any member became a member,
- (c) the date at which any member ceased to be a member.

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

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under subsection (1) or to appear as witness to prove any matter, transactions or accounts therein recorded, unless the court so directs.

24. (1) Any registered society may establish a provident fund for its employees, or may with the consent of and on conditions laid down by, the Co-operative Union of Enugu State participate in a provident fund established by such Union.

deposits by or on
half of minors.

Register of
members

Proof of entry in
the books of the
society.

Staff Provident
Fund.

(2) Any such provident fund shall be administered in accordance with and governed by, the rules made by the general meeting of the society establishing it.

(3) Any employee who is a depositor in such a fund may nominate, in accordance with any rules made in that behalf, a person or persons to whom in the event of his death his deposit or interest in the fund shall be paid according to any rules made under subsection (2).

(4) All payments made under the provisions of subsection (3) shall be valid and effectual against any demand made upon the Fund or the society by any other person notwithstanding any written law or any custom to the contrary.

(5) The society shall have a first charge upon the deposit or interest of an employee, former employee or deceased employee in such provident fund in respect of any debt due to the society from such employee, former employee or deceased employee, and may set off any sum credited or payable to the employee, former employee or estate of a deceased employee in or towards payment of such debt.

PART IV.- RIGHTS AND LIABILITIES OF MEMBERS

25. (1) To be qualified for membership of a registered society an individual must have attained the age of 16 years and be resident within, or in occupation of land within, the area of operation of the registered society as defined by its bye-laws.

Qualification of members.

(2) To be qualified for membership of a secondary society a registered society must have its registered address within the area of operation of the secondary society as defined in its bye-laws.

(3) Notwithstanding the provisions of subsection (1)—

- (a) a pupil over the age of 8 years shall be qualified for membership of a registered school society; and
- (b) an apprentice under the age of 16 years shall be qualified for membership of a registered productive society of craftsmen; and
- (c) the person to whom a registered society transfers the share or interest of a deceased member in accordance with any nomination under section 20 shall be qualified for membership of such registered society.

(4) When for the purposes of this section any question arises concerning the age, residence, property, qualification or status of any person, then the same shall be decided by the committee, subject to an appeal to the Director.

(5) Any person aggrieved by a decision of the Director under subsection (4) may appeal in writing to the Commissioner whose decision shall be final.

Members not to exercise right until due payment made.

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

Restriction of membership.

27. Except with the sanction of the Director, no person shall be a member of more than one registered society whose bye-laws permit the grant of loans to members in excess of their share or interest in the society.

Voting.

28. (1) Subject to the provisions of this section no member of a registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that in the case of an equality of votes the president or other person presiding at the meeting shall have a casting vote.

(2) A registered society which operates in a town or in more than one village may in its bye-laws provide for local meetings or for voting by proxy.

(3) The members of a secondary society shall have such voting powers as are laid down in its bye-laws.

(4) A registered society which is a member of a secondary society may appoint a proxy for the purpose of voting in the conduct of the affairs of such secondary society in accordance with its bye-laws:

Provided that the person so nominated shall be a member of the said registered society.

Contracts with society of members who are minors.

29. The minority or under-age of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acceptance necessary to be executed or given

under this Law or of any rules made thereunder, and shall not be a ground for invalidating or voiding any contract entered into by any such person with the society, and any such contract entered into by any such person with the society whether as principal or as surety, shall be enforceable by or against such person as though he were of full age and capacity:

Provided that a member who has not attained the age of 18 years shall not be liable save for payment for necessary things and services, and in respect of contracts entered into for his benefit.

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

Restriction of shareholding.

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

Restriction of transfer of shares or interests.

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

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

32. (1) Notwithstanding any bye-laws the liability of a member present or past, of a registered society with limited liability shall extend to the nominal value of any shares held or subscribed by him.

Liability of a member.

(2) Where in the bye-laws of a registered society with limited liability the amount of the liability of a member is expressed to be greater than the nominal value of any shares held or subscribed by him then the liability of such member shall extend to such greater amount.

(3) Where the society has received a loan or advance from a co-operative bank or a statutory corporation, every member of that society shall, in addition to any amount for which he may have become liable personally to the society in respect of such loan or advance, or which has been paid out of the loan or advance be liable to the co-operative bank or statutory corporation as surety for the repayment of the loan or

advance, with interest and costs by the society, in an amount equal to the amount which he has received from the society out of the loan or advance or which has been paid out of the loan or advance for any goods supplied or in respect of any services rendered to him by the society.

33. The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than 2 years reckoned from that date.

Liability of past member for debt of society.

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

Liability of the estate of deceased member for debt of society.

PART V.—PROPERTY AND FUNDS OF REGISTERED SOCIETIES

35. (1) Subject to section 38, a registered society shall not make a loan to any person other than a member of such society, or, with the prior approval of the Director, to another registered society.

Restriction of loans.

(2) A registered society shall not lend money upon the security of any movable property other than produce or goods on which the society is authorized to deal, without the prior approval of the Director.

(3) The Director may by order prohibit or restrict the lending of money on mortgage of immovable property by any registered society.

(4) This section shall not apply to a secondary financing society.

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

Deposits and loans from non-members.

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

Restrictions of other transactions with non-members

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

Investment.

- (a) in the Federal Savings Bank; or
- (b) in any bank, or with any registered society, approved by the Director; or
- (c) in any other manner approved by the Director.

39. (1) Subject to the provisions of this section no registered society of limited liability shall pay a dividend or bonus or otherwise distribute any part of its net surplus except as provided in its bye-laws and with the prior approval of the Director.

Disposal of surplus.

(2) A registered society of unlimited liability shall not make any distribution of its surplus without the authority of the Director.

(3) Every registered society shall pay one quarter of its net surplus to a fund to be called the reserve fund of that society:

Provided that the Director may exempt any registered society of limited liability from further contribution to its reserve fund or reduce the rate of such contribution.

(4) Any registered society or member or officer of any registered society who distributes any part of the net surplus of such society except as provided under this section or in accordance with the bye-laws of such society is guilty of an offence and shall be liable upon conviction in the case of a registered society to a fine not exceeding N200 and in the case of a member or officer, to a fine not exceeding N200 or imprisonment for not more than 6 months.

PART VI. —AUDIT, INSPECTION AND INQUIRY

40. (1) The Director shall audit or cause to be audited by some person authorized by him by general or special order in writing, the accounts of every registered society at least once in every year.

Audit.

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

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

- (a) to summon at the time of his audit any officer, agent, servant or member of the society whom he has reason to believe can give material information in regard to any transaction of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

(4) Any officer, agent, servant or member of a registered society wilfully neglecting or refusing to do any act or furnish any information, or furnishing information known to him to be false or without any reasonable excuse disobeying any summons, requisition or order under subsection (3) shall be guilty of an offence, and shall be liable on conviction to ₦200 or imprisonment for not more than 6 months or to a fine not exceeding ₦200. 00.

41. (1) The Director, and every other person appointed by him in this behalf under this section shall at all reasonable times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

(2) The director may give directions either generally or specifically prescribing the returns to be submitted and the person by whom such returns shall be submitted to the Director, by registered societies.

(3) Any registered society or member or officer of any registered society who fails to comply with a direction given under the provisions of this section or who submits information or makes a return knowing it to be false shall be guilty of an offence and liable upon conviction in the case of a registered society to a fine not exceeding ₦200 and in the case of a member or officer of such society to a fine not exceeding ₦200 or to not more than 6 months imprisonment.

42. (1) The Director may on his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry or direct some person authorized by him by order in writing in that behalf to hold an inquiry, into the constitution, working and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and the cash in hand and such books, accounts, papers and securities of the society as the Director or the person authorized by him, may require.

(2) The Director shall, on the application of a creditor of the registered society, examine or direct some person authorized by him in writing to examine the books of the society, if the applicant—

- (a) proves to the satisfaction of the Director that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Director such sum as security for the costs of the proposed examination as the Director may require.

(3) The Director shall communicate the results of any such examination to the creditor and of any such inquiry to the registered society into whose affairs inquiry has been made.

(4) Where an inquiry is held under subsection (1) or an examination is made under subsection (2), the Director may by a certificate under his hand and seal make an award apportioning the costs, including the remuneration of any person appointed to make such inquiry or examination, or such part of the costs, as he may think right between the registered society, the members demanding the inquiry, the officers or former officers of the society, and any creditor on whose application the examination was made.

(5) Any sum awarded by way of costs under subsection (4) shall be recoverable in the same manner as a fine imposed by any court having jurisdiction over the person against whom the award is made, on production before the court of the certificate referred to in subsection (4).

(6) The Director or the person authorized by him to conduct an inquiry under subsection (1) may, if he considers that it is in the best interest of the members that the books and property of the society should be deposited with him, order the books and property to be deposited within such time and at such place as is stated in the order.

(7) Any registered society or member or officer of any registered society who fails to supply information when requested so to do under this section or who gives information knowing that it is false or refuses to surrender the books or property of a registered society after an order has been made under subsection (6) shall be guilty of an offence and liable on conviction in the case of a registered society to a fine not exceeding ₹200 and in the case of a member or officer to a fine not exceeding ₹200 or to not more than 6 months imprisonment.

PART VI.—DISSOLUTION

43. (1) If the Director, after holding an inquiry or making an examination under section 42, or on receipt of an application made by three-fourths of the members of a registered society present at a special meeting convened for the purpose, is of the opinion that such society ought to be wound up, he may issue an order directing it to be wound up.

(2) The Director may, on his own motion, make a winding up order in respect of a registered society which has not commenced working or has ceased working or the membership of which is reduced to less than the minimum membership prescribed in section 6.

(3) No registered society shall be wound up save by an order of the Director.

(4) Any member of a registered society may, within 2 months from the date of a winding up order under subsection (1) or (2), appeal against such order to the Commissioner and the decision of the Commissioner thereon shall be final.

(5) When making a winding up order under subsection (1) or (2), the Director may appoint a liquidator for this purpose and fix his remuneration.

(6) A liquidator shall not wind up a society until any appeal prosecuted under subsection (4) has been determined or until 2 months have elapsed from the date of the winding up order whichever period is the shorter.

44. (1) Subject to the provisions of any order made by the Director under section 45 of this Law a liquidator appointed by the Director shall have power—

Power of liquidator

- (a) to take immediate possession of all assets belonging to the registered society and of all books, records and other documents pertaining to the business thereof;
- (b) to carry on the business of the society so far as may be necessary for winding it up beneficially:
Provided that he shall not for this purpose be entitled to issue any loan;
- (c) to appoint by notice in the Enugu State *Gazette* a day before which creditors shall state their claims for admission or be excluded from any distribution made before they have proved them;
- (d) to refer any dispute to arbitration and institute and defend suits and other legal proceedings on behalf of the registered society by his name or office;
- (e) to give such directions in regard to the collection and realization of assets as may be necessary in the course of winding up the society;
- (f) to investigate all claims against the registered society, and subject to the provisions of this Law, to decide by order questions of priority arising between claimants.
- (g) to pay claims against the registered society (including interest payable up to the date of the winding up order) according to their respective priorities, if any, in full or to such extent as the assets of such society permits;

- (h) to compromise any claim by or against the society;
Provided that the approval of the Director has first been obtained;
- (i) to call such meetings of members as may be necessary for the proper conduct of the liquidation, giving not less than 14 days notice of every such meeting;
- (j) to decide by order subject to any bye-laws limiting the liability of members and to the provisions of section 32, the contributions to be made by members and past members or by the estates of deceased members of the society to its assets;
- (k) 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 Director;
- (l) to order by what persons and in what proportions the costs of liquidation are to be borne.

(2) Any person aggrieved by any order of the liquidator made under paragraphs (f), (j) or (l) of subsection (1) may appeal to the Director within 30 days from the date of such order.

(3) Any person aggrieved by a decision of the Director given under subsection (2) may appeal in writing to the Commissioner within 30 days of such decision and the decision of the Commissioner shall be final and conclusive.

(4) Subject to the rules, any liquidator appointed under this Law shall, in so far as such powers are necessary for carrying out the purposes of this section, have all such powers as are vested in a Magistrate on the occasion of any action in respect of summoning parties, enforcing the attendance of witnesses and compelling the production of documents.

(5) Any person wilfully neglecting or refusing to do any act or to furnish any information, or furnishing information known to him to be false, required for the purpose of this section, or without reasonable excuse disobeying any summons, requisition or order issued thereunder, shall be guilty of an offence and shall be liable on conviction to imprisonment for not more than 6 months or to a fine not exceeding two hundred naira.

45. (1) A liquidator shall exercise his powers subject to the direction and control of the Director, who may—

Director may
control liquidation

- (a) rescind or vary any order made by the liquidator and make whatever new order is required;
- (b) remove the liquidator from office;
- (c) call for any books, documents and assets of the society;
- (d) by order in writing limit any of the powers of the liquidator referred to in section 44;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator; or
- (h) refer any subject of dispute between liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

(2) The Director may insert a notice in the *Enugu State Gazette* stating the name or names of any society in respect of which a winding up order has been made. Any such notice shall contain the name of the liquidator who has been appointed in each case and his address, and shall state the day before which creditors shall state their claims for admission or be excluded from any distribution made before they have proved them.

(3) Any person wilfully neglecting or refusing to do any act or to furnish any information, or furnishing information known to him to be false, required for the purpose of subsection (1), or without reasonable excuse disobeying any order issued thereunder, shall be guilty of an offence and shall be liable on conviction to imprisonment for not more than 6 months or to a fine not exceeding two hundred naira.

46. (1) The decision of an arbitrator on any matter referred to him under section 45 shall be binding upon the parties, and enforceable in like manner as an order made by the Director under that section.

(2) An order made by the liquidator or by the Director under section 44 or 45 shall be enforced by any civil court, having jurisdiction over the place where the registered address of the society is situated in like manner as a decree of that court.

47. Save in so far as expressly provided in this Law, no court other than the State High Court shall have jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Law.

48. Upon the winding up of a registered society, the assets, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the society, then to the payment of share capital, and then provided that the bye-laws of the society so permit, to the payment of a dividend or members' bonus at a rate not exceeding that laid down in such bye-laws for any period during which no dividend or member's bonus was in fact paid.

enforcement of
order.

limitation of
jurisdiction of
courts.

disposal of assets
liquidation.

49. (1) When the affairs of a registered society for which a liquidator has been appointed have been wound up or, where no liquidator has been appointed, after 2 months from the making of an order under section 43 by the Director or after confirmation of such order on appeal, the Director shall make an order canceling the registration of such society and the society shall be dissolved from the date of such order.

Cancellation of registration.

(2) The claim of any creditor of the society who has not received what is due to him under the approved scheme of distribution shall be proscribed when 2 years have elapsed from the date of cancellation of registration.

(3) Any surplus remaining after the application of the funds to the purposes specified in section 48 and any sums unclaimed after 2 years under subsection (2) shall not be divided among the members, except in the case of the liquidation of a secondary society, but shall be disposed of by the Director in accordance with the rules.

PART VIII.—SURCHARGE AND ATTACHMENT

50. (1) Where in the course of an audit of a registered society held under section 40, or in the course of an inquiry into the affairs of a registered society held under the provisions of section 42 or in the course of the winding up of a registered society, it appears that any person who has taken part in the organization or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Director may, on his own motion, or on the application of the liquidator or any creditor or contributor, examine the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof as the case may be, with interest at such rate as the Director thinks just, or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, misfeasance or a breach of trust as the Director thinks fit.

Surcharge.

(2) Any person who, without reasonable excuse, fails to comply with the provisions of an order issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to imprisonment for not more than 6 months or to a fine not exceeding two hundred naira.

51. (1) Any person aggrieved by any order of the Director made under section 50 may, within a period of 3 months of the order, appeal to the Commissioner.

(2) The Commissioner on appeal shall have power to confirm, vary or quash the order of the Director and to remit the matter with such directions as he thinks fit for giving effect to his decision.

(3) Subject to the provisions of this section any order made by the Commissioner shall be final and shall not be called in question in any court.

52. (1) Where the Director is satisfied that any person with intent to defraud, or with intent to delay the execution of any order or award which may be made against him under section 44, 45, 50, 51 or 53 —

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

(b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Director; the Director may, unless adequate security is furnished, direct the interim attachment of the said property or such part thereof as he thinks necessary; and such attachment shall have the same effect as if it had been made by a court of competent jurisdiction.

(2) Any person who without reasonable excuse fails to comply with an order issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to imprisonment for not more than 6 months or to a fine not exceeding two hundred naira.

Appeal.

Attachment.

PART IX.—DISPUTES

53. (1) If any dispute touching the business of a registered society arises— Settlement of disputes.
- (a) among members, past members and persons claiming through members, past members and deceased members; or
 - (b) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or servant of the society; or
 - (c) between the society or its committee and any officer, agent or servant of the society; or
 - (d) between the society and any other registered society; such dispute shall be referred to the Director.
- (2) Without prejudice to the generality of subsection (1)—
- (a) a claim by a registered society for any debt or demand due to it by a member, past member or the nominee or legal personal representative of a deceased member, whether such debt or demand be admitted or not; and
 - (b) a claim by a member who was guarantor of a loan against the member whose loan he guaranteed, resulting from the repayment by the guarantor of the loan to the society, for the repayment of the amount by the borrower to the guarantor, shall be deemed to be disputes touching the business of the society within the meaning of subsection (1).
- (3) The Director shall on receipt of a reference made under subsection (1)—
- (a) decide the dispute himself; or
 - (b) subject to the provisions of the rules, refer it to an arbitrator or arbitrators to be appointed by him.
- (4) Subject to the provisions of the rules, the Director may withdraw any reference made under paragraph (b) of subsection (3) and decide the dispute himself under paragraph (a) of subsection (3).

(5) Any party aggrieved by an award of an arbitrator or arbitrators may appeal within 30 days of the award, to the Director, specifying that part of the award against which he is appealing and stating in detail the grounds of his appeal.

arbitrator or arbitrators.

(6) The Director, of his own motion, on review or on appeal under subsection (5), may confirm, vary or quash the award made by the

(7) The Director and any arbitrator or arbitrators appointed by him under the provisions of this section shall for the purposes of the any proceedings brought under this section have all such powers as are vested in a magistrate on the occasion of any action in respect of summoning parties, enforcing the attendance of witnesses and compelling the production of documents.

(8) Any person aggrieved by the decision of the Director under subsection (6) may within 30 days of the date of such decision appeal to the Commissioner, who shall have power to confirm, vary or quash the decision of the Director or to remit the matter to the Director with such directions as he thinks fit for giving effect to his decision.

(9) Subject to this section any award made by an arbitrator or arbitrators or any decision given by the Director or the Commissioner as the case may be, shall be final and shall not be called in question in any court.

(10) The award of the arbitrator or arbitrators or the decision of the Director or the Commissioner as the case may be, shall on the application of the party in whose favour it is given, be enforced by any court which would have jurisdiction in civil suits between the parties to the dispute in the same manner as if the award or decision had been a judgment or decision of the court.

(11) Notwithstanding the provisions of any written law an application made under subsection (10) may be made by a public officer authorized by the Director in that behalf.

PART X.—RULES AND RULES OF COURT

54. (1) Subject to section 55 the Commissioner may make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Law.

Rules.

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

- (a) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of societies and the procedure to be followed with regard to such applications;
- (b) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members and payment to be made and the interest to be acquired before the exercise of the right of membership;
- (c) subject to the provisions of section 30, prescribe the maximum number of shares or portion of the capital of a society which may be held by one member;
- (d) prescribe the extent to which a society may limit the number of its members;
- (e) provide for the withdrawal or expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled, and for the liabilities of past members;
- (f) provide for general meetings of the members, empower the Director or any person authorized by him to summon such meetings, provide for the procedure of such meetings, powers and to be exercised at such meetings; and the appointment and voting powers of delegates of affiliated societies to the meetings of secondary societies;

- (g) provide for the appointment, tenure of office, suspension and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officer;
- (h) prescribe for the procedure to be followed in making, altering and rescinding bye-laws, and the conditions to be satisfied prior to such making, alteration or correction;
- (i) prescribe the payments to be made, the conditions to be complied with, and the forms of the bonds, instruments or other documents to be executed, by members applying for loans or cash credits, the periods for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members with or without the consent of the Director;
- (j) provide for the mode in which the value of a deceased member's interest shall be ascertained and for the nomination of a person to whom such interest may be paid or transferred in accordance with the provisions of section 20;
- (k) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained, and for the nomination of the person to whom such interest may be paid or transferred;
- (l) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of the society;
- (m) prescribe the conditions under which accumulated funds may be distributed to the members of a society and the maximum rate of dividend which may be paid by a society;
- (n) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;
- (o) provide for the audit of the accounts of registered societies and for the charges if any to be made for such audit and for the payment thereof by a registered society.

- (p) provide for the persons by whom, and the form in which, copies of entries in books of societies may be certified;
- (q) provide for the formation and maintenance of a register of members, and where applicable, of a register of shares;
- (r) provide for the inspection of documents and registers at the Director's office, and the fees to be paid thereof and for the issue of copies of such documents or registers;
- (s) prescribe the manner in which any question as to the breach of any bye-law or contract relating to the disposal of produce to or through a society may be determined and the manner in which the liquidated damages for any such breach may be ascertained or assessed;
- (t) prescribe the mode of appointing an arbitrator or arbitrators and subject to any rules of court made under the provisions of section 55 the procedure to be followed in proceedings before the Director or such arbitrator or arbitrators;
- (u) prescribe the procedure to be followed by a liquidator appointed under section 43;.
- (v) prescribe the forms to be used, the fees to be paid, the procedure to be observed in, and all other matters connected with or incidental to, the presentation, hearing and disposal of appeals under this Law or the rules; and
- (w) provide for the amalgamation or division of registered societies.

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

Rules of Court.

55. Without prejudice to any power to make rules of court under the Court Law, the High Court Rules Committee may after consultation with the Commissioner make rules of court subject to the provisions of this Law for regulating the pleading, practice and procedure of the High Court or of a magistrate's court in any matter brought before such court under the provisions of this Law and the practice and procedure to be adopted and the forms to be employed by a liquidator in the exercise of his powers under subsection (1) of section 44 and by the Director in the exercise of his powers under subsection (2) of section 52.

PART XI—MISCELLANEOUS

Case stated.

56. (1) Notwithstanding any thing contained in section 53 the Director at any time when proceeding to a decision under this Law, or the Commissioner at any time when an appeal has been referred to him against any decision of the Director under this Law, may refer any question of law arising out of such decision for the opinion of the High Court.

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

Recovery of sums
due to
Government.

57. (1) Any sum as may be due from a registered society or from any officer or member or past member of a registered society as such, to the Government may be recovered in the manner provided for the recovery of debts due to the Government under any law for the time being in force.

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered first, from the property of the society; secondly, in the case of a society of which the liability of members is limited, from the members subject to the limit of their liability; and thirdly, in the case of other societies, from the members.

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

Prohibition of use of word "co-operative".

(2) Any person who contravenes the provisions of this section is guilty of an offence and liable on conviction to a fine not exceeding ₦20 and in the case of a continuing offence to a further fine not exceeding ₦2 for each day during which the offence continues.

Penalty

59. All information contained in the books and accounts of a registered society relating to the property or the financial situation of the society's members shall be wholly exempt from disclosure for any purpose relating to any income tax or other tax or to rating unless the Commissioner shall direct to the contrary.

Information in society's books exempt from disclosure for certain purposes.

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

Power to exempt from certain duties and fees.

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

(2) The Governor may by notice published in the State *Gazette* cancel or modify any notice published under subsection (1).

61. (1) The provisions of the companies and Allied matter Act and of the Moneylenders Law shall not apply to societies registered under this Law.

Restriction on application of certain laws.

(2) The provisions of the Arbitration Law shall not apply to proceedings under section 53 .

(3) The provisions of the Pawnbrokers Law shall not apply to agricultural produce or the produce of handicraftsmen or stock in trade pledged, pawned or otherwise delivered to a society registered under this Law by members of the society.

Exemption from compulsory registration of shares, etc., of registered society.

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

- (a) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist in whole or in part of immovable property;
- (b) any charge created in favour of a registered society by a member of that society in respect of any product of his agriculture, his land, his craftsmanship or in respect of his stock in trade; or
- (c) any instrument relating to a deposit by a member in or a loan to a member by, a registered society.

Misappropriation of society's property.

63. (1) If any person obtains possession by false representation or imposition of any property of a society or having the same in his possession withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules or in the bye-laws of the society he shall on complaint of the society or of any member authorized by the society or the committee thereof or by the Director or any person authorized in writing by the Director be liable on summary conviction to a fine not exceeding ₦40 with costs, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and in default of such delivery or repayment of such moneys to be imprisoned for a term not exceeding 3 months.

(2) Any member of a registered society who has received a loan from his society for a specified and approved purpose and applies it to some other purpose without the consent of the committee of the society, or any surety of such member who wilfully fails to report such misapplication to the committee, shall be guilty of an offence and shall be liable on conviction to imprisonment for not more than 6 months or a fine not exceeding two hundred naira.