

Letterhead

IN THE MATTER OF THE CANCELLATION
OF _____

x-----x

ORDER OF CANCELLATION

WHEREAS, the _____, with official address at _____ is a registered cooperative organization pursuant to the provision of RA 6938 under Certificate of Registration / Confirmation No. _____ dated _____;

WHEREAS, pursuant to the provision of Article 144 of RA 9520, all cooperatives are required to register and secure a new Certificate of Registration within one (1) year from the effectivity of said law;

WHEREAS, after the lapse of the prescribed one (1) year period , which ended on March 22, 2010, for cooperatives to register under the new law, the subject cooperative failed to comply accordingly;

WHEREAS, for failure to secure a new Certificate of Registration pursuant to RA 9520, such cooperative was deemed cancelled;

NOW THEREFORE, by virtue of the powers and duties vested in me by law, I hereby order the cancellation of the Certificate of Registration of the _____ under Certificate of Registration/ Confirmation No. _____ dated _____.

SO ORDERED.

By the Authority:

REGIONAL DIRECTOR


Section 14. Remedy of Failure to Undertake Liquidation. In case of failure of the cancelled cooperative to comply with the preceding paragraphs, the members and other parties in interest may, to recover their interest in the said cancelled cooperative, file either civil or criminal action against the officers of the cooperative prior to its cancellation before the appropriate courts of justice.

Section 15. Posting. The Authority through its Extension Offices shall cause the posting of the list of cancelled and delisted cooperatives after compliance under these Guidelines in each province, city and municipality covered by their respective jurisdictions.

Section 16. Effectivity. These Guidelines shall take effect fifteen (15) days after its publication with the ONAR or Official Gazette or in a newspaper of general circulation.

APPROVED: Per Board of Administrators Resolution No. 1003-2012 dated 4-18-12.

For the Board of Administrators:


EMMANUEL M. SANTIAGUEL, Ph.D.
Chairman W

April 23, 2012

Section 8. Payment of Creditors. *Payment of creditors shall be in accordance with the contract upon which it is based and the provisions of the New Civil Code on the Preference and Concurrence of Credits.*

Section 9. Statutory Funds. *All the statutory and other funds established by the cancelled cooperative shall be disposed of in accordance with the provision of Article 86 of the Cooperative Code.*

Section 10. Treatment of Donated Capital. *All subsidies, donations, legacies, grants, aids and such other assistance from any local or foreign institutions whether public or private shall be subject to escheat.*

Section 11. Distribution of Assets. *Subject to the preceding sections, any assets remaining after the payment of the cancelled cooperative's obligations to its creditors shall be distributed by the Panel of Liquidators to the members in payment of their respective share capital. If the remaining asset is not sufficient to pay the full share capital contribution of the members, the distribution shall be done in proportion to their share capital.*

Section 12. Undistributed Assets. *The assets distributable to creditor or member whose whereabouts is unknown or cannot be found shall be given to the federation/union to which the cancelled cooperative is affiliated with, for cooperative development or in the absence thereof to the Local Government Unit (LGU) of their choice.*

In case of non-affiliation, the undistributed assets shall be given to the community where the cancelled cooperative operated.

Section 13. Submission of the Panel of Liquidator's Final Report. *The Panel of Liquidators of the cancelled cooperative shall submit a final report to the members of the cancelled cooperative and to the Authority, Federation, or Union, to which the cancelled cooperative is affiliated with, the Authority, the Local Development Councils, Local Government Unit (LGU) Chief Executive where the cooperative is located, containing the following matters:*

1. *Assets sold;*
2. *Assets written off as worthless;*
3. *Assets donated;*
4. *Expenses of Liquidation;*
5. *Payment of liabilities;*
6. *Settlement of reserves;*
7. *Refund of share capital contribution and all other interests to members;*
and
8. *Other important matters.*

circulation once a week for three (3) consecutive weeks. Said publication/posting may also be supplemented by radio and television announcements or any other electronic means of communication. For purposes of this circular, the aforesaid posting or publication constitutes a formal notice to the said cooperative.

After the lapse of thirty (30) days from receipt of said means of formal notice, the Authority shall issue the required Order of Cancellation.

Section 5. *Obligation to Undertake Liquidation Process.* *Within thirty (30) days from receipt of the Order of Cancellation, the cancelled cooperative shall liquidate its assets and liabilities, following/adopting the liquidation procedures, prescribed hereunder:*

- 1. Constitution of Panel of Liquidators from among the previous officers and members of the cancelled cooperative.*
- 2. Inventory of assets and liabilities of the cancelled cooperative.*
- 3. Payment of creditors in accordance with the provision of the New Civil Code on the Preference and Concurrence of credits.*
- 4. Transfer of the statutory funds to the intended beneficiaries.*
- 5. Distribution of the remaining assets.*
- 6. Submission of final report by the Panel of Liquidators to the Authority.*

Section 6. *Panel of Liquidators.* *The panel of Liquidators shall come from the former officers and/or members of the cooperative which shall not be less than three (3) but not more than five (5) members.*

The Panel of Liquidators shall be allowed to receive a reasonable honorarium to be paid out of the funds of the cooperative.

Section 7. *Functions of the Panel of Liquidators.* *The Panel of Liquidators shall:*

- 1. Notify the Authority formally of its assumption to office and commencement of the liquidation proceeding;*
- 2. Make an inventory of all assets and determine the liabilities including share capital holdings;*
- 3. Preserve the existing assets of the cancelled cooperative;*
- 4. Convert all assets of the cancelled cooperative into cash;*
- 5. Pay the outstanding obligations including any and all valid claims against the cancelled cooperative;*
- 6. Distribute remaining assets pursuant to the provisions of these guidelines;
and*
- 7. Make a final report on the liquidation and submit the same to the Authority.*



Memorandum Circular No. 2012-06
Series of 2012

TO : ALL CONCERNED

SUBJECT: REINSTATEMENT (with a piecemeal modification) of scrapped Memorandum Circular No. 2010- 08 re *Guidelines on the Cancellation of Cooperatives pursuant to Article 144 of REPUBLIC ACT NO. 9520 and Prescribing the Procedures for their Liquidation*

Said MC No. 2010- 08 is hereby reproduced, changing only the full text of Section 4 thereof. As such, the *Guidelines on the Cancellation of Cooperatives pursuant to Article 144 of Republic Act No. 9520 and Prescribing the Procedures for their Liquidation*, is read as follows:

Section 1. Legal Basis. *The legal basis for this is Paragraph 1 , Article 144 of RA 9520 which states: “(1) All cooperatives registered and confirmed with the Authority under Republic Act No. 6938 and Republic Act No. 6939, are hereby deemed registered under this Code, and a new Certificate of Registration shall be issued by the Authority: Provided, That such cooperatives shall submit to the nearest office of the Authority a copy of their certificate of registration or certificate of confirmation, the Articles of Cooperation , their by-laws and their latest audited financial statements within one (1) year from the effectivity of this Code, otherwise they shall be deemed cancelled motu proprio, ” as implemented by CDA MC No. 2009-02, Series of 2009.*

Section 2. Coverage. *These Guidelines shall cover all existing cooperatives previously registered and confirmed with the Authority under RA 6938 and RA 6939, that failed to comply with the requirements under Article 144 of RA 9520 as implemented by CDA MC No. 2009-02, Series of 2009.*

Section 3. Jurisdiction. *The Extension Office of the Authority shall have primary jurisdiction over cooperatives within its region except in those instances in which the CDA Central Office has primary jurisdiction , i.e. tertiary cooperatives, cooperative banks, electric cooperatives and insurance cooperatives.*

Section 4. Cancellation Process. *The cancellation of the Certificate of Registration of the Cooperatives pursuant to Article 144 of RA 9520 and CDA MC. No. 2009-02 , Series of 2009 shall commence by posting of the Authority in at least three (3) conspicuous places such as but not limited to barangay, municipal/city, provincial halls, and public market, in the cooperative’s respective area of operation; OR publication in a newspaper of general*