

CHAPTER 28
CO-OPERATIVES SOCIETIES LAW

Arrangement of sections

Section

PART I. GENERAL

1. Short title.
2. Interpretation.

PART II. REGISTRATION

3. Appointment of Director and Registrars.
4. Seal.
5. Societies which may be registered.
6. Condition of registration
7. Application for registration
8. Registration
9. Societies to be bodies corporate.
10. Evidence of registration.

PART III. DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES

11. Power to make bye-laws
12. Amendment to bye-laws
13. Registration of bye-laws and amendments.
14. Address of society.
15. Copy of Law, rules, bye-laws and list of members.
16. Contracts with members.
17. Creation of charges in favour of registered society.
18. Charges and set-off in respect of shares or interests of members.
19. Share or interest not liable to attachment or sales.
20. Transfer of interest on death of member.
21. Deposits by or on behalf of minors.
22. Register of members.
23. Proof of entry in the books of the society.
24. Staff Provident Fund.

PART IV — RIGHTS AND LIABILITIES OF MEMBERS

25. Qualification of members.
26. Members not to exercise rights, until due payment made.
27. Restriction of membership
28. Voting
29. Contracts with society of members who are minors
30. Restriction of shareholding.
31. Restriction of transfer of shares or interests
32. Liability of a member.
33. Liability of past member for debt of society.

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

PART V -PROPERTY AND FUNDS OF REGISTERED SOCIETIES

35. Restriction of loans.

36. Deposits and loans from non-members.

37. Restrictions of other transactions with non-members

38. Investment

39. Disposal of surplus.

PART VI —AUDIT. INSPECTION AND INQUIRY

40. Audit

41. Power of Registrar and auditor to inspect books and require returns

42. Inquiry and examination,

PART VII -DISSOLUTION

43. Winding up.

44. Powers of liquidator.

45. Registrar may control liquidation

46. Enforcement of order

47. Limitation of jurisdiction of courts.

48. Disposal of assets on liquidation

49. Cancellation of registration

PART VIII - SURCHARGES AND ATTACHMENT

50. Surcharge,

51. Appeal

52. Attachment.

PART IX - DISPUTES.

53. Settlement of disputes

PART X.—RULES AND RULES OF COURT

54. Rules.

55. Rules of court.

PART XI —MISCELLANEOUS

56. Case stated

57. Recovery of sums due to Government.

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

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

60. Power to exempt from certain duties and fees.

61. Restriction on the application of certain laws.

62. Exemption form compulsory registration of instruments relating to shares, etc., of registered society

63. Misappropriation of society's property.

CHAPTER 28

CO-OPERATIVE SOCIETIES LAW

A Law to make provisions with respect to co-operative societies in Enugu State of Nigeria
[27th August 1997]

ANSLM
Cap. 34

PART I. -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 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 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 meeting 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 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 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

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

Appointment
of Director
Deputy and
Registrars

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 the 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 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.

Application
for
registration.

(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.

(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.

Registration.

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.

(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 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.

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.

PART III - DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES

Power to
make by laws

(11) 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.

(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) 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 'he following matters —

(a) the conditions on which loans may be made to members including -

(b) the maximum rate of interest;

(c) the maximum period allowed for the repayment of a loan;

(d) the extension of the term and renewal of a loan:

(e) the purposes for which a loan may be granted: and

(f) 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 recoverable by the society as a civil debt,

Amendment
of bye laws

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.

(2) An amendment which changes the name of a society shall not affect any right or 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.

Registration
of bye laws
and
amendment

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

(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 be-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 scaled shall be conclusive evidence that the amendment is duly registered.

Address of
society

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

(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,

Copy of law
rules bye
laws and list
of members
open to
inspection.

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.

Contracts
with
members

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

Creation of
charges in
favour of
registered

(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

(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.

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 lights 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 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 interest of

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

20. (1) On the death of a member, a registered society may transfer the share or interest of 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 his 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.

Deposits by or on behalf of minors

(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 the following particulars entered therein –

Register of
members

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

Proof of entry
in the books of
the society

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 corded 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.

Staff Provident
Fund

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.

(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

Qualification
of members.

. (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.

(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 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

26. No member of a registered society shall exercise the rights of a member unless or until 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.

Members not to exercise right until due payment made

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.

Restriction of membership

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:

Voting

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

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

Contracts with society

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 to maximum holding as may be prescribed by this Law or by the rules.	Restriction of transfer of share: 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. 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 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
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 deceased	Liability of the estate of deceased member for debt
PART V.—PROPERTY AND FUNDS OF REGISTERED SOCIETIES	
35. (1) Subject to section 35 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.	
	Deposits and loans from non member

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.

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.

Restriction of
other
transactions

38. A registered society may invest or deposit its funds

Investment

(a) in the Federal Saving 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 fits 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 every 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 documentary 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 N200 or imprisonment for not more than 6 months or to a fine not exceeding N200.00.

Power of
Director and
auditor to
inspect books
and require
return

(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 N200 and in the case of a member or officer of such society to a fine not exceeding N200 or to not more than 6 months imprisonment.

Inquiry and
examination

42. 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) When 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 N200 and in the case of a member or officer to a fine not exceeding N200 or to not more than 6 months imprisonment

PART VI.—DISSOLUTION

Winding
up

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

5. 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

Power of
liquidator

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

(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;

(a) 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;

(b) 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.

(c) 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

(d) to compromise any claim by or against the society;

Provided that the approval of the Director has first been obtained.

(e) 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;

(f) 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;

(g) 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;

(h) 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 (1) 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 is 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 sole 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.

Enforcement
of order

(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

Limitation of
jurisdiction of
courts

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.

Disposal of
assets on
liquidation

49 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.

Appeal

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 squash 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.

Attachment

52 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.

PART IX—DISPUTES

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

(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, 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 anil any other registered society; such dispute shall be referred to the Director.

(2) Without prejudice to the generality of subsection (I)—

(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 tinder paragraph (b) of subsection (3) and decide the dispute himself under paragraph (a) of subsection (3).

(5) Any part 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 power 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.

(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 share 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 member, 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 member 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 amount 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.

(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.

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.

(2) Any person who contravenes the provisions of this section is guilty of an offence and liable on conviction to a fine not exceeding N20 and in the case of a continuing offence to a further fine not exceeding N20 for each day during which the offence continues,

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.

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

(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 Matters Act and of the Moneylenders Law shall not apply to societies registered under this Law,

(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.

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.

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 N40 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.

SUBSIDIARY LEGISLATION

Co-operative Societies Law

CO-OPERATIVE SOCIETIES RULES

(Made under section 54)

Arrangement of Rules

Rule

1. Short title
2. Interpretation
3. Application for registration
4. Name of society,
5. Register of societies
6. Registration
7. Register of members.
8. Books and accounts.
9. Membership.
- 10 Registration of nominees.
- 11 Shares subscription, transfer, revaluation, withdrawal.
12. Division of surplus
- 13 Maximum liability,
14. General meetings.
15. First meeting
- 16 Annual general meeting
17. When general meeting may be convened
18. Quorum at general meetings.
19. Presiding at general meetings.
20. Voting at general meetings
21. Minutes of general meetings.
22. Election and term of office
23. Qualifications.
24. Return ill from office
25. Vacancies.
- 26 Meetings,
- 27, Committee to represent society
- 28 Bank account.
29. Delegates.
30. Employees.
31. Loan to members.

32. Maximum credit limit.
33. Produce marketing.
34. Bad debts.
35. Annual accounts.
36. Reserve fund.
37. General reserve.
38. Audit.
39. Audit and supervision fees.
40. Amendment to bye-laws
41. Copies of entries.
42. Disputes.
43. Disposal of balance after liquidation.
44. Secretary.
45. Treasurer.
46. President.
47. Division and amalgamation.
48. Deposit Interest
49. Council of inspection and scrutinizers.
50. Inspection of records and fees therefor.

Co-operative Societies Law

CO-OPERATIVE SOCIETIES RULES

(Made under section 54)

1. These rules may be cited as the Co-operative Societies Rules
2. In these rules—

"ballot" means a vote taken in writing;

"chairman" means president of the society and shall include the person who in the absence of the president performs the duty of chairman for the time being;

"general reserve" means that part of the annual net surplus of a registered society which is not distributed or appropriated to particular purposes.

"Law" means Co-operative Societies Law;

'secretary" means secretary of a registered society and shall include such other officer or employee to Whom any of the duties of secretary as set out in the rules or by-laws may be assigned by the committee;

“sign” with its grammatical variations and cognate expressions. with reference to a person who is unable to write his name includes the making of his mark or thumb impression;

"travelling secretary “means a secretary employed to keep the books and act as secretary of 2 or more societies;

“treasurer" means treasurer of a registered society.

3. Every application for registration under section 7 of the Law shall be submitted to the Director in the form prescribed or approved by him.

4. Every society shall include in its name a word or word clearly indicating the nature and situation or area of operation of the society.

5. (1) The Director shall keep or cause to be kept at his office a register to be called "Register of Societies" wherein shall be entered particulars relating to the registration of societies and their bye-laws.

(2) All original entries in the Register of Societies shall be made by or under the direction of the Director and shall be signed by him.

(3) Every alteration, interlineation or erasure in the Register of Societies shall be initialled by the Director.

(4) The Register of Societies shall be open to inspection by the public at all reasonable times and free of charge.

6. (I) Where the Director decides to register a society which has applied for registration the society shall be registered in the Register of Societies

(2) Upon the registration of a society the Director shall forward to the society on the payment by the society of the fee specified in this rule.

(a) a certificate of registration sealed and signed by him,

(b) a copy of the Law and the rules in English

(3) The Director shall also forward to the society a copy of the bye-laws of the society as approved by him and certified under his hand and sealed as approved by him.

(4) Upon registration under this society shall pay one hundred naira as fee.

(5) Where a society applying for registration is concerned with—

(a) persons who are unemployed; or

(b) persons who are disabled, or

(c) persons who are students of a primary or secondary school; or

(d) such other persons as in the opinion of the Director are not in a position to reasonably afford tire fees payable under these rules; the Director shall register such society without requiring the payment of the registration fee under sub-rule (4).

7. (1) Every registered society shall keep a register to be called "the Register of Members" wherein shall be entered—

- (a) the name, address and occupation of each member:
- (b) the date on which each member's name was entered in die register:
- (c) the date on which any member ceased to be a member;
- (d) the nominee, if any. appointed under rule 10 or by a confidential nomination under rule 10(4)

(2) Every member shall be required to sign the register of members on admission.

8. Every registered society shall keep such accounts and shall use such books as may front time to time be prescribed by the Director.

9. (1) The election and admission of members to a registered society, other than original members, shall be in such manner and such conditions as die bye-laws may prescribe.

(2) No registered society shall fix any limit to the number of its members, save with the Director's consent.

(3) A member may withdraw from a registered society by giving such notice as the bye-laws may prescribe, to the secretary

(4) A member who acts in contravention of the rules or bye-law or acts in any way detrimental to the interest of the registered society may be expelled by a vote of two-thirds of the members present at a general meeting upon a charge of which he is informed in writing by the committee not less than one week before the meeting.

(5) A member who loses any of the qualifications for membership prescribed by the Law or the rules or the bye-laws shall cease to be a member of the society and the committee shall cause his name to be struck off the register of members

10. (1) fixers appointment of a nominee by any member or employee or a registered society for purposes of sections 20 and 24 of the Law shall be made in writing and signed by the member or employee in the presence of 2 attesting witnesses.

(2) Where desired by the member or employee, the nomination mux be confidential and may be kept in a sealed envelope

(3) Where more than one nominee is appointed by any member or employee, the number of shares to be transferred exact proportion of the amount available that is to be transferred to each of these nominees shall be specified at the time of his appointment.

(4) Every appointment of a member's nominee under section 20 shall be recorded in the register of members; m the case of confidential nomination by reference to the serial number of the scaled envelope.

(5) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian and witnessed shall be sufficient discharge to the registered society.

(6) Any nomination made by a member or employee may be varied when the member or employee so desires.

(7) Subject to the provisions of rule 11 for the purpose of a transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest unless the bye-laws of the registered society otherwise provide,

11. (1) A society's bye-laws may provide that every person admitted as a member shall be deemed to have subscribed to a stated number of shares by virtue of his admission.

(2) Any share may be transferred with the approval of the committee to any other member or to a person admitted as a member in accordance with the bye-laws at the option of the transferor:

Provided that—

(a) such transfer shall not be approved if it would reduce the transferor's paid-up shares below the minimum shareholding laid down in the bye-laws;

(b) such transfer shall not be approved save by special order of the committee where the transferor is indebted to the registered society;

(c) such transfer shall be valid and effective unless and until it has been registered by the secretary on the direction of the committee; and

(d) such transfer shall not affect any claim of the registered society upon the transferor.

(3) On the application of a registered society by resolution of its general meeting or on his own motion after an inquiry under section 42 the Director may revalue the shares of a society by willing them down in value;

Provided that he shall first—

(a) value the assets of the society, and

(b) write off a deficit against reserve funds or other reserves.

(4) On the application of a registered society by resolution of its general meeting, the Director, if satisfied that the society's general reserve is larger than is necessary, may revalue the shares of a society by approving the use of all or part of the general reserve to enhance the value of shares

(5) Shares shall be withdrawable as well as transferable subject to the following exceptions and restrictions—

(a) in a secondary society or in a primary productive society the bye-laws may provide that no share is withdrawable.

(b) in a society which has a deficit which exceeds its reserves withdrawal of shares shall not be permitted until a revaluation has been made by the Director under sub-rule (3);

(c) withdrawal of shares shall not be permitted if such withdrawal would reduce the maximum liability fixed in accordance with rule 13, below the actual liability of the society to non-members;

(d) subject to sub-paragraphs (b) and (c) of this paragraph, where a registered society of limited liability holds deposits or loans from non-members, no member withdrawing, expelled or removed from membership shall be entitled to withdraw shares until the deposits or loans from non-members have been refunded or a period of one year has elapsed whichever is earlier, and

(e) in the interpretation this sub-rule "withdrawal" includes withdrawal of shares by the nominee of a deceased member.

(6) A register of shares shall be maintained by every registered society showing shares subscribed and paid up by every member,

12. (1) No bonus or dividend shall be distributed to members by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one-tenth of the society's total liabilities.

(2) No registered society shall pay a dividend on shares if the rate of interest on loans granted by it to its members exceeds 12 ½ per centum per annum.

(3) No registered society shall pay a dividend on shares at a rate in excess of 10 per centum per annum

(4) In order to ascertain the net surplus, such allowances and provisions shall be made 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 as the Director may prescribe or approve

(5) When for the purpose of section 39 or this rule any question arises concerning the net surplus of a registered society the decision of the Director after audit shall be final

(6) A bonus based on wages or on the value of the products of a member in a productive society or a bonus or a rebate on patronage calculated in proportion to the amount of the business done by each member with the registered society, may be distributed periodically to the members from the net surplus.

(7) Any bonus under paragraph (6) shall be calculated on the basis of the total business done with both members and non-members, but the bonus calculated in respect of business with non-members shall on no account be distributed to members but shall be allocated either to the general reserve or in whole or in part to a deposit account from which the share account of any non-member subsequently admitted as a member may be credited with all or part of the bonus in respect of business done by him as a non-member.

(8) Part of the net surplus of a registered society may, or if so directed by the Director shall, be appropriated to creating or increasing reserves for bad debts or for depreciation of stock or of investments.

(9) Any society may set aside part of its net surplus as provision for expenditure in the forthcoming year, or for payment of honoraria to officers and committee or of staff bonuses

or for the payment of interest or additional interest on member's savings or deposits or for done; as to charitable and welfare purposes.

(10) No part of the net surplus deriving from special or non-recurrent income, such as fines, entrance fees, donations and penal interests shall be distributed to members but except in the first year of a society's operation shall be allocated to the reserve fund.

13. (1) Every registered society shall, from time to time fix at a general meeting the maximum liability it may incur in loans or deposits from members and from non-members.

(2) The Director may limit either generally or specifically the maximum liability of a society or societies

(3) No registered society shall accept loans or deposits which may make its liability exceed the maximum liability fixed under this rule

GENERAL MEETINGS

14. The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on any question. Subject to the provisions of section 28 of the I aw, each member shall have one vote only which shall be exercised in person and not by proxy.

15. The first meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than one month after the receipt of the certificate of registration of the society.

16. (1) The annual general meeting of members shall be convened by the committee as soon as the annual accounts have been approved by the Director or audited. At least 8 days notice shall be given.

(2) The functions of the annual general meeting shall be—

- (a) to confirm the minutes of the last general meeting;
- (b) to consider the committee's annual report and the annual accounts and balance sheet as approved by the Director or audited;
- (c) to decide upon the disposal of the net surplus of the preceding year subject to the Director's approval;
- (d) to elect officers and committee members and where applicable delegates and members of the Council of Inspection or scrutinizers for the coming year,
- (e) to deal with any other business of the general meeting.

17. (1) General meetings shall be held at such intervals as the bye-laws may specify.

(2) In addition, special general meetings may be convened at any time by the committee or by the Director or by the scrutinizers or Council of Inspection; or at the or by the written request of at least one-fifth of the members or delegates, or 20 members or delegates whichever number is least:

Provided that—

- (a) such written request shall state the object of the proposed meeting;
- (b) if the committee fails to call a meeting within 14 days from the receipt of such written request the scrutinizers or Council of Inspection or the members or delegates requesting the special meeting may convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the committee to convene the meeting demanded; and
- (c) where the Director convenes a special meeting, he may direct what matters shall be discussed at such meeting.

(3) The business of any general meeting shall include—

- (a) the fixing of a maximum liability under rule 13 if not already fixed;
- (b) the fixing of maximum credit limits for members where applicable;
- (c) the consideration of the audit report and the Directors audit comments;
- (d) the consideration of inspection reports and communications

from the Director;

- (e) the dealing with complaints by members:
- (f) the amendment of bye-laws

18.(1) One-quarter of the members or delegates of a society shall form a quorum Provided that, where the total number of members or delegates exceeds 120, 30 members or delegates shall form a quorum.

(2) When any meeting is summoned by the Director, any members or delegates present at such meeting shall be deemed to form a quorum

Provided that at least 4 days notice of such meeting is given by the Director.

(3) If within one hour after the time fixed for any meeting other than a meeting convened by the Director, the members or delegates present are not sufficient to form a quorum, such meeting shall be considered as dissolved if convened on the demand of members or delegates; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within 24 hours, and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the members or delegates present shall form a quorum.

19. (1) The society 's president, or in his absence the vice-president, or in the absence of both, any other person elected by a majority of those present shall preside at general meetings:

Provided that the Director or a person appointed by him may preside at any meeting converted by the Director.

(2) The secretary or in his absence any other person nominated in writing by the chairman shall act as secretary at the meeting. The chairman may, if necessary, nominate other officers to assist at the meeting.

(3) The chairman may by the decision of the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any meeting so adjourned other than the business left unfinished at the meeting from which the adjournment took place unless—

(a) a special resolution of the meeting to accept new business is passed by at least two-thirds of the members present; or

(b) at least 8 days' notice has been given of the new business to be transacted.

(4) The chairman shall have the right to order the closure of a discussion and put the matter to the vote

(5) A Society may make standing orders subject to the Director's approval to regulate the conduct of its meetings

20. (1) Any question submitted to the decision of the members or delegates present at meeting, unless otherwise dealt within the rules, shall be decided by a majority of votes.

(2) At any meeting a resolution put to the vote shall be decided on a show of hands unless voting by call of names or a ballot is demanded by at least 5 of the members or delegates present before the declaration of the result of the show of hands and in such case voting by call of names or a ballot shall be taken as the case may be.

(3) In respect of every resolution put to the vote the chairman shall declare whether it has been carried or lost, and whether on a show of hands or unanimously or by a particular majority, and an entry to that effect in the minutes book shall be conclusive evidence of anything therein contained.

21. (1) Minutes of the meetings shall be entered in the minutes book and shall contain—

(a) the number and names of the members or delegates present at the meeting, unless the names are recorded in an attendance register instead, and the name of the chairman who presided.

(b) the time fixed for the meeting and the time the meeting commenced.

(c) all resolutions and decisions made at the meeting.

(2) The minutes of the preceding meeting shall be read at the next meeting and if confirmed or after amendment, signed by the Chairman of that meeting and the secretary

COMMITTEE

22. (1) Officers and committee members shall not be elected for a period exceeding one year.

Provided that in secondary societies the bye-laws may specify that the maximum length of office shall be 3 years and an equal proportion of the members shall retire-annually in such manner as the bye-laws may specify.

(2) A retiring officer shall, unless the bye-laws otherwise provide, be eligible for re-election.

(3) In a society formed among the members of a military or police force, the president and vice-president may be appointed ex officio.

23. A member is not eligible for election to the committee of a society if—

- (a) except in a school society, he is under 21 years of age; or
- (b) he is entrusted with secretarial or managerial duties of that society (other than the joint business of the committee), and receives a salary on that account: or
- (c) in a credit society, he lends money on his own account; or
- (d) in a marketing society, he deals in the commodities which the society markets otherwise than through his society

24. A member of the committee shall cease to hold office if—

- (a) he ceases to be a member or shareholder; or
- (b) he is declared insolvent; or
- (c) he becomes of unsound mind; or
- (d) he is convicted of any offence involving dishonesty or is imprisoned for 3 months or longer; or
- (e) he is not eligible under the provisions of rule 23; or
- (f) he fails to attend 3 consecutive meetings of the committee without due excuse approved by the committee; or
- (g) he is removed by a resolution of the general meeting for conduct prejudicial to the interests of the society

Provided that by resolution of the committee a member of the committee may be suspended pending the next general meeting and may be required to hand over to a person nominated by the committee any property of the society in his possession.

25. Vacancies occurring on the committee shall be filled by election at a general meeting unless otherwise provided in the bye-laws.

26. (1) The committee shall meet as often as the business of the registered society may require and, in any case, not less frequently than once a month. Where committee meetings are not at a fixed day and time agreed- by the committee, the secretary shall summon meetings in writing.

(2) The quorum for a meeting of the committee shall be half of the number of committee members,

(3) The president of the society shall be chairman, or in his absence the vice-president, or in the absence of both, a member of the committee elected by the committee to preside at that meeting.

(4) At each committee meeting—

- (a) the minutes of the preceding committee meeting shall be read by the secretary and when adopted or after amendment, signed by the chairman of that meeting and the secretary;
- (b) the secretary shall produce the cash book, detailed entries of receipts and payments made therein since the last meeting, and produce receipted vouchers in support of payments for checking, and the treasurer shall produce the cash for verification by the committee with the cash book;
- (c) the secretary shall produce a statement of overdue loans and arrears of dues by members for determination by the committee as to the action to be taken.
- (d) the secretary shall read correspondence received from the Director secondary societies and others; and.
- (e) any other business pending shall be transacted by the committee.
- (6) Minutes of committee meetings shall be recorded by the secretary in the minutes book and shall include—
 - (a) the number and names of those present;
 - (b) the name of the chairman of the meeting;
 - (c) a brief record of business done and decisions taken including whether each decision was taken unanimously or by a majority.

27. (I) the committee shall represent the registered society before all competent public authorities and in all dealings and transactions with third persons, with power to institute or defend suits brought in the name of or against the society, and in general it shall carry out such duties in the management of the affairs of the registered society except those duties reserved for the general meeting and subject to any instructions or restrictions duly laid down by the society in a general meeting or in the bye-laws.

(2) In particular the duties of the committee shall be—

- (a) to comply with and enforce the Law; the rules and the bye-laws of the society; and to enforce them
- (b) to maintain true accurate accounts and a true account of the society's assets and liabilities;
- (c) to lay before the annual general meeting; an annual report and annual accounts approved by the Director or audited;
- (d) to assist the inspection of the books by any person authorized to inspect and to facilitate the annual audit;
- (e) to take adequate security from employees:
- (f) in a credit society, to supervise the application of loans to the purposes for which they are granted;
- (g) in a marketing society, to ensure that produce marketed is of the highest quality;

- (h) to take adequate measures for the safe custody and maintenance of the society's money, stocks and property;
- (i) to ensure that money is not borrowed in excess of the society's maximum liability and that money is not lent to members in excess of their maximum credit limits; and
- (j) to take prompt action to put right faults pointed out in audit reports. Director's audit comments or inspection reports.

(3) In its conduct of the affairs of the society the committee shall exercise the prudence and diligence of ordinary men of business; The committee may be held responsible for any loss sustained through failure to exercise such prudence and diligence or through acts contrary to the Law, the rules or the bye-laws

28.(1) With the approval of the Director, H registered society may open a bank account.

(2) Unless otherwise specified in the bye-laws or approved by the Director, all cheques shall be signed by 2 members of the committee and the secretary

29. A delegate representing a society in meetings of a secondary society to which it is affiliated shall be either a member of the society's committee or is not a member of the committee shall be required to attend meetings of the committee to receive instructions and report back.

30. unless the bye-laws shall otherwise specify, the committee may—

- (a) appoint such employees as it considers necessary and terminate their appointment; and
- (b) fix the salary, wages or remuneration and other conditions of service of every such employees.

31. in a primary society whose objects include the making of loans to members—

(a) a member who desires to obtain a loan shall submit an application in writing to the committee stating the amount and the purpose for which the loan is required, the term for which it is asked, (whether it is desired to repay it by instalments) and the names of the proposed sureties and any other security which is offered;

(b) every committee meeting the committee shall consider all applications for loans in the order in which they were received:

If satisfied with the trustworthiness of the applicant the sufficiency of the security offered and the prospects of advantage to the borrower in the way of increased production or economy or otherwise, it may sanction the loan:

(c) no person other than members of the committee and the secretary and the Director and his staff shall be present at any meeting of the committee when a loan application is under consideration. A member of the committee who applies for a loan or who is proposed as surety for a loan must withdraw while the relevant application is discussed If there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot; The proceedings with regard to loans at committee meetings shall be kept secret, and any member of the committee or officer of any registered society infringing this rule shall be liable to immediate expulsion or dismissal;

(d) except where the amount of the loan does not exceed the member's share, interest or savings in the society, 2 sureties approved by the committee with or without other security shall be required for every loan, for the purpose of a surety's maximum credit limit only, a surety's commitment shall be taken as half the value of the loan);

(e) the purpose of each loan must be approved by the committee and the loan must be applied to the purpose only If the committee is satisfied that a borrower has applied a loan to a purpose other than the purpose for which it was approved, the committee may recall the loan forthwith;

(f) no loan shall be granted for a period exceeding one year unless it be made repay able by instalments;

(g) before any loan is paid, the borrower and his sureties shall execute an instrument in writing netting out the amount and terms of repayment of the loan and containing such other terms and conditions as the committee may consider necessary.

(h) it shall be lawful for the committee to refuse to grant a loan solely on the grounds that the applicant is in arrears with compulsory savings or share instalments or has defaulted on a previous loan or on instalment thereof or on the payment of interest thereon;

(i) if, by reason of sickness or some other cause, 4 member finds that he will be unable to discharge his obligations to the registered society and notifies the secretary in writing before the loan is due, the committee may, with the consent of the sureties, extend the lime fixed for repayment on such conditions axil thinks fit:

Provided (hat—

(i) no such extension shall be for longer than one year at a time; and

(ii) every such extension shall be reported to the next general meeting for confirmation;

(m) where a loan or an instalment of a loan or interest on a loan has not been paid on the date on which it became due and no extension of time for the payment thereof has been granted, the committee shall take steps for the recovery of the loan from the borrower and sureties and if payment not voluntarily made within one month shall refer the matter to the Director as a dispute under section 51 of the Law.

32. (1) In every registered society whose objects include and whose bye-laws permit the making of loans to members in excess of a member's shares or interest or savings in the society, a maximum credit limit for each member shall be fixed by the society at its general meeting.

(2) The Director may prescribe: generally, or specifically limits to such maximum credit limits.

(3) Subject to such maximum credit limits prescribed by the Director, the general meeting may from time to time revise such maximum credit limits.

33. In a society whose objects include produce marketing—

(a) every member of the society shall deliver to the society, at such place and in such manner as the committee may direct, such amount of articles produced or obtained by him as may be

prescribed in the bye-laws or in the relevant contract, for the said amount of articles to be disposed of by the society;

(b) any member who is proved or adjudged under section 53 of the Law to be guilty of breach of the bye-laws or the relevant contract shall pay to the society as liquidated damages, such sum as may be specifically assessed or ascertained in the manner prescribed by the bye-laws or by the relevant contract and such sum shall be deemed to be a debt due to the society

34. The committee may cause bad debts to be written off the books of the registered society in such manner and at such times as the general meeting and the Director may approve

35. (1) The committee of every registered society shall prepare or cause to be prepared yearly in such form as may be prescribed by the Director—

- (a) an account of the registered Society's fouling operations for the year;
- (b) an income and expenditure account;
- (c) a balance sheet; and
- (d) such statistical information as the Director may require.

(2) The account shall be made up to 31st March or such other date as the Director may direct and shall be submitted to the Director within one month of such date.

36.(1) The reserve fund of a registered society, created in pursuance of the provisions of section 39 (3) of the Law, shall be indivisible and no member shall be entitled to claim a specified share in it.

(2) The reserve fund shall be invested or deposited as the Director may direct, or with the sanction of the Director and subject to such conditions as he may prescribe may be utilized in the business of the registered society.

(3) The reserve fund may with the sanction of the Director and subject to such conditions as he may prescribe, be applied to meet annual deficits, bad debts or occasional deficiencies incurred by the registered society for which the committee is not held responsible under rule 27 (3).

37. (1) The general reserve of a registered co-operative society may be utilized with the approval of the general meeting for minor, special and non-recurrent expenditure.

(2) With the consent of the general meeting and the Director the general reserve may be utilized for equalization of dividends or bonuses distributed under rule 12.

38. (1) The annual audit of every registered society's book and account under section 40 shall be conducted in such manner as the Director may prescribe.

(2) The faults reported by auditors shall be notified by the Director to the registered society.

(3) Such audit report or notification shall be considered at the next meeting of the society's committee after its receipt and read out at the next general meeting.

39. (1) Every society shall pay annually such fee if any, for audit and supervision as the Director may assess.

(2) Any general assessment of rates of audit and supervision fees for various types of societies by the Director shall be notified in the Enugu State Gazette.

(3) Notwithstanding such general assessment, the Director may—

(a) reduce assessments for particular societies or exempt particular societies,

(c) assess additional audit fees where an extra audit is arranged at the society's request or where extra visits are necessary by additional work caused to the auditor because the society's

40.(1) No amendment of bye-laws shall be registered under section 13 of the Law unless—

(a) due notice of such proposed amendment has been given in accordance with the bye-laws, and

(b) a resolution to amend the bye-laws is passed either—

(i) by not less than three-fourths of the members present at a general meeting at which not less than one-half of the members of the registered society are present. or

(ii) by the written vote of a clear majority of the total number of members of the society, provided that voting papers have been sent to all members of the society and that the written votes are examined and counted at a general meeting at which a quorum is present.

(2) Three copies of such amendment and resolution shall be submitted to the registrar accompanied by (a) a certificate that the provisions of rule 40 (1) have been fully complied with; and (b) an application that the amendment be registered signed by at least two officers of the society and the secretary.

41. For the purpose of section 23 of the Law, a copy of any entry in the book of a society may be certified by a certificate written at the foot of such copy, declaring that it is a true copy of such entry, and that the book containing the entry is still in the custody of the society, such certificate being dated and signed by the secretary of the society and another member of the committee.

42. (1) Reference of a dispute may be made to the Director under section 53 of the Law either by the committee or by the society by resolution in general meeting or by any party to the dispute, or if the dispute concerns a sum due from a member of the committee to the society, by any member,

(2) Such reference shall be made by a statement in writing addressed to the Director Such statement shall—

(a) be dated:

(b) specify the dispute in detail and state the amount claimed or the decision sought: and

(c) be signed by the person making it.

(3) Where the Director decides to refer the dispute to more than one arbitrator, such reference shall be to 3 arbitrators, of whom one shall be nominated by the Director parties to a dispute, provided that no legal practitioner shall be so nominated, and the third shall be nominated by the Director and shall act as Chairman.

(4) Where reference is made to 3 arbitrators, the following provisions shall have effect—

(a) if any party to the dispute fails to nominate an arbitrator within 15 days, the Director may make the nomination himself;

(b) If an arbitrator nominated by one of the parties to the dispute dies or refuses or neglects to act or by absence or otherwise becomes incapable of acting, the Director shall call upon the party concerned to nominate a new arbitrator within 15 days and if no new arbitrator is nominated accordingly, the Director may nominate one himself;

(c) the opinion of the majority of the arbitrators shall prevail.

(d) if the arbitrator nominated by the Director dies or refuses or neglects to act or becomes inculpable of acting, a new arbitrator shall be nominated by the Director; and

(5) The proceedings before the arbitrator or arbitrators shall, as nearly as possible be conducted in the same way as proceedings before a court of law; and in particular the following provisions shall have effect in respect thereof—

(a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute: and such notice shall be at least ten days

(b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators:

(c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and signed by the arbitrator or arbitrators and shall be attached to the file of the proceedings: and

(d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators ex parte.

(6) The award of the arbitrator or arbitrators shall —

(a) be in writing;

(b) be dated and signed by the arbitrator or arbitrators:

(c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid; and

(d) be handed to each party to the dispute by the arbitrator or arbitrators.

(7) Upon the completion of the proceedings, the arbitrator or arbitrators shall forward to the Director the file of the proceedings including the award.

(8) Where the Director exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as

possible, be conducted in the same way as proceedings before a court of law and the provisions of paragraph (5) shall apply *mutatis mutandis* to such proceedings.

(9) In all arbitration proceedings under this rule, the Director or arbitrators shall have all such powers as are vested in a magistrate on the occasion of an action in respect of summoning parties, enforcing the attendance of witnesses and compelling the production of documents.

43. (1) Any surplus remaining after the winding up of a registered cooperative society and distribution of assets in accordance with section 48 may be disposed of by the Director for any object of local or public utility or tending to promote the co-operative movement as may be selected by the former members of the liquidated society and approved by the Director.

Provided that if no such selection is made within 3 months of the distribution of assets the Director may utilize such surplus for any co-operative purpose at his discretion,

(2) Any unclaimed balances under section 49 (2) of the Law shall be handed over, within the period of 2 years from the date of cancellation of registration has elapsed, to the Co-operative Union of Enugu State of Nigeria Limited, to be used for the development of the co-operative movement.

44. (1) Subject to rule 30, the committee shall either appoint a secretary and, unless the person so appointed is a member of the committee, shall fix the remuneration for his services and require him to give security, or may obtain the services of a travelling secretary employed by a secondary society,

(2) The duties of the secretary shall be—

(a) to attend all meetings of the registered society and of the committee and to carry out all the instructions of the committee:

(b) to be present at the society's office during the hours of business as fixed from time to time by the committee;

(c) to record the whole of the transactions of the registered society in the books prescribed for that purpose; to conduct correspondence on behalf of the registered society; to prepare the annual statement of accounts and balance sheet and to have charge of the documents, book and vouchers for payments and receipts on behalf of the registered society;

(d) to receive all applications for loans and bring the same before the committee: to prepare receipts and other documents in the form presented for signature by borrowers prior to their taking the loans sanctioned; and with the authority of the committee to supply information about the registered society which may be applied for by the members:

(e) to summon, attend and record minutes of meetings as prescribed in the rules or bye-laws.

(3) Where the work assigned to the secretary by the committee includes the handling of the society's money transactions, his duties shall also be—

(a) to receive all moneys due or payable to the registered society and issue receipts to the payer for same from a counterfoil or duplicate receipt book of a type approved by the Director, obtaining at the same time the signature of the person making the payment on both original and counterfoil or duplicate, or recording thereon the numbers of the cheques, money orders or postal orders;

(b) to deposit with the treasurer all moneys collected by him on behalf of the registered society daily or at such intervals as may be specified by the committee or to deposit with the treasurer from such moneys all sums in excess of an amount to be fixed from time to time by the committee; and to obtain from the treasurer a receipt on a form to be taken from the prescribed counterfoil book;

(c) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce at all times when called upon, to the committee, or the Director or any person authorized by him all moneys in the secretary's hands belonging to the registered society;

(d) to make payments as authorized by the committee, obtaining the payee's signature on the payment voucher or his official receipt;

(e) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving money from the treasurer.

45. (1) The treasurer shall be generally responsible for the safe custody of the cash and other valuables belonging to the society and for ensuring that all cash transactions of the society are accurately recorded and properly receipted.

(2) The treasurer shall receive all moneys due or payable to the registered society and issue receipts to the payer for same from on approved counterfoil receipt book obtaining at the same time the signature of the person making the payment on both original and counterfoil or duplicate and recording thereon the numbers of the cheque, money orders or postal orders; or shall receive from the secretary as provided in rule 44(3) (b) moneys collected by the latter on behalf of the registered society; furnishing him with a receipt on a form taken from an approved counterfoil book and obtaining at the same time the signature of the Secretary on the counterfoil.

(3) The treasurer shall make payments as authorized by the committee obtaining the payee's signature on the payment voucher or his official receipt, or shall advance money as provided in rule 44 (3) (d) to the secretary for payments and obtain from him a receipt from the prescribed counterfoil book.

(4) The treasurer shall pay to the account of the registered society in such bank or co-operative society as may be approved by the Director any amount in his hands in excess of the amount fixed from time to time by the committee.

(5) The treasurer shall keep a record in the prescribed form of all moneys received by him and of all moneys paid by him.

(6) The treasurer may be required to give security for such amount as may be determined by and to the satisfaction of, the committee.

(7) The treasurer shall keep separate all moneys belonging to the registered society and on no account shall mix them with any other moneys; and shall produce at all times, when called upon, to the committee, the Director or any person authorized by him, all moneys in his hands belonging to the registered society.

46. (I) The president shall be the principal officer of the registered society and shall be responsible for ensuring that the Law, rules and bye-laws are observed by all other officers and members and that all decisions and directions of the general meeting are given effect to.

(2) Unless otherwise specified in the standing rules approved by the Director the president shall preside at all general meetings and committee meetings and shall ensure that meetings are summoned as prescribed in the rules and bye-laws.

(3) The president or in his absence the chairman of the committee shall sign all authorities for the disbursement of funds in accordance with decisions of the committee.

47. (1) Any registered society may at a general meeting specially called for the purpose after due notice, resolve to divide itself into 2 or more societies.

(2) A copy of such resolution shall be forwarded to the Director who may issue a winding up order and appoint a liquidator under section 43 of the Law and shall issue such instructions as he may consider necessary for the protection of members and creditors and for the division of the society's assets and liabilities.

(3) Where at least one-third of the members of a registered society apply to withdraw from the society with the consent of the general meeting in order to establish a new society, the assets and liabilities of the society may be divided in such manner as the Director may approve.

(4) Two or more registered societies may at general meetings specially called for the purpose after due notice, resolve to amalgamate into one society.

(5) A copy of each such resolution shall be forwarded to the registrar who may issue winding-up orders and appoint a liquidator under section 43 and shall issue such instructions as he may consider necessary for the protection of members and creditors.

(6) Under this rule the Director may revalue shares in accordance with rule 11 before any division or amalgamation.

(7) Nothing in this rule shall prevent a member of a society which is being divided or amalgamated from withdrawing from membership in accordance with rule 9 and the bye-laws.

(8) Any decision or instruction by the Director under this rule shall be taken only after due consultation with the members of the society or societies concerned.

48. (1) The maximum rate of interest on members savings which may be charged in the income and expenditure account of a society shall not exceed 2 ½ percent:

Provided that additional interest not exceeding 7 ½ percent may be paid in accordance with rule 12 (9).

(2) The rate of interest on deposits and savings shall not exceed 10 percent.

49. (1) Where the bye-laws of a registered society provide for a Council of Inspection or scrutinizers, such Council of Inspection or scrutinizers, shall be elected at the annual general meeting after the election of the officers and committee and no member of the committee may be elected or may vote for any person at the election.

(2) The Council of Inspection or any member thereof or any scrutinizer shall at all times have free access to all books, papers and documents of the society and the committee and officers or the registered society shall whenever called upon, render an account or supply information to the Council or scrutinizers and produce the cash in hand and other assets of the registered society for their inspection.

(3) The Council of Inspection or scrutinizers shall prepare at such intervals as the bye-laws may prescribe a report on the management and financial position of the Society and shall submit it to the Committee who shall place it before the next general meeting.

(4) The Council of Inspection or scrutinizers may summon a general meeting at any time when it or they consider that members should be informed immediately of the position of the society and shall in any event summon a general meeting if the committee fails to summon a general meeting within one month of their submitting their report under sub-rule (3)

(5) The provisions of rules 24 and 25 shall apply to scrutinizers and members of the Council of Inspection *mutatis mutandis*.

50. (1) Any person shall be permitted on payment of two naira for each occasion of inspection, to inspect in the office of the Director for any lawful purpose the following documents —

- (a) the register of societies;
- (b) the registered bye-laws of a society and amendments effected in such bye-laws;
- (c) a winding up order or an order of cancellation of registration;
- (d) the annual statements of a society

(2) The fee prescribed for the issue of a certified copy of a registration certificate shall be five naira.

(3) Where upon the application of a society for a certified copy of the certificate of Registration, and upon the payment by the society of the fee prescribed in sub-rule (2), the Director is unable to issue to the society a certified copy of such certificate by reason of the loss or destruction of the record in his office of the particulars of that society, the Director, after satisfying himself of the loss of such certificate, shall require the society to supply him, upon affidavit or other evidence, such particulars or information relating to the society as he may deem necessary to enter in the Register of Co-operative Societies, And upon those particulars being entered in the register, the record thereof shall be deemed to be, and shall replace, the original record of the registration of such society.

(4) From the entry made in accordance with sub-rule (3), the Director shall prepare and forward to the society on payment of a fee of five naira a new certificate of registration which shall, for the purpose of the Law, be as valid as a certificate of registration issued under rule 6 (2),

(5) The fees prescribed for certified copies of any of the documents listed in sub-rule (1) shall be at the rate of two-naira for each 100 words of the copy or extract or part thereof.

CO-OPERATIVE SOCIETIES (REMOVAL
OF EXEMPTION) ORDER

(made under section 59)

1. This order may be cited as the Co-operative Societies (Removal of Exemption) Order
2. For the purpose of income tax assessment, the exemption from disclosure granted to registered societies by section 59 of the Law shall cease to have effect in relation to cooperative produce marketing societies
3. (1) These societies shall submit to the Tax Assessment Authority in their area, an annual return in the form as set out in the Schedule duly completed.
(2) Such returns shall be submitted on or before the 30TH of June each year.

SCHEDULE

Return of produce transactions with members during the year up to

31st December-----

Name of Society

Address -----

Date..... Signed.....Secretary

Name of Member or Non-Member	Address	(a) Tonnage sold to Society during current year.	(b) Payment mode	(c) Bonus
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DatedSigned.....Secretary

CERTIFICATE

I CERTIFY that the information given in the foregoing return is a correct record of the transaction with members and non-members as shown in the books of the Society.

Date.....

President of Society.

NOTES

- (a) *The quantity of each type of produce should be shown separately.*

(b) The total amount paid at time of purchase including any commission share of Block Buying Allowance, etc. should be inserted, showing the amount paid in respect of each type of produce separately.

(c) The bonus should be the actual amount paid in cash or credited to members during the year in respect of which the return is made, even though the bonus was in respect of the previous year's trading.