

CHAPTER 88:01

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CO-OPERATIVE SOCIETIES ACT

12 of 1948

An Act to provide for the formation and to regulate the operations of Co-operative Societies.

[1ST SEPTEMBER, 1948]

PART I

PRELIMINARY

Short title.

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

Interpretation.

2. In this Act—

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

“Commissioner” means the Commissioner for Co-operative Development appointed under section 3 and includes any person when exercising such powers of the Commissioner as may have been conferred upon him under that section;

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

“dividend” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

“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 rules;

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

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

“regulations” means regulations made under this Act;

“rules” means the registered rules made by a society in the exercise of any power conferred by this Act, and includes a registered amendment of the rules.

PART II

REGISTRATION

Appointment of Commissioner and Assistant Commissioners.

3. There shall be a Commissioner for Co-operative Development and such other officers as may be required to assist the Commissioner in the performance of his functions under this Act.

Societies which may be registered.

4. Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with or without limited liability as the Commissioner may decide:

Provided that the liability of a society which includes at least one registered society among its members shall be limited.

Conditions of registration. [27 of 1954]

5. (1) No society, other than a society of which a member is a registered society, shall be registered under this Act, which does not consist of at least seven persons each of whom is qualified under section 21 for membership under this Act.

(2) The word “co-operative” shall form part of the name of every society registered under this Act.

(3) The word “limited” shall be the last word in the name of every society with limited liability registered under this Act.

(4) When for the purposes of this section any question arises as to age, residence, or occupation of land constituting the qualification of any person, that question shall be decided by the Commissioner whose decision shall be final.

Application for registration. [27 of 1954]

6. (1) For the purposes of registration an application shall be made to the Commissioner.

(2) The application shall be signed—

(a) in the case of a society of which no member is a registered society, by at least seven persons qualified in accordance with the requirements of section 5(1); and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and, where all the members of the society are not registered societies, by seven other members, or, when there are less than seven other members, by all of them.

(3) The application shall be accompanied by two copies of the proposed rules of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Commissioner may require.

7. (1) If the Commissioner is satisfied that a society has complied with this Act, and that its proposed rules are not contrary to this Act, he may, if he thinks fit, register the society and its rules. An appeal shall lie to the Minister against the refusal of the Commissioner to register any society, or to register any society with limited liability or unlimited liability, and such appeal shall be brought within one month from the date of such refusal.

Registration.

(2) On registration the society shall pay such fee as may be required by the Regulations.

8. The registration of a society shall render it a body corporate by the name under which it is registered, with power to hold property and to do all things necessary for the purpose of its constitution.

Societies to be bodies corporate.

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

Evidence of registration.

PART III

DUTIES AND PRIVILEGES OF SOCIETIES

Amendment of the rules of a registered society.

10. (1) Any registered society may, subject to this Act, amend its rules, including the rule which declares the name of the society.

(2) No amendment of the rules of a registered society shall be valid until that amendment has been registered under this Act, for which purpose copies of the amendment shall be forwarded to the Commissioner.

(3) If the Commissioner is satisfied that any amendment of the rules is not contrary to this Act, he may, if he thinks fit, register the amendment. An appeal shall lie to the Minister against the refusal of the Commissioner to register any amendment of any rule.

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

(5) When the Commissioner registers an amendment of the rules of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

Address of society.

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

Copy of Act, regulations, rules, etc., to be open to inspection.

12. Every registered society shall keep a copy of this Act and of the regulations and of its rules and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

13. (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 rules or may otherwise contract with its members—

Disposal of produce to or through a registered society.

(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 regulations to be guilty of a breach of the rules or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid regulations.

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

14. Subject to any prior claim of the State on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior mortgage or prior registered charge thereon—

Creation of charges in favour of registered societies.

(a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, fish (freshwater and salt-water), livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

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

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

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

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

Shares or interest not liable to attachment or sale.

16. Subject to section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

Transfer of interest on death of member.

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

Provided that—

(a) in the case of a society with unlimited liability such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;

(b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to

such nominee, heir or legal representative, as the case may be, being qualified in accordance with the regulations and rules for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.

(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.

18. (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 deposits 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 that 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.

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

Register of members.

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

20. (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 may be prescribed by the regulations, be received in any legal proceeding, civil or criminal, as *prima facie* evidence of the existence of such entry

Proof of entries in books of society.

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and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

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

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

Qualification for membership.

21. In order to be qualified for membership of a co-operative society a person, other than a registered society, must, at the time of application—

- (a) have attained the age of sixteen years; and
- (b) be resident within or in occupation of land within the society's area of operations as described by the rules:

Provided that a pupil attending any school, may, notwithstanding paragraphs (a) and (b), with the consent in writing of the Chief Education Officer, be registered as a member of a society.

Members not to exercise rights till due payment made.

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

Restriction of membership in society.

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

Votes of members.
[6 of 1950]

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

Provided that—

(a) in the case of an equality of votes the Chairman shall have a casting vote;

(b) in the case of societies of which a registered society is a member, that society may have such voting powers as are provided in the rules.

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

Representation by proxy.

26. The minority or non-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 acquittance necessary to be executed or given under this Act or the regulations made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority or non-age.

Contracts with society of members who are minors.

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

No individual to hold more than one-fifth of share capital of any society.

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

Restrictions on transfer of share or interest.

(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

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(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.

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

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

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

PART V

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

Loans made by a registered society.

30. (1) A registered society shall not, except as provided in section 33, make any loan to any person other than a member:

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

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

(3) The Minister may, by general or special order, prohibit or restrict the lending of money on mortgage of any description of immovable property by any registered society.

Deposits and loans received by a registered society.

31. 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 regulations or rules.

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32. Save as provided in sections 30 and 31, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the regulations.

Restrictions on other transactions with non-members.

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

Investment of funds.

- (a) in the Post Office Savings Bank, or with any bank or person carrying on the business of banking approved for this purpose by the Commissioner; or
- (b) in any securities issued or guaranteed by the Government of a Commonwealth territory; or
- (c) with any other registered society approved for this purpose by the Commissioner; or
- (d) in any other mode approved by the Commissioner.

34. (1) At least one-fourth of the net profits of every registered society, as ascertained by the audit prescribed by section 35, shall be carried to a fund to be called the reserve fund, which shall be employed as prescribed by the regulations. The remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the regulations or rules:

Disposal of profits.

Provided that in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Minister.

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

PART VI

AUDIT, INSPECTION AND INQUIRY

Audit.

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

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

(3) The Commissioner 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 who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs;

(b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

Power of Commissioner to inspect societies' books, etc.

36. The Commissioner, or any person authorised by general or special order in writing by the Commissioner shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

Inquiry and inspection.

37. (1) The Commissioner may of his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working, and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and

produce the cash in hand and such books, accounts, papers and securities of the society as the Commissioner or the person authorised by him may require.

(2) The Commissioner shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society, if the applicant—

(a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) deposits with the Commissioner such sum as security for the costs of the proposed inspection as the Commissioner may require.

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

(4) Where an inquiry is held under subsection (1), or an inspection is made under subsection (2), the Commissioner may apportion the costs or such part of the costs, as he may think right, between the registered society, the members demanding an inquiry, the officers or former officers of the society, and the creditor, if any, on whose application the inquiry was made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered, on application to a magistrate's court having jurisdiction in the place where the registered office of the society is situated or the person resides or carries on business for the time being, in like manner as a fine imposed by the court.

PART VII

DISSOLUTION

Dissolution.

38. (1) If the Commissioner, after holding an inquiry or making an inspection under section 37 or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.

(2) Any member of a registered society may, within two months from the date of an order under subsection (1), appeal from such order to the Minister.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within two months, the order shall not take effect until it is confirmed.

(4) Where the Commissioner makes an order for the cancellation of the registration of a society under subsection (1), he may make such further order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

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

Cancellation of registration of a society due to lack of membership.
[27 of 1954]

39. The Commissioner may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than seven. Every such order shall take effect from the date thereof.

40. Where the registration of a society is cancelled by an order under section 38 or under section 39 the society shall, except for the purposes of winding-up, as hereinafter provided, cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Effect of cancellation of registration.
[6 of 1950]

Provided that any privileges conferred on the society by or under sections 14, 15, 16, 17 and 49 shall be deemed to be vested in any liquidator appointed for that society by the Commissioner.

41. Where the registration of a society is cancelled under section 38 or 39, the Commissioner may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

Liquidation after cancellation of registration of society.

42. (1) A liquidator appointed under section 41 shall subject to the guidance and control of the Commissioner and to any limitations imposed by the Commissioner by order under section 43 have power to—

Liquidator's powers.

(a) determine from time to time the contribution to be made by members and past members or by the estates of deceased members of the society to its assets;

(b) appoint a day by notice published in the *Gazette* before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them;

(c) decide any question of priority which arises between creditors;

(d) refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;

(e) decide by what persons and in what proportions the costs of liquidation are to be borne;

(f) give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding-up the society;

(g) compromise any claim by or against the society provided the sanction of the Commissioner has first been obtained:

- (h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;
- (i) take possession of the books, documents and assets of the society;
- (j) sell the property of the society;
- (k) carry on the business of the society so far as may be necessary for winding it up beneficially:

Provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan; and

(1) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Commissioner.

(2) Subject to such regulations as may be made in this behalf, any liquidator appointed under this Act shall in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by the same means and (so far as may be) in the manner as is provided in the case of a civil court.

43. A liquidator shall exercise his powers subject to the control and revision of the Commissioner, who may—

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of a liquidator under section 42;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorise 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 a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

44. (1) The decision of an arbitrator on any matter referred to him under section 43 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Commissioner under that section.

Enforcement of order.

(2) An order made by a liquidator or by the Commissioner under section 42 or 43 shall be enforced by any civil court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of that court.

45. Save in so far as is hereinbefore expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Act.

Limitation of the jurisdiction of the civil court.

46. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the rules of the society permit, to the payment of a dividend at a rate not exceeding ten per cent *per annum* for any period for which no disposal of profits was made.

Closure of liquidation.

(2) When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the *Gazette*; and all claims against the funds of the society liquidated shall be prescribed when two years have elapsed from the date of the publication of the *Gazette* notice.

(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) and the payment of any claims for which an action is instituted under subsection (2) shall be available for use by the Commissioner for any co-operative purpose at his discretion.

PART VIII

SURCHARGE AND ATTACHMENT

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

47. (1) Where, in the course of the winding up of a registered society it appears that any person who has taken part in the organisation or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Commissioner may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Commissioner thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Commissioner thinks just.

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

Appeal to the
Minister.

48. Any person aggrieved by any order of the Commissioner made under section 47 may appeal to the Minister within twenty-one days from the date of such order and the decision of the Minister shall be final and conclusive.

PART IX

DISPUTES

Settlement of
disputes.
[20 of 1967]

49. (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 or deceased member, and the society, its committee, or any officer of the society; or

(c) between the society or its committee and any officer of the society; or

(d) between the society and any other registered society,

such dispute shall be referred to the Commissioner for decision. A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

(2) The Commissioner may on receipt of a reference under subsection (1)—

(a) decide the dispute himself; or

(b) refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Commissioner within such period and in such manner as may be prescribed.

(4) A decision of the Commissioner under subsection (2), or in appeal under subsection (3), shall be final and shall not be called in question in any civil court and shall be enforced in the same manner as if the decision had been a judgment of a civil court.

(5) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is preferred to the Commissioner under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any civil court and shall be enforced in the same manner as if the award had been a judgment of a civil court.

(6) Notwithstanding anything contained in subsections (4) and (5), any decision of the Commissioner under subsection (2) or in appeal under subsection (3) and any award of the arbitrator or arbitrators under subsection (2), where any such decision or award requires the payment of any sum of money, may be enforced before a magistrate under the Summary Jurisdiction (Petty Debt) Act irrespective of the amount.

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Cap. 88:01

Co-operative Societies

Case stated on question of law.

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

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

PART X

REGULATIONS

Regulations.
[4 of 1972]

51. (1) Subject to negative resolution of the National Assembly, the Minister may make all such regulations as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Act.

(2) In particular and without prejudice to the generality of the power conferred by subsection (1), such regulations may—

(a) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of 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 from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;

(c) subject to section 27, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member;

(d) prescribe the extent to which a registered society may limit the number of its members;

(e) provide for the withdrawal and expulsion of members and for the payments 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 and for the procedure at such meetings and the powers to be exercised by such meetings;

(g) provide for the appointment, 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 officers;

(h) prescribe the matters in respect of which a society may or shall make rules and for the procedure to be followed in making, altering and rescinding rules, and the conditions to be satisfied prior to such making, alteration or rescission;

(i) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;

(j) prescribe the conditions to be observed by a registered society applying for financial assistance from Government;

(k) 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 period for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members with or without the consent of the Commissioner;

(l) 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;

(m) 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 any person to whom such interest may be paid or transferred;

(n) provide for the formation and the 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 any registered society;

(o) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which will be paid by societies;

(p) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;

(q) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and co-operative propaganda and prescribe for the administration of such a fund;

(r) prescribe the returns to be submitted by registered societies to the Commissioner, and the persons by whom and the form in which the same are to be made;

(s) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;

(t) provide for the formation and the maintenance of a register of members, and, where the liability of members is limited by shares, of a register of shares;

(u) provide for the inspection of documents and registers at the Commissioner's office and the fees to be paid therefor and for the issue of copies of such documents or registers;

(v) prescribe the manner in which any question as to the breach of any rule 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;

(w) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Commissioner or such arbitrator or arbitrators;

(x) prescribe the procedure to be followed by a liquidator appointed under section 41 and the cases in which appeals shall lie from the orders of such liquidator;

(y) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the regulations.

PART XI

MISCELLANEOUS

52. (1) A society registered under the Industrial and Provident Societies Act (hereinafter referred to as an “industrial society”) may, by a special resolution, determine to convert itself into a registered society.

Conversion of industrial and provident society into registered society.
c. 88:02

(2) A resolution for the conversion of an industrial society into a registered society shall be accompanied by a copy of the rules of the registered society therein referred to, and shall appoint ten persons, members of the industrial society who, together with the secretary, shall sign the rules, and who may either be authorised to accept any alterations made by the Commissioner therein, without further consulting the industrial society, or may be required to lay out all such alterations before the industrial society in general meeting for acceptance as the resolution may direct.

(3) With the rules a copy of the special resolution for the conversion of the industrial society into a registered society shall be sent to the Commissioner, who, upon the registration of the society, shall give it, in addition to the certificate of registration, a certificate signed by him that the rules of the registered society referred to in the resolution have been registered.

(4) A copy of the resolution for the conversion of an industrial society into a registered society, together with the certificate of registration of the rules of the registered society shall be sent for registration to the office of the Registrar of Industrial and Provident Societies, and upon the registration of such resolution and certificate, the conversion shall take effect.

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(5) Upon the conversion of an industrial society into a registered society, the registration of the industrial society under the Industrial and Provident Societies Act shall become void and shall be cancelled by the proper officer, but the registration of an industrial society as a registered society shall not affect any right or claim for the time being subsisting against the industrial society, or any penalty for the time being incurred by such society, and for the purpose of enforcing any such right, claim, or penalty, the industrial society may be sued and proceeded against in the same manner as if it had not become a registered society. Every such right or claim, and the liability to such penalty, shall have priority as against the property of the registered society over all other rights or claims against or liabilities of the society.

Recovery of sums due to State.

53. (1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the State may be recovered in the manner provided for the recovery of debts due to the State under the law for the time being in force.

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

Powers to exempt any society from requirements as to registration.

54. Notwithstanding anything contained in this Act the Minister may by special order in each case and subject to such conditions as he may impose, exempt any society from any of the requirements of this Act as to registration.

Power to exempt societies from provisions of Act.

55. The Minister may by general or special order exempt any registered society or class of societies from any of the provisions of this Act, or may direct that such provisions shall apply to any society or class of societies with effect from such date or with such modifications as may be specified in the order.

56. (1) The Minister by notification in the *Gazette* may, in the case of any registered society or class of registered societies, remit—

Power to exempt from stamp duty and registration fees.

(a) the stamp duty with which, under any law for the time being in force, instruments executed by or in 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; or

(b) any fee payable under the law of registration for the time being in force.

(2) A notification exempting any registered society from the fees referred to in subsection (1) (b) may provide for the withdrawal of such exemption.

57. The Minister responsible for finance may, from time to time and for such period as he thinks fit, by order, exempt any registered society or class of societies from payment of income tax under any Income Tax Act for the time being in force.

Power to exempt from payment of income tax. c. 81:01

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

Prohibition of the use of the word “co-operative”.

Provided that—

(a) this section shall not apply to a bank registered under the provisions of the Co-operative Credit Banks Act; and

(b) nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the commencement of this Act.

Cap. 327 1953 Ed.

(2) Any person who contravenes this section shall be liable on summary conviction to a fine of fifty dollars, and in the case of a continuing offence to a further fine of ten dollars for each day during which the offence continues.

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Cap. 88:01

Co-operative Societies

Chapters
89:01, 98:03
and 327 1953
Ed. not
applicable to
registered
societies.
c. 89:01

59. The Companies Act 1991, the Trades Unions Act, and the Co-operative Credit Banks Act shall not apply to a registered society.

Penalty for
non-compli-
ance with Act.

60. Any registered society or an officer or a member thereof, wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Act by the Commissioner or other persons duly authorised by him in this behalf, or any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under this Act, or failing to furnish any information lawfully required from him by a person authorised to do so under this Act, shall be liable on summary conviction to a fine of two hundred dollars.
