



CHAPTER C14
CO-OPERATIVES SOCIETIES LAW
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CHAPTER C14

CO-OPERATIVES SOCIETIES LAW

A LAW TO PROVIDE FOR THE REGISTRATION OF COOPERATIVE SOCIETIES IN LAGOS STATE AND FOR CONNECTED MATTERS

THE LAGOS STATE HOUSE OF ASSEMBLY enacts as follows:

Registration of Co-operative Societies

1. Appointment of Director of Co-operatives

(1) The Commissioner—

- (a) may appoint a person to be the Director of Co-operative Societies (referred to in this Law as “the Director”) in the State and such other persons as are necessary to assist; and
- (b) will by notice in the Lagos State *Gazette* confer on any such person all or any of the powers of a Director under this Law.

(2) The Director must be appointed from among officers not below grade level 16 in the State Civil Service.

[L.N. 112 of 1964.]

2. Seal

A document duly executed under this seal will be received in evidence and unless the contrary is proved will be deemed as executed.

[L.N. 112 of 1964.]

3. Societies which may be Registered

Subject to the provisions of this Law, 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 for the purpose of facilitating the operations of such societies, may be registered under this Law with limited liability, provided that a registration fee as may be prescribed by the Commissioner is paid to the Director of Co-operatives.

[1987 NO. 6.]**4. Conditions of Registration**

(1) A society must consist of at least ten (10) persons qualified for membership or have a registered society as a member, to be registered under this Law.

(2) A society established for the purpose of facilitating the operations of registered societies will not be registered unless it has at least two (2) registered societies as its members.

(3) The word—

- (a) “Co-operative” or its vernacular equivalent must form part of the name of every society registered under this Law.
- (b) “Limited” or its vernacular equivalent must be the last word in the name of every society with limited liability registered under this Law.
- (c) “Bank” or “Banking” must not form part of the name of any society registered under this Law except in the case of a central financing society.

5. Application for Registration

(1) Any society—

- (a) set up to promote the economic interests of its members in accordance with cooperative principles and consists of not less than ten (10) members each of whom is qualified for membership under this Law; or
- (b) established to facilitate the operations of registered societies described in paragraph (a) of this Section and includes among its members at least five (5) registered societies, may forward a written application for registration to the Director.

(2) The application must be signed—

- (a) by at least ten (10) persons qualified for membership under this Law in the case a society that does not have a registered society as a member; and
- (b) by a duly authorised person on behalf of a registered society in the case of a society that has a registered society as a member; or
- (c) where all the members of the society are not registered societies, by ten (10) other members or, where there are less than ten (10) other members, by all of them.

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- (3) The application must—
- (a) be forwarded with four (4) copies of the proposed bye-laws of the society and the applicants will furnish such information on the society as may be required by the Director;
 - (b) contain details of the objects of the society and must be submitted by the registrar to the Director on payment of a registration fee to be prescribed by the Director subject to the Commissioner's approval;
 - (c) be accompanied by a letter of undertaking by the proposed society;
 - (d) have attached to it, passport photographs of the proposed Trustees of the society;
 - (e) be accompanied by two (2) copies for the proposed bye-law of the society;
 - (f) furnish information in respect of the society as the Director requires.

Any person or group of persons who contravenes the provisions of this Section commits an offence and will be liable on conviction to a fine of Ten Thousand Naira (₦10, 000.00) only.

[L.N. 257 of 1959.]

Provided that where the Commissioner has given general approval to certain objects and the Director has been informed of that fact, an application in respect of any such object does not need to be formally referred to the Commissioner however, the Director may endorse the application to the effect that it is in respect of an object approved of by the Commissioner and such an endorsement will, for the purposes of this Law, serve as the Commissioner's approval to the application.

(4) The application must be accompanied by two (2) copies of the proposed bye-laws of the society, and the applicants must furnish information in respect of the society as the Director requires.

6. Registration

If the Director is satisfied that the—

- (1) objects of the society have been approved;
- (2) society has complied with the provisions of this Law and the regulations;
- (3) society's proposed bye-laws are not contrary to this Law;

(4) the Director may register the society and its bye-laws if in the Director's discretion the society is fit and proper.

[L.N. 112 of 1964]

7. Registered Societies to be Bodies Corporate

The registration of a society will make it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution.

8. Evidence of Registration

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

[L.N. 112 of 1964]

[L.N. 257 of 1959]

Duties and Privileges of Registered Societies

9. Power to make Bye-Laws

Every registered society may, subject to the approval of the Director, make bye-laws for achieving the purposes of the society.

[L.N. 112 of 1964]

10. Change of Name

A society may, by an amendment of its bye-law on the registered subject, change its name, but such change will not affect any right or obligation of the society or that any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

11. Amendment of the Bye-Laws of a Registered Society

- (1) An amendment of the bye-laws of a registered society will not be valid until—
- (a) it has been registered under this Law; and

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(b) four (4) copies of the amendment is forwarded to the appropriate registrar.

(2) If the amendment of the bye-laws is not contrary to this Law or to the regulations made under this Law, the Director may register the amendment.

(3) When the Director registers an amendment of the bye-laws of a registered society, the Director will issue two (2) copies of the amendment sealed and certified by the Director one (1) of which will be given to the society and that copy will be conclusive evidence that the amendment is duly registered.

12. Address of Societies

(1) Every registered society must have an address registered in accordance with the regulations made under this Law to which all notices and communications may be sent.

(2) The society must send to the Director notice of every subsequent change of address.

13. Copy of Law, Regulations and Bye-Laws to be Open to Inspection

Every registered society must keep a copy of this Law, the regulations made under this Law and its bye-laws open to inspection, free of charge and at all reasonable times at the registered address of the society.

14. Restrictions on Loans

(1) A registered society must not give out a loan to any person other than a member:

[L.N. 112 of 1964.]

However, with the general or special approval of the Director, a registered society may give out loans to another registered society.

[1958 No. 8.]

The Commissioner may by order prohibit or restrict the lending of money on the mortgage of immovable property by all or any societies registered under this Law

15. Restrictions on Borrowing

Subject to the provisions of Section 17, a registered society may 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 made under this Law or its bye-laws.

16. Deposits by Minors

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

(2) A receipt signed or otherwise validly given by a minor or the guardian for money paid to the minor under this section will be a valid discharge for the sums so paid.

17. Restrictions on other Transactions with Non-Members

Except as provided for in sections 14, 15 and 16 the transactions of a registered society with persons other than transactions members will be subject to such prohibitions and restrictions, if any, as may be prescribed.

18. Debt of Members to Society

All moneys payable or due by a member to a registered society under this Law or the regulations made under this Law or bye-laws of the society or in connection with its business shall be a debt due from that member to the society.

19. Charge in Respect of Shares and Deposits of Members.

(1) A registered society will have a charge on—

- (a) the shares or interest in the capital and on the deposits of a member or past member; and
- (b) any dividend, bonus, or accumulated funds payable to a member or past member.

(2) Registered societies may set off any sum credited or payable to a member or past member in or towards the payment of such debt.

20. Priority of Claim of Society Against Crops, Cattle, and other Property

(1) Subject to the prior claims of the Government on the property of its debtors and of landlords in respect of rent, or any money recoverable as rent—

- (a) any debt or outstanding demand owed to a society by any member or past member will be a first charge—
 - (i) on 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

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

Except that nothing will 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 agricultural or industrial implements or workshops, stores or places of business;

- (b) any outstanding dues payable to a housing society by any member or past member in respect of rent, share capital, loans, purchase money, or any other rights or amounts payable to such society, will be a first charge on the member's interest in the immovable property of the society.

21. Share or Interests not Liable to Attachment

Subject to the provisions of Section 20, the share or interests of a member in the capital of a registered society will 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 the official receiver under any law relating to bankruptcy which may for the time being be in force will not be entitled to or have any claim on such share or interest.

22. Investment of Funds

- (1) A registered society may invest or deposit its funds—
 - (a) in any securities approved by the Director, issued or guaranteed by the Government; or
 - (b) in the shares of any other registered society; or
 - (c) with any bank or person carrying on the business of banking, approved for this purpose by the Director; or
 - (d) in any other mode permitted by the regulations made under this Law.

(2) Any document relating to property acquired by the registered society as an investment under this section will be deposited in a bank for safekeeping.

23. Contract with Members to Dispose of Produce

(1) A registered society, which has as one of its objects the disposal of any produce of agriculture or animal husbandry or handicrafts, may contract with its members, either in

its by-laws or by a separate document, to dispose of all or some of their produce or material that is not produce, in respect of which they have previously entered into a contract for its disposal.

(2) The society may in the contract also provide for payment of a specific sum per unit of weight or other measure as liquidated damages for infringement of the contract, and such sum will be a debt due to the society.

(3) Any such contract will, subject to any existing charges, create in favour of the society a first charge on all produce mentioned therein in order to secure the due marketing of the same in accordance with the contract.

24. Net Surplus not to be Distributed Without Approval of the Director

A society must not pay a dividend or bonus or otherwise distribute any part of its net surplus except as provided for in its by-laws or until the proposed payment or distribution has been approved by the Director.

25. Reserve Fund, Dividends and Bonuses

(1) At least one-fourth (1/4) of the net surplus disclosed in the income and expenditure account for the year must be put in a fund named the reserve fund.

(2) The balance of the net surplus, together with any balance remaining from previous years and available for distribution, may be divided among the members by way of dividend, bonus, or otherwise allocated to any funds constituted by the society, under such conditions as may be prescribed by regulations made under this Law and its by-laws:

Provided that the Director may in the case of any society of limited liability grant—

- (a) exemption from further contributions to the reserve fund; or
- (b) reduce the rate of contribution; or
- (c) revoke such exemption or reduction.

26. Power of Director to prescribe with regard to certain matters

(1) The Director shall give directions prescribing—

[1985 No. 8.]

- (a) the accounts and books to be kept by a society;

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- (b) the returns to be submitted by a society to the registrar and the persons by whom and the form in which such returns will be submitted;
- (c) the maximum loan which may be made by a society to any of the members without the prior consent of the registrar.

(2) Directions given by the Director under this Section shall apply to any society registered under this Law.

[L.N. 112 of 1964.]

27. Proof of Entries in Societies' Books

(1) A copy of any entry in a book of a registered society regularly kept in the course of business will—

- (a) if certified in the manner prescribed by the regulations, be received in any suit or legal proceedings as *prima facie* evidence of the existence of that entry and;
- (b) be admitted as evidence of the matters, transactions and accounts recorded in every case and to the same extent that the original entry is admissible.

(2) An officer of a society will not in any legal proceeding to which the society is not a party to be compelled to—

- (a) produce any of the society's books, the contents of which can be proved under subsection (1); or
- (b) appear as a witness to prove the matters, transactions and accounts recorded in it.

Except by the order of the court.

28. Exemption from Compulsory Registration of Instruments Relating to Shares and Debentures of Registered Society

Nothing in the law relating to the registration of instruments for the time being in force will apply to—

- (a) any instrument relating to shares in a registered society, notwithstanding that the assets of that society is made up in whole or in part of immovable property;
- (b) any debenture issued by such a society that does not create or extinguish any right, title or interest to or in immovable property except where it entitles the holder to a

security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest in it to trustees on trust for the benefit of the holders of such debentures;

(c) any endorsement on or transfer of any debentures issued by any such society;

(d) any charge created in favour of a registered society by a member of that society in respect of any produce of that member's agriculture or land.

29. Power to Exempt from Certain Duties and Fees.

(1) All instruments executed by or on behalf of a registered society or by any officer or member of a registered society relating to the business of the society will be exempted from—

(a) stamp duties chargeable under the Stamp Duties Act; and

(b) registration fees payable under any law relating to instruments for the time being in force.

(2) A registered society will be exempted from deductions under Section 26 of the Companies Income Tax Act.

Membership, Rights and Liabilities of Members

30. Qualification for Membership.

(1) To be qualified for membership of a registered society a person must—

[L.N. 112 of 1964.]

(a) have attained the age of eighteen (18) years; and

(b) be resident within the society's area as defined in its by-laws or, in the case of a society of limited liability, a holder of landed property within such area:

However, the Director may, in the case of a society of limited liability, grant exemption from the second qualification.

(2) When any question arises, for the purposes of this section, as to whether any person is of the age referred to in paragraph (a) of subsection (1) or as to the residence of any person, or as to whether any person is the holder of landed property, the same will be decided by the committee, subject to an appeal to the Director, whose decision will be final.

[L.N. 112 of 1964.]

(3) Nothing in subsection (1) (b) will be construed as prohibiting the registration of co-operative societies in work place.

31. Member not to Exercise Rights until Prescribed Payment made.

A member of a registered society will not exercise the rights of a member until that person has made membership payment to the society or acquired such interest in the society as may be prescribed by the regulations made under this Law or its bye-laws.

32. Restriction on interest of Member of Society

A member, other than a registered society, will not hold more than one-fifth (1/5) of the share capital of any co-operative society.

33. Restriction on membership of more than one society

A member of any registered society that has power under its bye-laws to grant loans to its members will not, except with the prior authorisation of the Registrar, be a member of any other registered society with that power.

[L.N. 112 of 1964.]

34. Votes of Members

(1) Each member of a registered society will have one vote only, as a member, in the each affair of the society:

Provided that where the votes given for and against any proposal are equal in number, the presiding chairperson will have a casting vote.

(2) A registered society which is a member of any other registered society may for the purpose of voting in the affairs of that other registered society, appoint, any one of its members as its proxy.

35. Conduct of Elections in Registered Societies

(1) The executive committee of a registered society will constitute from among its members an electoral committee to organize election of officers for the society.

(2) A registered society will invite—

- (a) the Department of Co-operative Services;
- (b) the Lagos State Co-operative Federation; and

- (c) the Multipurpose Co-operative Union in the relevant jurisdiction, to its annual general meeting and elections to act as independent observers but may give any lawful assistance that will promote democratic process in co-operatives societies.

36. Restrictions on Transfer of Share or Interest.

(1) The transfer or charge of the share or interest of a member in the capital of a registered society will be subject to such conditions as to maximum holding as may be prescribed by this Law or by the regulations made under this Law.

(2) In the case of a society registered with unlimited liability, a member will not transfer any share held by the member or the member's interest in the capital of the society unless—

- (a) the member has held such share or interest for not less than one (1) year; and
- (b) the transfer or charge is made to the society or to a member of the society.

37. Transfer of Interest on Death of Member

(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 under this Law, or—

- (a) if there is no person so nominated, to such person as may appear to the committee to be the legal personal representative of the deceased member;
- (b) pay to such nominee or legal personal 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 by-laws.

Provided that in the case of a society with unlimited liability, such nominee or legal personal representative, may require payment by the society of the value of the share or interest of the deceased member as ascertained.

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

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

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38. Liability of Past Members

The liability of a past member for the debts of a registered society as they existed at the time when the person ceased to be a member will continue for a period of two (2) years from the end of the financial year of the society following the date the person ceased to be a member.

39. Liability of the Estates of Deceased Members

The estate of a deceased member will be liable for a period of Two (2) years from the time of the member's death for the debts of a registered society as they existed at the time the member died.

40. Register of Members

Any register or list of members or shares kept by any registered society will be *prima facie* evidence of any of the following particulars entered —

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

41. Statements of Members' Property Exempt from Disclosure for certain Purposes

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 will be wholly exempt from disclosure for any purpose relating to any income or other tax or to rating.

Disputes

42. Settlement of Disputes, Mediation, Arbitration and Enforcement

(1) If any dispute concerning the business of a registered society (apart from a dispute in respect of disciplinary action taken by the society or its committee against an employee of the society) arises—

[L.N. 112 of 1964. L.S.L.N. 16 of 1972.]

- (a) among members, past members and persons claiming through members, past members and deceased members;

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- (b) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or an officer, agent or servant of the society;
- (c) between the society or its committee and an officer, agent or servant of the society; or
- (d) between the society and the registered society;

Such dispute may be referred to the Director for decision.

[1985 No. 8.]

Without prejudice to the generality of the provisions of this subsection, a claim by a registered society for any debt or demand due to it from a member, past member or the nominee or legal personal representative of a deceased member, whether such debt or demand is admitted or not, will be deemed to be a dispute touching the business of the society within the meaning of this subsection.

- (2) On receipt of such reference, a Director, or the joint Directors may together,
 - (a) decide the dispute; or
 - (b) subject to the provisions of any regulations, refer the dispute to the apex co-operative organisation for resolution by mediation and;
 - (c) where mediation fails to resolve the dispute, to an arbitrator appointed by the Director or to a panel of three (3) arbitrators appointed under such terms and conditions as may be prescribed by regulations.

(3) In the alternative, the parties may elect to refer the dispute to arbitration under the provisions of the Lagos State Arbitration Law.

(4) Subject to the provisions of any regulations, a dispute referred under paragraph (b) of subsection (2) may be withdrawn by the Director or by the joint Directors acting together, and decided under paragraph (a) of the said subsection.

[L.S.L.N. 16 of 1972. 1985 No. 81]

(5) Where it appears to the Director or acting joint Directors together, that a party to any dispute referred under subsection (1), with intent to defeat or delay the execution of any decision that may be given —

[L.S.L.N. 16 of 1972.]

- (a) is about to dispose of the whole or any part of the property, or

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- (b) is about to remove the whole or any part of the property from the territorial limits of the jurisdiction of the Director or joint directors,

[1985 No. 8.]

the Director, one or both of the joint Directors, may, unless adequate security is furnished, direct the conditional attachment of the said property or such part as is necessary; and such attachment will have the same effect as if it had been made by a competent court.

43. Referral of Questions of Law to High Court

Notwithstanding the provisions of this Law, the Director may at any time when proceeding to a decision under this Law, or the Commissioner at any time when an appeal is referred against any decision of the Registrar under this Law, refer any question of law arising out of such a decision for the opinion of the High Court.

44. Splitting of Societies

(1) A registered society may at a meeting of its general body specially called for that purpose, with at least fourteen (14) days' notice given to the members resolve to split into two (2) or more societies.

(2) A resolution (in this section referred to as "primary resolution") will not be passed under the provisions of this subsection unless it—

- (a) is supported by a majority of not less than two thirds of members of registered society who are entitled to vote; and
- (b) contains proposals for the division of the assets and liabilities of the society among the new societies into which it operates and specifies the members who will constitute each of the new societies.

(3) A copy of the preliminary resolution must be sent to all the members and creditors of the society.

(4) A member of the society may, notwithstanding anything contained in the bye-laws of the society to the contrary, by notice given to the society within a period of two (2) months from receipt of the preliminary resolution, state their intention not to become a member of any of the new societies.

(5) A creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society, within a period of two (2) months from receipt of the preliminary resolution, state the creditor's intention to demand a return of the amount due.

(6) After the expiration of two (2) months from the receipt of the preliminary resolution by all the members and creditors of the society, a general meeting of the society with at least fourteen (14) days' notice given to its members will be convened for the purpose of considering the preliminary resolution.

(7) If at a meeting convened under subsection (6), the preliminary resolution is confirmed by a resolution passed either without change or with such change as in the opinion of the Director are not material, the Director may register the new societies and their bye laws. The registration of the old society will be deemed to have been cancelled.

(8) The opinion of the Director as to whether the changes made under subsection (7) in the preliminary resolution are material or not will be final and no appeal will lie from there.

(9) At the meeting convened under subsection (6), provision will be made by another resolution for—

- (a) the repayment of the share capital of all the members who have given notice under subsection (4); and
- (b) the satisfaction of claims of all the creditors who have given notice under subsection (5);

However, a member or creditor will not be entitled to repayment or satisfaction until the primary resolution is confirmed as provided in subsection (7).

(10) If within such time as the Director considers reasonable, the share capital of the members referred to in subsection (9) are not repaid or the claims of the creditors referred to in that subsection are not satisfied, the Director may refuse to register the new societies.

(11) The registration of the new societies will operate to vest the assets and liabilities of the original society in the manner specified in the preliminary resolution as confirmed under subsection (7).

45. Amalgamation of Societies

(1) Any two or more registered societies may by special resolution of both or all such societies become amalgamated as one society with or without any dissolution or division of the funds of the amalgamating societies or either of them.

(2) On the passing of the resolutions, the assets and liabilities of the amalgamating societies will become vested in the amalgamated society without the necessity of any form of conveyance other than that contained in the special resolution amalgamating the societies:

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(3) A registered society may by a special resolution transfer its engagements to any other registered society which may also, by special resolution, undertake to fulfill the engagements of that society.

(4) An amalgamation or a transfer in pursuance of this section will not prejudice any right of a creditor of any registered society which is a party to it.

(5) For the purposes of this section, “special resolution” means a resolution which is passed by a majority of not less than three-fourths of such members of a registered society for the time being entitled to vote as may have voted in person or by proxy, where voting by proxy is allowed by this Law, at any general meeting of which at least ten (10) days’ notice specifying the intention to propose the resolution has been given.

(6) A copy of every special resolution, signed by the chairman of the meeting at which the resolution was passed, and countersigned by the secretary of the society, will be sent to the Registrar and registered, and until that copy is so registered the special resolution will not take effect.

Audit, Inspection and Inquiries

46. Audit

(1) The accounts of a registered society will be audited at the end of the financial year to which the accounts relate by an external auditor approved by the Director from a list of not more than three (3) names submitted by the society.

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

(3) a primary or secondary co-operative society that is unable to pay for the services of an external auditor may engage the services of the State Co-operative Department or of the Lagos State Co-operative Federation to audit its accounts.”

(4) The Director and every other person appointed to audit the accounts of a society will have power when necessary to—

- (a) summon at the time of audit any officer, agent, servant or member of the society who the Director has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; and
- (b) 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.

47. Power of Director to Inspect

The Director or any person authorised in writing by the Director, will at all times have access to all books, accounts, papers, cash and securities of a society, and every officer of the society will furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

[L.N. 112 of 1964. 1985 No. 8.]

48. Inquiry by Director

(1) The Director or any person authorised in writing by the Director may hold an inquiry into the constitution, working and financial condition of a registered society.

(2) On the application of a majority of the committee, or of not less than one-third (1/3) of the members, the Director will hold an inquiry into the constitution, working and financial condition of a registered society.

[L.N. 112 of 1964.]

(3) All officers and members of the society must produce the books and documents of the society and furnish such information in regard to the affairs of the society, as the Director or the person so authorised by the Director may require.

[1985 No. 8.]

49. Inspection of Books of Indebted Society

(1) The Director will, on the application of a creditor of a registered society, inspect or authorise some person in writing to inspect the books of the society:

[L.N. 112 of 1964]

Provided that—

- (a) the applicant satisfies the Director that the debt is a sum then due, and that the applicant has demanded for payment thereof and has not received satisfaction within a reasonable time; and
 - (b) the applicant deposits with the Director such sum as security for the costs of the proposed inspection as the Director may require.
- (2) The Director will communicate the results of any such inspection to the creditor.

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50. Costs of Inquiry or Inspection

Where an inquiry is held under Section 49 or an inspection is made under Section 50 the Director may issue a signed and sealed certificate and make an award apportioning the costs of the inquiry or inspection, or such part of the costs between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society.

[L.N. 112 of 1964.]

51. Recovery of Costs

Any sum awarded by way of costs under Section 51 will be recoverable in the same manner as a debt in any court with jurisdiction over the person against whom the award is made, on the production before the court of the certificate referred to in the said section.

52. Recovery of Sums Due to Government

(1) Such sums as may be due from a registered society or from an officer or member or past member of a registered society to the Government under Section 51 may be recovered in the manner provided for the recovery of debts due to the Government under this Law.

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered—

- (a) from the property of the society;
- (b) in the case of a society of which the liability of members is limited, from the members subject to the limit of their liability; or
- (c) in the case of other societies, from the members.

Dissolution of a Registered Society

53. Dissolution.

(1) If the Director, after an inquiry has been held under section 48 or after an inspection has been made under Section 50 or on receipt of an application made by three-fourth (3/4) of the members of a registered society, is of the opinion that the society ought to be dissolved, the Director may cancel the registration of the society.

[L.N. 112 of 1964. 1985 No. 8.]

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

[L.N. 112 of 1964.]

(3) Where no appeal is presented within two (2) months from the making of an order cancelling the registration of a society, the order will take effect on the expiry of that period.

(4) Where an appeal is presented within two (2) months the order will not take effect until it is confirmed by the Commissioner.

[L.N. 112 of 1964.]

(5) Where the Director cancels the registration of a society under subsection (1), the Director may make such order as the Director may deem fit in respect of the custody of the books and documents and the protection of the assets of the society until the order cancelling the registration of the society takes effect.

[1985 No. 8.]**54. Appointment of Caretaker Committee**

(1) The Commissioner may dissolve the Management Committee of a Co-operative Society and appoint a Caretaker Committee when appropriate as an alternative to the dissolution of a registered society.

(2) Where a Caretaker Committee is appointed under subsection (1) above, the Committee will operate for six (6) months or for such further period as the Commissioner may direct, and it will submit a financial report to the Commissioner at the completion of its work.

55. Cancellation of Registration of Society

Where it is a condition of the registration of a society that it should consist of at least ten (10) members, the Director may cancel the registration of the society if at any time it is satisfactorily proven that the number of the members has been reduced to less than ten (10).

[L.N. 112 of 1964.]**56. Effect of Cancellation or Registration**

Where the registration of a society is cancelled the society will cease to exist as a corporate body—

(a) in the case of cancellation in accordance with the provisions of Section 54, from the date on which the order of cancellation takes effect;

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(b) in the case of cancellation in accordance with the provisions of Section 56, from the date of the order:

Provided that the privileges conferred on registered societies by Sections 20, 21, 22, and 30 will survive in any duly appointed liquidator.

57. Liquidation after Cancellation of Registration of Society

Where the registration of a society is cancelled under Section 54 or Section 56 the Director may appoint one or more persons to be, under the Director's supervision, liquidators of the society.

[L.N. 112 of 1964.]

58. Liquidator's Powers

(1) A liquidator appointed under Section 58 subject to any limitation under Section 60, has the power to—

- (a) decide, subject to any by-laws defining the liability of members, the contributions to be made by members and past members of the society to its assets;
- (b) appoint by notice in the *State Gazette* a day before, which creditors will 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) institute and defend suits and undertake legal proceedings on behalf of the society as "liquidator" of the society;
- (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; compromise any claim by or against the society provided the sanction of the Director has first been obtained;
- (g) act on any claim by or against the society provided the approval of the Director has first been obtained

[L.N. 112 of 1964]

- (h) call such general meetings of members as may be necessary for the proper conduct of the liquidation, giving not less than fourteen (14) days' notice of every such meetings;
- (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 as may be necessary for winding it up beneficially, provided that the liquidator will not for this purpose be entitled to issue any loan;
- (l) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Director.

[L.N. 112 of 1964. 1985 No. 8.]**59. Power of Director to Control Liquidation**

(1) In exercise of the powers of control and revision conferred on the Director by this Law the Director may—

[L.N. 112 of 1964. 1985 No. 8.]

- (a) rescind, vary or stay any decision, appointment, direction given, made or taken by the liquidator, and give, make or take such other decision, appointment, direction as considered to be required:

Provided that this power will not be exercised to the prejudice of a *bona fide* transferee of any property for value;

- (b) remove a liquidator from office;
- (c) call for all books, documents, and assets of the society;
- (d) withdraw from court any action instituted by a liquidator;
- (e) by order in writing limit the powers of a liquidator under section 58;
- (f) require accounts to be rendered by the liquidator at its discretion;
- (g) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;

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- (h) make an order for the remuneration of the liquidator;
- (i) refer any subject of dispute between a liquidator and any third party to arbitration if that party signed an assent to be bound by the decision of the arbitrator.

(2) The decision of any arbitrator so appointed will be binding on the parties and will be enforceable as an order of the Director under Section 62.

60. Appeals from Decisions of Liquidator and Director

Regulations may be made for the purpose of providing for an appeal to the High Court against any order made—

[L.N. 112 of 1964.]

- (a) by a liquidator under paragraph (a), (c) or (e) of Section 59; and
- (b) by the director rescinding or varying, or given in substitution for, any order of the liquidator made under any of the said paragraphs.

61. Attendance of Witnesses and Production of Documents

Subject to anything in the regulations provided, a Director and any liquidator appointed under this Law will, in so far as such powers are necessary for carrying out the purposes of Sections 60 and 61, 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.

62. Enforcement of Decisions of Liquidator and Director

Any decision of a liquidator or a Director given under Section 59 or 60 which involves the payment of any money by any person, may be enforced by any court with jurisdiction in the same manner as an order of the said court.

63. Closure of Liquidation

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

(2) All such money lying thus unclaimed shall be available for use by the Director for any administrative or co-operative purpose at the Director's discretion.

[L.N. 112 of 1964]*Regulations***64. Power to Make Regulations**

(1) The Commissioner may make regulations in accordance with Regulations Approval Law for the purposes of this Law—

[L.N. 112 of 1964.]

- (a) concerning the duties and functions of the Director;
 - (b) with regard to any society registered under this Law.
- (2) In particular and without prejudice to the generality of the previous power, such regulations may—
- (a) subject to the provisions of section 36, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;
 - (b) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society, and the procedure to be followed with regard to such applications;
 - (c) prescribe the matters in respect of which a society may make bylaws and for the procedure to be followed and the conditions to be satisfied prior to making, altering or revoking bye-laws;
 - (d) prescribe the conditions to be complied with by persons applying for admission or admitted as members, also;
 - (i) provide for the election and admission of members;
 - (ii) and the payment to be made and the interests to be acquired before the exercise of the right of membership;
 - (e) provide for the consent of any authority before funds are raised by means of shares or debentures or otherwise regulate the manner in which the same are to be raised and prescribe the form in which any application for financial assistance from the Government will be made;
 - (f) provide for—
 - (i) general meetings of the members;

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- (ii) empower the Director or any person authorised by the Director to summon such meetings;
- (iii) the procedure at such meetings, and the powers to be exercised by such meetings; and
- (iv) the appointment of representatives of affiliated societies to the meetings of central societies;

[L.N. 112 of 1964.]

- (g) provide for the—
 - (i) appointment, suspension and removal of the members of the committee and other officers; procedure
 - (ii) at meetings of the committee, and;
 - (iii) powers to be exercised and the duties to be performed by the committee and other officers;
- (h) provide for the audit of the accounts and books to be kept by societies and the charges, if any, to be made for such audit;
- (i) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;
- (j) provide for the persons by whom and the form in which copies of entries in books of societies may be certified;
- (k) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares, of the register of shares;
- (l) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled;
- (m) provide for the mode in which the value of a deceased member's interest will be ascertained and for the nomination of a person to whom such interest may be paid or transferred;
- (n) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing their affairs will be ascertained, and for the nomination of any person to whom such interest may be paid or transferred;

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- (o) provide that the giving of a receipt by or on behalf of a minor will be a valid discharge for the sums so paid;
- (p) prescribe the conditions to be complied with by members applying for loans, and make provision with respect to the periods for which loans may be made and the amounts which may be lent to, and the payments to be made by, an individual member;
- (q) prescribe the maximum rate of interest which may be charged on loans by societies and the maximum rate of interest which may be paid on deposits with societies;
- (r) 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;
- (s) prescribe the extent to which a society may limit the number of its members;
- (t) 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 societies;
- (u) prescribe the procedure to be followed by a liquidator appointed under Section 58;
- (v) prescribe in accordance with Section 61 the cases in which an appeal will lie from an order of a liquidator or the Director, and prescribe the procedure to be followed in presenting and disposing of such appeals.

(3) In any case where the Director is satisfied that a substantial number of members of any society are unacquainted with the English language, the Director will cause such regulations 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.

[L.N. 112 of 1964.]**65. Functions of Apex Co-operative Organisation**

- (1) The functions of the apex co-operative organisation under this Law will include to—
- (a) act as mediator in disputes between members, co-operative societies and unions on matters relating to co-operative;

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- (b) promote co-operation among its members for the purpose of sharing and solving common challenges;
- (c) engage in dialogue with government, bodies corporate and other non-governmental organisations for the benefit of its members;
- (d) train members;
- (e) train, license and monitor co-operative account managers;
- (f) make available statutory books of accounts, co-operatives stationeries and publications for its members; and
- (g) audit co-operative societies.

Miscellaneous

66. Registered Societies Deemed to be Registered under this Law.

Any co-operative society with a registered address in Lagos State which, immediately before the 27th May, 1967, was, or was deemed to be, a registered society registered under the Co-operative Societies Law of the former Western Nigeria will be deemed to be a registered society registered under this Law.

[L.S.L.N. 16 of 1972.]

67. Transitional Provisions

(1) In this section “The Regional Law” means the Co-operative Societies Law of the former Western Nigeria.

[L.S.L.N. 16 of 1972]

(2) In relation to any such registered society as is referred to in section 66 of this Law—

- (a) nothing in this Law will affect any order, rule, regulation, certificate, exemption, appointment, conveyance, mortgage, deed or agreement made or issued, resolution passed, direction given, proceedings taken, instrument issued or thing done under the Regional Law and any such order, rule, regulation, certificate, exemption, appointment, conveyance, mortgage, deed or agreement which was in force immediately before the commencement of this Law will, so far as it could lawfully have been made, passed, given, taken, issued or done under this Law, have effect and may be amended or revoked as if it had been so made, passed, given, taken, issued or done;

- (b) any document referring to the Regional Law will, in relation to anything which takes place after the 1st May 1968 be construed as referring to the corresponding enactment of this Law;

[1985 No. 8]

- (c) the registration directory or other record of registered societies (by whatever name it may be known) kept by the Director in the Lagos State will contain copies of any entries made in the registration register kept by the Director appointed under the Regional Law;
- (d) any funds held by the Director appointed under the Regional Law on behalf of or to the credit of a registered society will be transferred to and held by the Director in the Lagos State for a like purpose.

[1985 No. 8]

(3) Where the registration of a registered society with a registered address in the Lagos State has been cancelled under section 40 of the Regional Law and the liquidation of the society has not been completed, the liquidator appointed under the Regional law, or a liquidator appointed in its place by the Director in Lagos State, will have power to proceed with the liquidation of the society as if the registration of the society had been cancelled and the liquidation commenced under this Law.

68. Special Provisions for Central Societies with Addresses Outside Lagos

- (1) Where—

[L.N. 112 of 1964. L.S.L.N. 16 of 1972]

- (a) a co-operative society is registered with an address anywhere in the Federation outside the Lagos State, under the provisions of any Ordinance or Law enacted, or having effect as if it has been enacted, by the Legislature of any other State of Nigeria;
- (b) the purposes of the society are such that if it had been registered with an address in Lagos State under this Law it would have been a central society for the purposes of this Law; and
- (c) the society carries on any business or has any assets, records or books of account in Lagos State;

the Director of the other State will have and may exercise in Lagos State in relation to such society and to the officers, agents, servants, members and creditors of such society all the powers conferred on the Director in Lagos State

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by sections 47, 48, 49, 51 and 50 of this Law, and the provisions of sections 52, 53 and 69 of this Law will apply in relation to the exercise of such powers by the Director of the other State.

(2) In this section “Director of the other State” means any officer appointed under the Ordinance or Law under which a society referred to in subsection (1) is registered and exercising functions similar to those conferred upon the Director in the Lagos State by this Law.

[L.N. 112 of 1964]

69. Offences

- (1) It will be an offence under this Law if—
- (a) a society, an officer or a member wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Law by the Director or any other person duly authorised in writing; or

[Wilful neglect or default by a society. L.N. 112 of 1964]

- (b) a society, an officer or member wilfully makes a false return or furnishes false information; or

[Wilful furnishing of false information.]

- (c) any person wilfully and without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Law or does not furnish any information lawfully required by a person authorised to do so under the provisions of this Law.

[Disobedience of summons, requisition or order.]

(2) Every society, officer or member of a society or other person guilty of an offence under subsection (1) will be liable to a fine not exceeding One Hundred Thousand Naira (₦100,000.00).

[1987 No. 6.]

- (3) It is an offence if—
- (a) an employer—
 - (i) fails to make deductions for the purpose of his employee’s contribution, or

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- (ii) deducts any sum of money, as contribution, on behalf of his employee and fails to remit the money to the registered society as required by this Law; and
- (b) a registered society fails to render its accounts for three (3) consecutive years.
- (4) Where a person is guilty of an offence under—
 - (a) subsection (3)(a) the person will be liable to—
 - (i) a fine of ten (10) percent of the amount not deducted or remitted, and
 - (ii) an interest of five (5) percent for every month during which the default continues; and
 - (b) subsection (3)(b), every member of the management committee of the registered society will be personally liable to a fine of Seven Hundred and Fifty Thousand Naira (₦750,000.00).

70. Prohibition of the use of the Word “Co-Operative”.

(1) A person other than a registered society will not trade or carry on business in any State under any name or title of which the word “co-operative” is part of without the approval of the Commissioner.

[L.N. 257 of 1959.]

(2) Any person who contravenes the provisions of this section commits an offence and is liable on conviction to a fine of Fifty Thousand Naira (₦50,000.00), and in the case of a continuing offence to a further fine of Five Thousand Naira (₦5,000.00) for each day during which the offence continues.

[1987 No. 6.]

(3) Any co-operative society that defaults in the payment of any fine imposed under Sections 70 (2) and 71 (2) of this Law will have its bank accounts frozen by the Commissioner.

71. Restriction on the Application of Chapter 133.

(1) The provisions of the Moneylenders Law will not apply to societies registered under this Law.

[Cap. L.F.N.A10]

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

[Cap. P2]

72. Repeal

The Co-operatives Societies Law Cap. C15, Laws of Lagos State 2003, is hereby repealed.

73. Interpretation

In this Law unless the context otherwise requires—

“**Apex co-operative organisation**” means the Lagos State Co-operative Federation whose membership is made up of all primary co-operative societies in Lagos State;

“**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;

[L.S.L.N. 16 of 1972.]

“**By-laws**” means the registered by-laws made by a society in the exercise of any power conferred by this Law, and includes a registered amendment of the by-laws;

“**Central financing society**” means a registered society of which the principal object is to make loans to other registered societies;

“**Central society**” means a registered society established to facilitate the operations of registered societies in accordance with co-operative principles and includes a central financing society;

“**Commissioner**” means the Commissioner responsible 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;

“**Director**” means the director of Co-operative societies under this Law;

[L.N. 112 of 1964. L.S.L.N. 16 of 1972. 1985 No. 8.]

“**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 by-laws and regulations;

“**Multipurpose Co-operative Union**” means an association of all primary co-operative societies within a jurisdiction as defined by the State Department of Co-operative Societies;

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

“**Primary co-operative society**” means—

- (a) a co-operative thrift and credit society registered to save and grant loans only;
- (b) a co-operative organisation made up of ten (10) members; or
- (c) a co-operative organisation whose membership is made up of primary co-operative societies and individuals who have come together for a specific investment purpose;

[1987 No. 6.]

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

“**Secondary co-operative organisation**” means a co-operative society whose membership is made up of at least five (5) primary co-operative societies and which has as its objective the facilitation of the operations of its members.

[1987 No. 6.]**74. Citation**

This Law may be cited as the Co-operative Societies Law 2014.

SUBSIDIARY LEGISLATION

List of Subsidiary Legislation

1. Order under section 25. C14-28
2. Exemption from Stamp Duties and Registration Fees C14-28
3. Co-operative Societies Regulations. C14-29
4. Co-operative Societies Audit and Supervision Fees C14-39
5. Revocation Order 2014 C14-40

ORDER

under section 28

In exercise of the powers conferred on the Director by Section 25 of the Cooperative Societies Law the following order is hereby made—

[F. & L. 1958, VII, 130.1]

1. This order may be cited as the Co-operative Societies (Reserve Fund-Reduction of Contribution) Order.

2. The sum annually payable to the reserve fund by any co-operative thrift and loan society of limited liability whose registered by-laws prohibit the granting of loans in excess of the total amount standing to the borrower's credit in the books of the society will be reduced from one-quarter to one-eighth (1/8) of the net surplus disclosed in the duly certified income and expenditure account of such society.

EXEMPTION FROM STAMP DUTIES AND REGISTRATION FEES

under section 29

In exercise of the powers conferred by section 29 of the Co-operative Societies Law, the Officer Administering the Government has been pleased to exempt all instruments executed by or on behalf of a registered society or by any officer or member of a registered society relating to the business of such society from payment of stamp duties chargeable under the Stamp Duties Law and from registration fees payable under any Law relating to the registration of instruments for the time being in force.

[F. & L. 1958, VII, 131. CAP. S10]**REGULATIONS****[F. & L. 1958, VII, 131]**

under section 64

1. Citation

These regulations may be cited as the Co-operative Societies Regulations.

2. Application for Registration

(1) Every application for the registration of a society must be submitted to the Director in the approved form.

(2) Where a society or its bye-laws is declined registration, the Director must inform the applicants in writing of the reasons for the refusal.

3. Name of Society

Every society must include in its name a word or words clearly indicating the nature and situation of the society, but must not include the name of a person.

4. Compulsory Bye-Laws

- (1) A society shall make bye-laws in respect of the following matters—
- (a) name and registered address;
 - (b) the area of its operations;
 - (c) objects for which the society is established;
 - (d) purposes to which the funds may be applied, the mode of custody and investment of funds;
 - (e) qualifications for membership, the terms of admission of members, the entrance fees, if any, and the mode of election;
 - (f) nature and extent of the liability of members;
 - (g) withdrawal and expulsion of members, and the payments, if any, to be made to such members;

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- (h) transfer of shares or interest of members;
- (i) manner of raising the share capital, if any, and other funds;
- (j) general meetings, and the procedure and powers of such meetings;
- (k) appointment, suspension and removal of members of the committee and officers; the powers and duties of the committee and officers;
- (l) the authorisation of an officer to sign documents and to use the seal on behalf of the society;
- (m) in the case of a building society, the duration of the society.

(2) If the objects of the society include the creation of funds to be lent to the members, additional bye-laws will be made on the following matters—

- (a) the conditions on which loans may be made to members, including—
 - (i) the rate of interest;
 - (ii) the maximum amount which may be lent to a member;
 - (iii) the maximum period which can be granted for the repayment of a loan;
 - (iv) extension of the term and renewal of loans;
 - (v) the purposes of loans;
 - (vi) security for repayment;
- (b) the consequences of default in payment of any sum due on account of shares or loan and the consequences of failure to use a loan for the purpose for which it was granted;
- (c) disposal of the annual surplus.

5. Amendment of Bye-laws

(1) Subject to the provisions of Regulation 4, a society may make new by-laws for the conduct of its business, or may amend or cancel bye-laws already made, provided that—

- (a) due notice of any proposal to make, amend or cancel by-laws is given in accordance with the bye-laws; and

- (b) the resolution is passed—
 - (i) by not less than three-fourths (3/4) of the members present at a general meeting at which not less than one-half (1/2) of the members of the registered society are present; or
 - (ii) by the written vote of a clear majority (without a casting vote) 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 in terms of the by-laws of the society; and
- (c) no new by-law or amendment or cancellation of an existing by-law shall have any legal force till it has been registered by the director.

(2) Two (2) copies of every such amendment, signed by two (2) officers of the society, shall be submitted to the Director accompanied by—

- (a) a statement that the provisions of regulations 5(1) (a) and 5(1) (b) have been fully complied with; and
- (b) an application that the change in the bye-laws should be registered.

On approval of the amendment, the Director will register the same, retain one (1) copy and return the other to the society with a certificate that the amendment has been registered.

(3) In regulation 5(2) the term “amendment” includes a new bye-law and a resolution rescinding a by-law.

6. Admission of Members

(1) A person will not be admitted as a member of any urban credit society if that person resides outside the sphere of operations of the society as prescribed by the bye-laws, and all persons who have for one (1) year resided outside the sphere of operations of the society will cease to be members, and the managing committee will remove their names from the register.

(2) A thrift society or a building society may accept as a member any person who is not resident in Nigeria but possesses or holds immovable property within the sphere of operations of the society. Any other society must not admit or retain as “a member” a person not residing in Nigeria.

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7. Limit of Loans

The State Commissioner may by general or special order direct that any society or class of societies must not incur a liability towards non-members in excess of a sum fixed by the Director. A society must not receive or renew any loan or deposit which will make its liability to non-members exceed the limit thus laid down.

8. Issue of Bonds and Debentures

(1) A society must not issue a series of bonds or debentures without the approval of the Commissioner.

(2) Benefits, including interest, premium, prize or loan on any terms, to the purchaser or holder of any debenture, bond, certificate, deposit, receipt or other acknowledgment must not be dependent in whole or in part on any method containing an element of chance.

9. Functions of General Meetings

(1) Every society must regularly from time to time hold general meetings as provided for in the bye-laws for the disposal of necessary business including—

- (a) the fixing of a maximum liability towards non-members;
- (b) the fixing of a maximum credit which must not be exceeded by any member;
- (c) the election of officers (other than the secretary) and the members of committee;
- (d) the consideration of the audited balance sheet and the disposal of the surplus;
- (e) the consideration of the audit note and any inspection note by the Director or inspector.

(2) Subject to the Law, the regulations and the bye-laws, the general meeting will have the sole right to decide the disposal of the surplus.

(3) Questions before the general meeting will be decided, unless otherwise specifically provided, by a majority of members present, voting as required by section 34 of the Law.

(4) The Director or any authorised person at any time may summon a special general meeting of the society in such manner and at such time and place. The Director or

any authorised person may also direct what matters will be discussed by the meeting. Such meeting will have all the powers and be subject to the same rules as a meeting called according to the bye-laws of the society.

10. Period of Time for which Officers may be Appointed

(1) An officer of a society on being appointed to that office can only serve for not more than two (2) terms of one (1) year each.

[L.S.L.N. 2 OF 1987]

(2) An officer of a society must not hold office in more than one (1) secondary apex cooperative society organisation.

(3) A retiring officer after serving in office for a period of two (2) terms will not be eligible for a re-election until three (3) years following the date of the officer's retirement;

Provided that in a society formed among the members of a Military or a Police Force, the president and vice-president may be appointed *ex-officio*.

11. Representative of Affiliated Societies

Every representative of a society in a meeting of a central society to which it is affiliated will be selected from among the members of the committee of that society.

12. Certain Qualifications for Members of Committees

A member is not eligible for the committee if the member is—

- (a) under twenty-one (21) years of age; or
- (b) entrusted in his individual capacity with secretarial or managerial duties (other than the joint business of the committee), and receives pay or an honorarium on that account; or
- (c) in a credit society, and lends money on their own account; or
- (d) in a marketing society, and deals in the commodities which the society markets otherwise than through or with the society.

13. Disability of Members of Committees

A member of the committee will cease to hold office if that member—

- (a) ceases to be a shareholder; or

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- (b) is declared insolvent; or
- (c) becomes of unsound mind; or
- (d) is convicted of any offence involving dishonesty or is imprisoned for three (3) months or longer; or
- (e) is entrusted with secretarial or managerial duties (other than the joint business of the committee), and receives pay or an honorarium on that account; or in a credit society, and lends money on their account; or
- (g) in a marketing society, deals in the commodities which the society markets otherwise than through or with the society.

14. Powers of Committee

The committee will exercise all the powers of the society except those 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 by-laws.

15. Duties of Committees

The duties of the committee will include the following—

- (a) to comply with the Law and regulations made here, the bye-laws of the society;
- (b) to properly conduct the business of the society;
- (c) to maintain true and accurate accounts;
- (d) to keep a true account of the assets and liabilities;
- (e) to keep a correct register of members;
- (f) to lay before the annual general meeting a profit and loss account and a balance sheet;
- (g) to assist the inspection of the books by any person authorised to see them;
- (h) to take adequate security from officers and employees;
- (i) in a credit society, to watch that loans are applied to the approved purpose for which they are made; and
- (j) in a marketing society, to watch that the produce marketed is of a good quality and duly graded.

16. Register of Members

Every society must maintain a register of members showing—

- (a) the name, address and occupation of each member, and a statement of the shares held by the member;
- (b) the date on which each member's name was entered in the register;
- (c) the date on which any person ceased to be a member;
- (d) the nominee, if any, appointed under regulation 23.

17. Books to be Kept

(1) Registered societies must keep such accounts and books as may be required or prescribed by the Director.

(2) Failure of any society to keep such accounts and books as prescribed above will be an offence punishable by a fine not exceeding One Hundred Thousand Naira (₦100,000.00).

[L.S.L.N. 2 OF 1987.]

18. Annual Statements

(1) Every registered society must prepare yearly in such form as may be prescribed by the Director—

- (a) an account showing the income and expenditure for the year; and
- (b) a balance sheet.

(2) The account will be made up to the 31st day of December of each year or such other date as the Director may direct, and a copy of each account must be sent to the Director within such time as the Director may direct.

(3) Where a society fails to render accounts of the society within a period of Five (5) years consecutively, the Director of co-operatives will impose sanctions on the executives of the society.

(4) Where it is established that an officer in charge of the society either in the ministry or organisation is involved in the failure of the society to render an account, such an officer will be investigated and if found culpable, will face disciplinary action.

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(5) Any society which fails to prepare annual statements as prescribed in sub-regulations (1) and (2) of this regulation commits an offence and is liable on conviction to a fine not exceeding One Hundred Thousand Naira (₦100, 000.00).

[L.S.L.N. 2 OF 1987.]

19. Annual Payment Audit and Supervision Fund

(1) Every society must pay into an audit and supervision fund an annual fee of one (1%) percent of its total income for the year.

(2) The fee due under paragraph (1) must be—

- (a) paid into the fund within one (1) month after the end of the year to which it relates;
- (b) administered by the Director and shared equally between the State Ministry responsible for co-operatives and the Lagos State Co-operative Federation under the general orders of the Governor;
- (c) remitted by the Director to the Ministry and the Federation referred to in paragraph (b), respectively, within seven (7) days of receipt;
- (d) the Director will publish an annual statement on the audit and supervision fund.

20. Copies of Entries in Societies' Books

For the purpose of Section 27 of the Law a copy of 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.

21. Settlement of Disputes, Mediation, Arbitration and Enforcement

(1) When any dispute as described in section 42 (1) of the Law arises, reference may be made to the Director, either by—

- (a) the committee; or
- (b) the society by resolution in general meeting; or
- (c) by any party to the dispute; or

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(d) if the dispute concerns a sum due from a member of the committee to the society, by any member of the society.

(2) The Director may either decide the dispute personally; or

(a) appoint an arbitrator; or

(b) refer the dispute to three (3) arbitrators, one of whom must be nominated by each of the parties and the third must be nominated by the Director and must act as chairman.

(3) When a dispute is referred to three (3) arbitrators, if any party to the dispute fails to nominate an arbitrator within fifteen (15) days, the Director may make the nomination instead. If an arbitrator nominated by one of the parties dies, refuses or neglects to act, or, by absence or otherwise, becomes incapable of acting, the Director will call on the party concerned to nominate a fresh arbitrator within fifteen (15) days, and if an arbitrator is not nominated accordingly, the Director may nominate one; and if such arbitrator was nominated by the Director, the Director will nominate a fresh one in his place.

(4) A legal practitioner may not be nominated as arbitrator by any party to a dispute.

(5) In all arbitration proceedings under this rule the Director or arbitrators will have power to—

(a) administer oaths;

(b) require the attendance of the parties and witnesses;

(c) require the production of all necessary books and documents—

(i) by a summons delivered orally or sent by hand; or

(ii) by registered post; or

(iii) through the nearest court with jurisdiction in the area in which the society operates; and

(iv) will further have power to order the expenses incurred in determining the dispute to be paid either out of the funds of the society or by such party or parties to the dispute as deem fit.

(6) Persons not attending in accordance with such summons, or making any other default or refusing to give evidence or guilty of any contempt to an arbitrator during the investigation of the matter referred, will be subject by order of the Director on the

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representation of the arbitrator or arbitrators, as the case may be, to such disadvantages, penalties and punishments as they would incur for the same offences if committed in suits tried before a court.

(7) The Director or arbitrator will hear the evidence of the parties and witnesses who attend, and on that evidence and after consideration of any documentary evidence produced by either side, a decision or award will be given in accordance with justice, equity and good conscience and will be reduced to writing, announced to the parties and handed over to the successful party. When neither party is entirely successful, the award will be deposited with the director who will issue a copy of it to any party that applies for it.

(8) In the absence of any party duly summoned to attend, the dispute may be decided *ex parte*.

(9) When three (3) arbitrators are appointed, the opinion of the majority will prevail.

(10) Any party aggrieved by an award of an arbitrator may appeal to the Commissioner in person or by agent within one (1) month of the date of the award.

(11) If within one (1) month, an appeal has not been made in respect of an arbitrator's award or a decision of the Director originally or on appeal, the parties to the dispute, will not be liable to be called in question in any court, and the award or decision will be in all respects final and binding on the said parties to the dispute.

(12) Where the dispute is between a society registered in Lagos State and a society or societies registered in another State or States, it may be referred for decision to the Director of any of the States concerned, who will notify the Director or Directors of the other State or States concerned, and subsequently the functions conferred by the preceding paragraphs of this regulation on a Director will be exercised jointly by the Directors of the States concerned.

(13) In the alternative, the parties may elect to refer the dispute to arbitration under the provisions of the Lagos State Arbitration Law.

22. Termination of Membership

- (1) A member of a registered society—
 - (a) may withdraw from the society after such notice and on such conditions as are prescribed in the by-laws;
 - (b) will be removed by the committee if the member ceases to be qualified under the by-laws, ;

- (c) may be removed or expelled from the society for such cause only as may be prescribed in the by-laws;
- (d) will, on withdrawing or being removed or expelled from the society, be entitled to repayment without interest of any money (not exceeding the face value of the member's shares) paid by the member's predecessor in interest towards the purchase of shares, after the period prescribed in the by-laws; provided that repayment on account of shares will not be made to any member or past member if after subtraction of the reserve fund and any other undistributed surplus of the society a net loss appears in the audited balance sheet.

23. Nominees

(1) Every member of a society may nominate a person or persons to whom the share or interest referred to in section 37 of the Law will on his death be transferred or the sum specified will be paid, and may revoke or modify such nomination.

(2) However, a member may not nominate more than one (1) person in societies with share capital, unless the member holds more than one (1) share, and in any case, unless the amount to be paid to such nominee, whether by way of whole shares or by fixed proportion of the amount available for transfer, as the case may be, is duly specified when the nominee is appointed.

(3) The nomination and any change must be recorded in the register of members and attested by the thumb mark or signature of the member.

(4) The value of the share or interest will be represented by the sum actually paid by the member to acquire such share or interest unless the by-laws provide for calculation otherwise, provided that no repayment will be made if the balance sheet of the society shows a net loss.

(5) A receipt signed by a minor or guardian of a minor for money paid under this regulation will be a sufficient discharge of the money paid.

24. Pledging of Shares

The shares of a society may not be pledged to the society by any of its members as security for a loan.

25. Maximum Rate of Interest on Deposits

Interest payable on deposits made by members or non-members will in no case exceed nine *per cent per annum* and will not exceed three-fourths (3/4) of the rate of interest charged by the society on loans to members.

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26. Reserve Fund

The reserve fund of a society will be invested or deposited as provided in Section 22 of the Law, and will not be utilised in the business of the society except with the written permission of the director.

27. Reserve Fund Indivisible

The reserve fund will be indivisible and no member will be entitled to claim a specified share in it.

28. Disposal of Reserve Fund on Dissolution

(1) On the dissolution of a society, the reserve fund will be applied to discharging the liabilities of the society and to the repayment of the share capital.

(2) Any sum that thereafter remains may be applied to such object of local or public utility or tending to promote the co-operative movement as may be selected by a general meeting and approved by the Director.

(3) If within three (3) months of the closing of the accounts of the liquidator, the society fails to select an object that is approved by the Director, the reserve fund will be treated as unclaimed money.

29. Dividends and Payments on Account of Profits

(1) A dividend or payment on account of profits must not be made by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one-tenth (1/10) of the society's total liabilities.

(2) A society must not pay a dividend if the rate of interest on loans granted by it to its members exceeds twelve and a half (12.5%) percent per annum, if payable annually, or, one (1) kobo in the Naira *per mensem* if payable at intervals of less than one (1) year.

(3) A society must not pay a dividend at a rate in excess of ten (10%) percent *per annum*.

(4) A part of the funds of a society will be divided as bonus or dividend or otherwise among members until the entire expenditure incurred by the society during the year has been debited in the annual profit and loss account and the net surplus calculated.

(5) A dividend must be paid by any society while any claim due from the society to a depositor or lender remains unsatisfied.

30. Inspection of Records and Fees.

(1) Any member of the public will be permitted, on payment of One Thousand Naira (₦1000.00) for each occasion of inspecting, to inspect in the office of the Director for any lawful purpose the following documents—

- (a) for a registration certificate, Two Thousand Naira (₦2,000.00); and
- (b) in case of other documents, a sum calculated at the rate of One Thousand Naira (₦1,000.00) for each Hundred words of the copy or extract
- (c) the registered by-laws of a society and amendments effected in such bylaws;
- (d) an order cancelling the registration of a society;
- (e) the annual statements of a society.

(2) The fees prescribed for certified copies of any public documents, which any person has under this regulation a right to inspect, are as follows—

- (a) for a registration certificate, One thousand Naira (₦1,000.00); and
- (b) in case of other documents, a sum calculated at the rate of Two Hundred Naira (₦200.00) for each Hundred (100) words of the copy or extract.

COOPERATIVE SOCIETIES LAW

(CAP. C15, LAWS OF LAGOS STATE OF NIGERIA, 2003)

**CO-OPERATIVE SOCIETIES AUDIT AND SUPERVISION
FEES (REVOCATION), ORDER, 2014**

In exercise of the powers vested on me under regulation 19 of the Cooperative Societies Regulations and all other powers enabling me in that behalf I, Governor of Lagos State hereby make the following Order:

1. Citation

This Order may be cited as the Co-Operative Societies Audit and Supervision Fees (Revocation), Order, 2014.

2. Revocation Co-operative Societies Audit and Supervision Fees Order

The Co-operative Societies Audit and Supervision Fees Order is hereby revoked.