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# COOPERATIVE DEVELOPMENT AUTHORITY

## OMNIBUS RULES OF PROCEDURE

### RULE I

#### GENERAL PROVISIONS

##### ARTICLE I

###### TITLE

These Rules shall be known as the “***Cooperative Development Authority Omnibus Rules of Procedure.***”

##### ARTICLE II

###### DEFINITION OF TERMS

For purposes of these Rules, the following terms are defined as follows:

- a. ***Accreditation of Voluntary Arbitrators*** – shall refer to a process whereby the qualifications and capabilities of Voluntary Arbitrators are evaluated in accordance with these guidelines, standards, and procedures set forth by the Authority and be included in the list of the CDA-qualified Voluntary Arbitrators whose services can be engaged in the settlement of cooperative disputes through voluntary arbitration.
- b. ***Accredited Voluntary Arbitrator/s (AVA)*** – shall refer to any CDA-accredited employee of the Authority or any private individual chosen by the parties to hear, decide, and render an award in a dispute and listed in the CDA’s Pool of Arbitrators.
- c. ***Alternative Modes of Hearing*** – modes of hearing other than personal/face-to-face, such as through videoconferencing or blended and other modes approved by the Authority.
- d. ***Amicable Settlement*** – is a consensual agreement reached by the parties during the Dialogue, signed by them, and attested by the facilitator.
- e. ***Complaint*** – is a verified statement alleging commission or omission of laws, rules, and regulations being implemented by the Authority. In dialogue, a concise statement of ultimate facts constituting the party’s cause of action is sufficient.
- f. ***Complainant*** – refers to any member or officer of a cooperative who has personal knowledge of the acts or omissions being complained of.
- g. ***Certificate of Non-Settlement*** – is a document issued by the Conciliation-Mediation Committee in case of failed or refused Conciliation-Mediation.
- h. ***Conciliation*** – is a process whereby a neutral third party takes a vigorous and active role in assisting disputants to formulate solutions to reach an amicable settlement.

- i. **Conciliated-Mediated Settlement Agreement** – is a written agreement following successful conciliation-mediation proceedings, prepared and duly signed by the parties, with the assistance of the Conciliator-Mediator.
- j. **Conciliator-Mediator** – refers to a qualified individual who provides conciliation-mediation services.
- k. **Conflict Coaching** – is a stage in the conciliation-mediation process, the objective of which is to clarify the issues and interests of each party.
- l. **Delisting** – is the act of striking out or deleting the registered cooperative name from the Registry of Existing Cooperatives after its Certificate of Registration has been ordered canceled.
- m. **Dialogue** – is a process where the CDA Dialogue Facilitator forges the power to recommend and assist the parties to isolate issues and options to reach an amicable settlement by consensus that jointly satisfies the parties.
- n. **Dissolution** – refers to the termination of the juridical personality of the cooperative through its initiative, appropriate judicial proceedings, or an order of the Authority.
- o. **Election Contest** – is a special proceeding regarding any controversy or dispute arising from the conduct of an election, whether in a general or special assembly meeting, involving a title or claim to any elective office in a cooperative, the manner and validity of elections, the qualifications of candidates, including the proclamation of winners and assumption to the office of the members of the board directors, or other officers directly elected by the members of a cooperative where the Articles of Cooperation and Bylaws (ACBL) so provide.
- p. **Election-related complaints** – Controversies in the election including the appointment of directors, officers, and committee members created by law or the ACBL.
- q. **Investigation or Inquiry** – refers to a fact-finding inquiry or ascertainment of facts to determine whether or not the allegations in the complaint or recommendation in the examination report, the request, or referral of any government agency may be subject to the imposition of appropriate sanctions as provided in these Rules.
- r. **Investigator** – refers to the CDA technical personnel duly authorized to conduct an investigation or inquiry whether solely or as a team.
- s. **Mediation** – is a process whereby the neutral third party facilitates the negotiation between disputing parties to reach a voluntary and mutually satisfactory outcome.
- t. **Officer of the Cooperative** – refers to a natural person holding a position as identified by Article 5 (11) of RA 9520 or the Bylaws of a cooperative.

- u. **Party in interest** – is any member, officer, committee, or cooperative who stands to be benefited or injured by the settlement agreement.
- v. **Party Representative/s** – the person/s appointed by the complainant or respondent to represent them and sign the amicable settlement on their behalf. If the complainant or respondent is an individual, the appointment must be made through a Special Power of Attorney. If the complainant or respondent is the cooperative through its officers, the appointment must be made through a Secretary Certificate.
- w. **Pool of Arbitrators** – shall refer to the group of Arbitrators accredited by the CDA.
- x. **Pool of Conciliator-Mediators** – refers to a group of Conciliator-Mediators accredited by the CDA.
- y. **Quasi-judicial power** – refers to the action, discretion, etc. of public administrative offices or bodies required to investigate facts or ascertain the existence of facts, hold hearings, and draw conclusions from them as a basis for their official action and exercise discretion of judicial nature.
- z. **Remote hearing** – shall refer to a hearing wherein parties, situated separately, are attending a virtual courtroom by using computer networks to transmit audio and video data.
- aa. **Refused Conciliation-Mediation** – refers to a situation when one or both parties refused to submit to the conciliation-mediation process, or failed to appear despite notice.
- bb. **Voluntary Arbitration** – shall refer to a dispute resolution process wherein any intra/inter cooperative disputes is settled by a voluntary arbitrator/s chosen by the disputing parties from a list of qualified and accredited arbitrators, who shall decide on the merits of the case by rendering an award.

### **ARTICLE III EXCLUSIONS**

Disputes arising from employer-employee relationships which shall be covered by the Labor Code, those involving civil and/or criminal liabilities, and other matters which by law cannot be subject to a compromise, and those which are under the exclusive jurisdiction of other agencies.

### **ARTICLE IV ONLINE PROCEEDINGS**

The Authority, through the Regional Director or the Administrator, may motu proprio or the party/ies through a motion, submit a case for the conduct of proceedings through electronic means.

The party/ies must expressly indicate in the complaint, motion, or pleading of the intention to avail said electronic proceedings.

The Regional Director or Administrator may approve or deny the motion within a reasonable period.

## **ARTICLE V CONSTRUCTION AND APPLICATION**

These Rules shall be liberally construed in order to promote the objective of securing a just, speedy, and inexpensive disposition of actions/proceedings brought before the Authority. For the purpose of these Rules:

- a. Any term in the singular includes the plural, and any term in the plural includes the singular if such use would be appropriate;
- b. Any use of the masculine, feminine, or neutral gender encompasses such other gender as would be appropriate;
- c. Specific rules shall prevail over rules of general applicability; and
- d. Days mean calendar days unless otherwise specified.

## **ARTICLE VI SUPPLEMENTARY APPLICATION OF THE RULES OF COURT**

The Rules of Court, insofar as they may be applicable and are not inconsistent with these Rules, are hereby adopted to form an integral part hereof.





**RULE II**  
**CONCILIATION-MEDIATION PROCEEDINGS**

**ARTICLE I**  
**LEGAL BASES**

“Section 4 of RA No. 11364 on Powers, Functions, and Responsibilities of the Cooperative Development Authority”

“Article 137 of Republic Act No. 9520, otherwise known as the Philippine Cooperative Code of 2008 and reinforced by Republic Act 9285, known as the Alternative Dispute Resolution Act of 2004”.

**ARTICLE II**  
**COMPOSITION, QUALIFICATIONS, TERM OF SERVICE, AND FUNCTIONS OF THE  
CONCILIATION-MEDIATION COMMITTEE**

1. **Composition.** The Committee shall be composed of at least three (3) members, who are elected by the general assembly in accordance with the cooperative’s bylaws. The committee shall elect from among themselves the Chairman, Vice-Chairman, and Secretary.
2. **Functions.** The Mediation and Conciliation Committee shall:
  - a. Accept and file Evaluation Reports;
  - b. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
  - c. Issue the Certificate of Non-Settlement (CNS);
  - d. Monitor Conciliation-Mediation program and processes;
  - e. Provide Conciliation-Mediation services during their term provided that the member/s of the committee are mutually selected by both parties;
  - f. Serve as mediator or conciliator on intra-cooperative disputes, provided the member/s of the committee are mutually selected by both parties. If no member of the committee is mutually selected by the parties, the mediator or conciliator will be selected by drawing lots;
  - g. Submit recommendations for improvement to the Board of Directors;
  - h. Recommend to the Board of Directors any member of the cooperative for Conciliation-Mediation Training as Cooperative Conciliator-Mediator;
  - i. Submit semi-annual reports of cooperative cases to the Authority within fifteen (15) days after the end of every semester; and



- j. Perform such other functions as may be prescribed in the bylaws or authorized by the General/Representative Assembly;
3. **Qualifications.** Any member in good standing who has all the qualifications and none of the disqualifications provided in the bylaws and pertinent issuances of the Authority is qualified to become a member of the Committee.
4. **Term of Service.** Members of the Committee may serve for one (1) year or as may be provided by the cooperative bylaws. In case of vacancy, the Board of Directors shall fill the vacancy by appointing a qualified member or as may be provided by the cooperative bylaws.

### **ARTICLE III FILING OF THE COMPLAINT**

Any party in interest shall file his/her/its complaint with the conciliation/mediation committee. Parties to the dispute who are bound within the jurisdiction of the mediation and conciliation committee are not allowed to institute cases relative to or in connection with the same to other government agencies or venues.

If the dispute pertains to an officer/member being disciplined for alleged misconduct, the conciliation/mediation will be done after the disciplinary hearing before the ethics committee, Board of Directors, and General Assembly as the case may be.

### **ARTICLE IV CONTENTS OF THE COMPLAINT**

The complaint shall be in writing. It shall contain the name/s, position/s in the cooperative, and address/es of the parties including a narration of facts and a statement of issues.

### **ARTICLE V PRELIMINARY CONFERENCE**

The primary purpose of the preliminary conference is to confirm the parties' interest to enter into conciliation-mediation and to choose the conciliator-mediator. A Notice of Conference, which states the venue, time, and date of the conference, shall be in writing and signed by the Secretary of the committee.

If one or all parties does/do not appear at the scheduled conference, the committee shall send another Notice for the next scheduled conference.

Failure to appear, without valid cause, shall be construed as Refused Conciliation-Mediation.

## **ARTICLE VI SELECTION AND REPLACEMENT OF THE CONCILIATOR-MEDIATOR**

1. The Conciliator- Mediator shall be mutually selected by the disputants from the Pool of Accredited Mediators, preferably from the cooperative and within the area.
2. Conciliator-Mediator, who is not among the Pool of Accredited Conciliator/Mediators, may provide Conciliation-Mediation service provided it is chosen with the mutual consent of the parties.
3. Member/s of the Conciliation-Mediation committee may provide conciliation-mediation services during their term provided mutually selected by both parties.
4. The parties have the option to request a replacement of the Conciliator-Mediator at any time during the conciliation-mediation proceedings due to loss of confidence and partiality.

## **ARTICLE VII APPLICATION FOR CONCILIATOR-MEDIATOR**

Any individual may apply to be an Accredited Conciliator-Mediator. The accreditation process of the CDA shall include compliance with training requirements and successful completion of evaluation instruments and standards.

## **ARTICLE VIII ORDER OF CONCILIATION-MEDIATION PROCEEDINGS**

- a. **Filing of Complaint.** For primary cooperatives or union/federation level, any party in interest shall file a complaint before the conciliation/mediation committee.
- b. **Issuance of Notice of Preliminary Conference.** The conciliation/mediation committee shall issue a Notice of Preliminary Conference to the parties.

For cases elevated from primary cooperative to union/federation level, the party in interest shall no longer file another complaint. Instead, the conciliation/mediation committee shall, upon request of the party in interest, forward the records of the case together with the Certificate of Non-Settlement to the union/federation.

In case the conciliation/mediation committee fails or refuses to issue a Certificate of Non-Settlement within the period specified in par. (j) hereof, the party in interest shall submit an Affidavit stating such fact in lieu of the Certificate. The committee members may be subjected to contempt proceedings for refusal to mediate the dispute and/or issue a certificate of non-settlement.

- c. **Conduct of Preliminary Conference by the Conciliation/Mediation Committee.** During the preliminary conference, the committee shall encourage

the parties to conciliate-mediate. The mediation-conciliation committee member can opt in their rules of procedure to have the session/s be done as facilitated by one mediator or all three committee members facilitating the same.

- d. **Selection of Conciliator-Mediator.** If both agree, the committee shall furnish them with a list of CDA Accredited Conciliator-Mediators from which they may select one (1) or three (3) from among them. The name common to their list shall be the Conciliator-Mediator. Upon selection, the committee shall immediately endorse the complaint to the Conciliator-Mediator.
- e. **Notice to the Parties for Conciliation-Mediation.** The Conciliator-Mediator shall notify the parties of the scheduled Conciliation-Mediation Conference.
- f. **Conduct of the Conflict Coaching Session.** The Conciliator-Mediator may initially meet with the disputants separately in a conflict coaching session to clarify their respective issues and interests. The Conciliator-Mediator then proceeds to clarify the issues, help them generate options, and agree on the options that best meet their needs and interests.
- g. **Signing of the Settlement Agreement.** Should the Conciliation-Mediation be successful, the Conciliator-Mediator shall prepare a written agreement for the parties' approval and signature. Each shall be provided a copy of the agreement.
- h. **Accomplishment of the Evaluation Forms.** The Conciliator-Mediator shall require the parties to fill out an Evaluation Form for feedback on the effectiveness and quality of the conciliation-mediation process. The accomplished forms shall be forwarded to the Conciliation-Mediation Committee for filing and monitoring.
- i. **Submission of the Signed Agreement.** The signed written agreement may be deposited at the option of the parties with the Regional Trial Court where one of the parties resides.
- j. **Issuance of Certificate of Non-Settlement.** If the conciliation/mediation is not successful before the primary cooperative or union/federation level, the conciliation/mediation committee shall issue a Certificate of Non-Settlement signed by the conciliator-mediator within five (5) calendar days from termination of conference/failure to appear during the preliminary conference despite due or written notice of parties' non-interest in conciliation-mediation.
- k. No transcripts, minutes, or any record of the Conciliation-Mediation proceedings shall be taken. Any personal notes taken by the Conciliator-Mediator on the proceedings shall be destroyed after the termination of the proceedings. Such transcripts, minutes, or notes shall be inadmissible as evidence in other proceedings.

**ARTICLE IX**  
**NATURE OF CONCILIATION/MEDIATION PROCEEDINGS**

The proceedings and all incidents thereto shall be kept strictly confidential unless otherwise specifically provided by law. All admissions or statements made therein shall be inadmissible for any purpose in any proceeding nor divulged to any other third person. The parties including the mediator/s shall strictly comply with Chapter III of EO 98 (IRR of RA 9285) in the conduct of mediation and conciliation activities.

Any communication made by one disputant to the Conciliator-Mediator, either during conflict coaching or at any time during the Conciliation-Mediation proceedings, which is not intended to be known by the other party or by anyone shall not be divulged. Documents, reports, position papers, and affidavits submitted by one disputant must not be shown to the other without the consent of the former.

Both parties shall not rely on or introduce as evidence in any other proceeding the following:

- a. Views expressed or suggestions made by the other disputant in respect of a possible settlement of the dispute;
- b. Admissions made by either disputant in the course of the proceedings;
- c. Proposals made by the Conciliator-Mediator;
- d. The fact that the other disputant had indicated his willingness to accept the proposal for settlement; and
- e. The Rules of Evidence shall not apply to the proceedings.

**ARTICLE X**  
**DURATION OF THE CONCILIATION-MEDIATION PROCEEDINGS**

The conciliation-mediation proceedings must be completed within thirty (30) days from the start of the conflict coaching.

**ARTICLE XI**  
**FAILURE OF CONCILIATION AND MEDIATION PROCEEDINGS**

The conciliation-mediation proceedings shall be declared as failed under the following circumstances:

- a. When no settlement is reached by the parties after thirty (30) calendar days from the start of the conflict coaching.
- b. When any or both of the parties or the conciliator-mediator decide to terminate the proceedings if, in his/her judgment, further efforts at conciliation-mediation are unlikely to lead to a resolution of the dispute.

**ARTICLE XII**  
**EXECUTION OR ENFORCEMENT OF 'CONCILIATED-MEDIATED AGREEMENT BY CDA'**

Execution or enforcement of the settlement agreement can be done through the Regional Trial Court when either party deposits a copy of said settlement agreement to said court pursuant to the Special Rules on Alternative Dispute Resolution issued by the Supreme Court (Administrative Matter No. 19-10-20-SC or the 2020 Guidelines for the Conduct of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR) in Civil Cases and Article 17 of RA 9285.

**ARTICLE XIII**  
**MONITORING**

All conciliation/mediation committees of every cooperative shall submit a semi-annual written report to the Authority on the status of conciliation/mediation within fifteen (15) days after the end of every semester. This report shall cover information regarding common issues of disputes, the monthly account of complaints received, the number of conciliated/mediated cases, and the report of outcomes.

**ARTICLE XIV**  
**CODE OF ETHICAL STANDARDS**

The Conciliation-Mediation Committee and Conciliator-Mediators shall be guided in professional conciliation-mediation practice by a Code of Ethical Standards of Practice prescribed by the CDA.

**ARTICLE XV**  
**ADVOCACY**

The Cooperative shall undertake the following advocacy measures:

- a. A report on the status of the Conciliation-Mediation Program in its General Assembly meetings.
- b. An Article or Articles on the availability, benefits, status, and advantages of Conciliation-Mediation in its newsletters and other modes of communication to the general membership.









**RULE III**  
**CONDUCT OF DIALOGUE**

**ARTICLE I**  
**LEGAL BASES**

*Section 4 (u) of RA 11364*

(u) Adopt and implement a dispute resolution mechanism that will settle conflicts between and among members, officers, and directors of cooperatives, and between and among cooperatives in accordance with Article 137 of Republic Act No. 9520, which amended Republic Act No. 6938, and Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004". However, in case of election-related issues, the aggrieved party may elevate the case for adjudication to the Authority without undergoing alternative dispute resolution;

*Article 137 of RA 9520*

“ART. 137. Settlement of Disputes, Conciliation, and Mediation Proceedings. Disputes among members, officers, directors, and committee members, and intra-cooperative, inter-cooperative, intra-federation, or inter-federation disputes shall, as far as practicable, be settled amicably under the conciliation or mediation mechanisms embodied in the bylaws of cooperatives and such other applicable laws.

x                      x                      x

**ARTICLE II**  
**JURISDICTION**

Once the parties enter into a dialogue, the CDA acquires exclusive jurisdiction over the case to the exclusion of other quasi-judicial entities, government instrumentalities, and local government units, among others.

**ARTICLE III**  
**NATURE OF DIALOGUE**

CDA Dialogue is an informal, non-litigious/non-adversarial, inexpensive, and expeditious settlement of a dispute or conflict. The parties are allowed to fully ventilate their respective positions without regard to extreme legal technicalities and with a broader latitude of possible approaches to resolving the problem.

## **ARTICLE IV COVERAGE**

Any intra/inter-cooperative dispute or conflict between and among members, officers, and directors of cooperatives, and between and among cooperatives may seek the assistance of the Authority for the conduct of a Dialogue. Depending on the nature of the problem, a request may be filed in the form of a complaint or consultation.

## **ARTICLE V EXCEPTIONS**

The following issues cannot be submitted for Dialogue:

- a. Where one party is the government or any subdivision or instrumentality thereof;
- b. Criminal Cases;
- c. Breach of Contracts;
- d. Issues concerning employer-employee relationship;
- e. Agrarian Reform;
- f. If the issue is pending in court or other quasi-judicial bodies; and
- g. Such other issues may be determined by the Authority.

## **ARTICLE VI PARTIES AND VENUE**

Any party/parties to an intra/inter cooperative dispute or conflict may file an informal or formal request for the conduct of dialogue, complaint, or consultation at the CDA Head Office, at the Regional Office where the cooperative is registered, or at the initiative of the Authority, issue an invitation to the parties for the conduct of a dialogue.

Only the complainant/respondent indicated in the invitation may attend the dialogue.

Lawyers are not allowed to represent the party/parties in the dialogue.

## **ARTICLE VII WHEN CAN DIALOGUE BE CONDUCTED**

The conduct of a Dialogue is optional before the filing of the verified complaint for Adjudication to the Authority or before its submission for Voluntary Arbitration by the parties or through the initiative of the Authority.

## **ARTICLE VIII REQUEST FOR DIALOGUE**

When the conduct of the dialogue is initiated by a party other than the Authority, the requesting party must fill out the "Dialogue Request Form" provided for in the Head Office or the Regional Office as the case may be. The requesting party must attach to the form a complaint or consultation request.

In case of a request filed before the Head Office, the same may be endorsed to the Regional Office concerned with the said request.

## **ARTICLE IX DOCKET ASSIGNMENT OF NUMBER AND CASE NAME**

Upon receipt of the dialogue request form, the Extension Office or the Head Office, as the case may be, shall docket the same and assign a number. The numbering shall be consecutive according to the date it was received, must bear the year, and the format shall be as follows:

DIA - CASE NUMBER - YEAR IT WAS FILED - REGION WHERE THE  
COOPERATIVE IS LOCATED – CASE NAME

e.g. DIA-001-2022-R1- Case Name

- |         |   |   |
|---------|---|---|
| 1. HO   | – | Legal Division, Head Office                             |
| 2. R1   | – | Region 1 Extension Office                               |
| 3. R2   | – | Region 2 Extension Office                               |
| 4. CAR  | – | Cordillera Administrative Region (CAR) Extension Office |
| 5. R3   | – | Region 3 Extension Office                               |
| 6. NCR  | – | National Capital Region (NCR) Extension Office          |
| 7. R4-A | – | Region 4-A Extension Office                             |
| 8. R4-B | – | Region 4-B Extension Office                             |
| 9. R5   | – | Region 5 Extension Office                               |
| 10. R6  | – | Region 6 Extension Office                               |
| 11. R7  | – | Region 7 Extension Office                               |
| 12. R8  | – | Region 8 Extension Office                               |
| 13. R9  | – | Region 9 Extension Office                               |
| 14. R10 | – | Region 10 Extension Office                              |
| 15. R11 | – | Region 11 Extension Office                              |
| 16. R12 | – | Region 12 Extension Office                              |
| 17. R13 | – | Region 13 Extension Office                              |

## **ARTICLE X CONTENTS OF THE COMPLAINT**

The complaint shall contain the following:

- a. The names and addresses of the complainant/s and respondent/s;
- b. A brief description of the facts, issues of the complaint, and supporting documents; and
- c. The relief prayed for.

## **ARTICLE XI MODE OF CONDUCTING DIALOGUE**

Upon the determination of the Facilitator, the dialogue may be conducted in person, by audio conferencing, electronic communication, teleconferencing, or by video conferencing. The mode for conducting the dialogue must be included in the invitation communicated to the parties.

## **ARTICLE XII PROCEDURE BEFORE THE AUTHORITY**

Upon receipt of the request for consultation or complaint the following steps shall be undertaken:

1. The Authority shall issue an invitation to all parties concerned indicating the time, date, venue or mode, and the name of the facilitator of the Dialogue;
2. The parties should appear during the scheduled dialogue;
3. The CDA facilitator, who is the presiding officer, must explain the process, rules, and objectives of the Dialogue;
4. The facilitator may set another dialogue, if necessary, to resolve the dispute and to give the parties more time to consider the propositions during the dialogue;
5. The secretariat shall prepare the amicable settlement entered by the parties which must be in writing and in a language or dialect known to parties and attested by the CDA Dialogue Facilitator; and
6. After 15 days, the settlement will be final and executory and has the force and effect of a decision of a court.

**ARTICLE XIII**  
**PARLIAMENTARY NORM OF CONDUCT DURING CDA DIALOGUE**

1. Parties must be on time;
2. Parties must concentrate on the merits and focus on the issue;
3. Party Representatives must make sure they are duly authorized to speak and decide on behalf of the principal;
4. Parties must listen actively, and be open to options and suggestions;
5. Parties must not negotiate with inflexible positions; and
6. Parties must be cordial in language and respect each other's opinions.

**ARTICLE XIV**  
**CDA DIALOGUE FACILITATOR**

Any of the following CDA Officers and Personnel can facilitate the Dialogue:

- a. Assigned Cluster Head
- b. Deputy Administrator for Legal Affairs Service or as he/she may delegate to personnel, provided that such person has no conflict of interest with the issue at hand
- c. At its discretion, the Board of Directors and the Administrator may facilitate the conduct of the dialogue

For Request filed before the Regional Office, the Regional Director, or as he/she may delegate to personnel, may facilitate dialogue provided that such person has no conflict of interest with the issue at hand.

**ARTICLE XV**  
**APPOINTMENT OF CDA FACILITATOR AND SECRETARIAT**

In the case of a complaint or consultation filed before the Head Office, the Chairman or Administrator shall issue a Special Order appointing the Facilitator and Secretariat from the Head Office and/or Regional Office to facilitate the particular complaint under the CDA Dialogue Program.

In the case of a complaint or consultation filed before the Regional Office, the Regional Director will issue a Special Order appointing the CDA Dialogue Facilitator and Secretariat under its Office to facilitate a particular complaint under the CDA Dialogue Program.

**ARTICLE XVI  
ROLE OF THE FACILITATOR**

The essential role of the Facilitator is mainly to facilitate the negotiation of the conflicting parties in order to resolve the dispute or conflict and to come up with an amicable settlement. For this purpose, the identified facilitators will undergo training in dispute resolution in order to capacitate them to handle the dispute or conflicts to be resolved.

**ARTICLE XVII  
FINALITY OF JUDGEMENT**

Once the agreement entered by both parties has reached fifteen (15) calendar days from its signing, it attains finality and has the force and effect of law among the parties. Any changes before the 15 calendar days shall only be allowed if mutually agreed by both parties. Any disagreement beyond the 15 calendar days, the parties' recourse shall either be through voluntary arbitration or adjudication.

**ARTICLE XVIII  
FAILURE TO EXECUTE AN AMICABLE SETTLEMENT**

The Facilitator shall issue and sign a declaration in writing, copy furnished to the parties, attesting that no settlement has been reached.

**ARTICLE XIX  
TERMINATION OF PROCEEDINGS**

The dialogue proceedings shall be terminated upon the issuance of the declaration that no settlement has been reached or upon the signing of the amicable settlement.

**ARTICLE XX  
PROHIBITED ACTS AND PRACTICES**

1. Obstructing, impeding, or interfering with by force, violence, coercion, threats, or intimidation of the parties and the facilitators;
2. Employing any rally or picketing before, during, or after the dialogue;
3. Any act of violence, coercion, or intimidation by any party or group supporting any of the parties;
4. The obstruction of the free ingress to or egress from the Venue of Dialogue;
5. Obstruction of public thoroughfares;

6. Nothing herein shall be interpreted to prevent the CDA Officials or employees, or peace officers from taking any measure necessary to maintain peace and order and/or to protect life and property; and
7. Other Acts and Practices as may be determined by the Authority.

**ARTICLE XXI  
SANCTION TO ANY PERSON PERFORMING ANY OF THE PROHIBITED ACTS  
AND PRACTICES**

Cite for contempt any person guilty of misconduct in the presence of the Authority which seriously interrupts any dialogue, hearing, or inquiry, and impose a fine of not more than Five Thousand Pesos (PHP 5,000.00) or imprisonment of not more than ten (10) days or both. Acts constituting indirect contempt as defined under Rule 71 of the Rules of Court shall be punished in accordance with the said Rule.

**ARTICLE XXII  
SUBMISSION OF MONTHLY REPORT**

The CDA Dialogue Secretariat in the Regional Office and Head Office shall submit a monthly report to the Deputy Administrator of the Legal Affairs Service in a form as may be prescribed.

**ARTICLE XXIII  
CONFIDENTIALITY CLAUSE**

The dialogue and all incidents thereto shall be kept strictly confidential unless otherwise specifically provided by law. All admissions or statements made therein shall not be inadmissible for any purpose in any proceeding nor divulged to any other third person. The minutes of the meeting may not be obtained by any party unless there is a written order of a competent court compelling the Authority to produce the same.







## **RULE IV VOLUNTARY ARBITRATION**

### **ARTICLE I LEGAL BASES**

The legal bases for this Rule are Article 137 of Republic Act No. 9520 (RA 9520), Rule 13 of the Rules and Regulations Implementing Certain Provisions of RA 9520, and Article 4 (u) of RA 11364.

### **ARTICLE II POLICY AND OBJECTIVES**

**Section 1. Statement of Policy and Objectives.** It is the policy and objective of these Rules to provide a fair and expeditious settlement of intra-cooperative and inter-cooperative disputes by way of an institutional mode of voluntary arbitration as an alternative to judicial proceedings with the purpose of ensuring and possibly restoring the disrupted harmonious and friendly relationships between or among the parties.

**Section 2. Application of Judicial Technical Rules.** Voluntary Arbitration is an administrative proceeding and non-litigious in nature. The technical rules applicable to a court or judicial proceedings need not be controlling and it is the spirit and intention of these rules to use every and all reasonable means to ascertain the facts in each case speedily and objectively and without regard to technicalities of law or procedure in the interest of substantive due process.

### **ARTICLE III JURISDICTION**

**Section 1. Jurisdiction.** The Cooperative Development Authority and the Arbitral Tribunal, as contemplated by these Rules, shall have original, exclusive, and primary jurisdiction over disputes among members, officers, directors, and committee members, and intra-cooperative, inter-cooperative, intra-federation, or inter-federation disputes which were not resolved amicably in accordance with the Conciliation/Mediation Mechanisms. Likewise, they shall continue to exercise exclusive and original jurisdiction over the aforementioned disputes although the arbitration is commercial pursuant to Article 21 of R.A. 9285 or the Alternative Dispute Resolution Act of 2004.

Excluded from the coverage of these rules are disputes arising from an employer-employee relationship which shall be covered by the Labor Code, those involving criminal liability, and other matters which by law cannot be compromised.

**Section 2. Exercise of Jurisdiction.** The Authority and the Arbitral Tribunal cannot acquire jurisdiction over the dispute unless there exists:

- a. An Arbitration Agreement either in their Articles of Cooperation, Bylaws, contracts, or other forms of written communication between and among the parties;

- b. In the absence of an existing Arbitration Agreement, the parties subsequently agree to submit the same for voluntary arbitration, which submission may be in a form of:
  - i. An exchange of communication between the parties or some other form showing that the parties have agreed to submit whatever dispute to voluntary arbitration or adhere to the provisions of Article 137 of R.A. 9520;
  - ii. Expressly or impliedly submitting to voluntary arbitration as can be gleaned from their respective written communications or pleadings filed with the Cooperative Development Authority or before the Arbitral Tribunal in accordance with these rules; or
  - iii. Signing a Submission Agreement during the preliminary conference.

**Section 3. Jurisdictional Challenge.** A Motion to Dismiss based on lack of jurisdiction shall be resolved by the appointed Arbitral Tribunal in accordance with the principle of Kompetenz-Kompetenz.

#### **ARTICLE IV VOLUNTARY ARBITRATION SECRETARIAT**

**Section 1. Composition of the Voluntary Arbitration Secretariat (VAS).** The Voluntary Arbitration Secretariat shall be composed of, but not limited, to the following:

- a. Designated Lawyer
- b. Stenographer
- c. Clerk

All of whom shall, however, be under the supervision of the Legal Division Chief.

**Section 2. Functions of the VAS.** The functions of the Voluntary Arbitration Secretariat are the following:

- a. Receive complaint either directly from the complainant or from the Extension Office;
- b. Determine the sufficiency in form of the complaint:
  - b.1 If a complaint is sufficient in form, the voluntary arbitration secretariat shall docket the complaint;
  - b.2 If a complaint is not sufficient in form, it shall be dismissed without prejudice to its refiling upon compliance with the prescribed form.
- c. Assess filing fee/deposit;
- d. Issue summons and required notices;

- e. Facilitate appointment of Voluntary Arbitrator/s;
  - e.1 Require the parties to submit the name/s of their respective nominee arbitrator/s;
  - e.2 Notify the parties of the acceptance of the nomination by the arbitrators.
- f. Schedule hearing;
- g. Act as depositary of awards/decisions; and
- h. Monitor voluntary arbitration funds;

**Section 3. Duties of Stenographer.** It shall be the duty of the stenographer to transcribe all stenographic notes. When such notes are transcribed, the transcript shall be delivered to the Voluntary Arbitration Secretariat not later than twenty (20) days from the time the notes are taken. The transcript, duly initialed on each page thereof, shall be attached to the records of the case.

**Section 4. Docket Assignment of Numbers and Case Name.** In reference to Section 2 (b.1) hereof, upon receipt of the complaint and if the same is sufficient in form, the voluntary arbitration secretariat shall docket the complaint. The numbering shall be consecutive according to the date it was filed, must bear the year, and the format shall be as follows:

VA - CASE NUMBER - YEAR IT WAS FILED - REGION WHERE THE COOPERATIVE IS LOCATED – CASE NAME

e.g. VA-001-2022-R1-Case Name

- 1. HO – Legal Division, Head Office
- 2. R1 – Region 1 Extension Office
- 3. R2 – Region 2 Extension Office
- 4. CAR – Cordillera Administrative Region (CAR) Extension Office
- 5. R3 – Region 3 Extension Office
- 6. NCR – National Capital Region (NCR) Extension Office
- 7. R4-A – Region 4-A Extension Office
- 8. R4-B – Region 4-B Extension Office
- 9. R5 – Region 5 Extension Office
- 10. R6 – Region 6 Extension Office
- 11. R7 – Region 7 Extension Office
- 12. R8 – Region 8 Extension Office
- 13. R9 – Region 9 Extension Office
- 14. R10 – Region 10 Extension Office
- 15. R11 – Region 11 Extension Office
- 16. R12 – Region 12 Extension Office
- 17. R13 – Region 13 Extension Office

## **ARTICLE V**

### **REQUEST FOR ARBITRATION/COMPLAINT**

**Section 1. Filing and Commencement of Action.** Any party to a dispute not resolved through Conciliation/Mediation Proceeding at the primary and union/federation level can commence an action for Voluntary Arbitration by filing a Verified Complaint with a Certificate of Non-Forum Shopping in the prescribed form and number of copies with the Authority through the Legal Division of the Cooperative Development Authority which shall serve as the Secretariat. Whenever practicable, all complaints should be directly filed with the Voluntary Arbitration Secretariat. The date of the commencement of the action shall be the date the complaint was received by the Secretariat after payment of the filing fee (See Chapter XIX "Fees and Other Expenses" hereof).

- a. The CDA-Regional Office having administrative jurisdiction over the cooperatives/parties involved in the dispute can receive the complaints which involve the latter, with the obligation to transmit the same to the Voluntary Arbitration Secretariat.
- b. Upon receipt of the complaint, it is the obligation of the Regional Office to evaluate the sufficiency in form of the complaint. A checklist of the legal requirements of a valid complaint for voluntary arbitration as to its substance and form shall be the basis for the evaluation and/or review by the Regional Office.

**Section 2. Contents of the Complaint.** The complaint shall contain:

- a. The Names and Addresses of the Complainant/s and Respondent/s;
- b. A Brief Description of the Complaint and the Documentary Pieces of Evidence, if any; and
- c. The Relief Prayed For.

**Section 3. Parties to the Dispute.** The Party who filed the complaint shall be called the "Complainant/s" and the Party complained of shall be called the "Respondent/s".

**Section 4. Condition for Exercise of Jurisdiction.** For the Sole Arbitrator/Arbitral Tribunal to acquire jurisdiction, the parties to a dispute must be bound by an arbitration agreement in their Articles of Cooperation and/or Bylaws, and contracts, or subsequently agree to submit the same to voluntary arbitration.

- a. Such arbitration agreement or subsequent submission must be alleged in the Complaint. Such submission may be an exchange of communication between the parties or some other form showing that the parties have agreed to submit their dispute to arbitration. Copies of such communication or other form/s shall be attached to the Complaint.
- b. If the Complaint is filed without the required arbitration clause or subsequent submission, the Voluntary Arbitration Secretariat shall, within three (3) days from such filing, notify the Respondent that, if he/it is willing to have the dispute

be resolved by arbitration, such agreement must be clearly expressed in the Answer.

- c. Notwithstanding the Respondent's failure/refusal to file his/her Answer or the filing of a Motion to Dismiss except for lack of jurisdiction, Arbitration shall proceed in accordance with these rules.

**Section 5. Condition Precedent.** In the case of a primary cooperative affiliated with a federation/union, the complaint shall be accompanied by a Certificate of Non-Settlement issued by the said federation/union with which the primary cooperative is affiliated.

In the case of a primary cooperative not affiliated with any federation or union, the complaint shall be accompanied by a Certificate of Non-Settlement issued by the Conciliation/Mediation Committee of such primary cooperative together with a Certificate of Non-Affiliation with any Federation/Union signed by the Chairperson of the Board of Directors of the same cooperative.

In case of non-compliance with the pre-condition, absent a showing of justifiable reason, or exemption, the Arbitral Tribunal, or the Authority (if no member of the tribunal has yet been appointed), shall suspend voluntary arbitration proceedings pending compliance therewith within a reasonable period directed by the Arbitral Tribunal or the Authority.

**Section 6. Validity of the Certificate of Non-Settlement.** The Certificate of Non-Settlement shall be valid for one hundred twenty (120) days from the date of its issuance.

**Section 7. Notice to Respondent and Request to Answer.** The Voluntary Arbitration Secretariat shall, within ten (10) working days from receipt of the Complaint, issue notice/summons, and transmit a copy of the Complaint (including the documents annexed thereto) to the Respondent for his/her Answer, copy furnished to the Regional/Extension Office having jurisdiction over the cooperative concerned.

## **ARTICLE VI EFFECT OF THE AGREEMENT TO ARBITRATE**

**Section 1. Submission to CDA Institutional Voluntary Arbitration Jurisdiction.** An arbitration clause/arbitration agreement or a submission to arbitration of a cooperative dispute shall be deemed an agreement to submit an existing or future controversy to the jurisdiction of the CDA Institutional Voluntary Arbitration proceedings, notwithstanding the reference to a different arbitration institution or arbitral body in any document, contract, or submission.

An arbitration agreement or a submission to arbitration shall preferably be in writing, or some other form, as long as the intent is clear that the parties agree to submit a present or future controversy arising from disputes mentioned in Article 137 of R.A. 9520.

It may be in the form of exchange of letters sent by post, courier, electronic means, or by telefax, telegrams, or any other mode of communication.

**Section 2. Failure or Refusal to Arbitrate.** Where the jurisdiction of the CDA Institutional Voluntary Arbitration proceedings is properly invoked by the filing of a Complaint for Arbitration in accordance with these Rules, the failure or refusal of the respondent to arbitrate shall not affect the proceedings. In such a case, the Authority, through its Board of Directors as the appointing authority, shall appoint the member or members of the Arbitral Tribunal in accordance with these rules from among the list of accredited arbitrators. In the absence of any agreement as to the number of voluntary arbitrators who shall compose the tribunal, the default number shall be three (3) voluntary arbitrators.

The arbitration proceeding shall continue notwithstanding the absence or lack of participation of the respondent, and the award shall be made after receiving the evidence of the claimant. In the event that, before the award, the respondent shall appear and offer to present his evidence, the arbitrator shall reopen the proceedings and allow the respondent to present his evidence, but evidence already received shall not be affected by the reopening of the proceedings.

**Section 3. When Arbitration Cannot Proceed.** Where there is no existing arbitration agreement or there was no submission for arbitration by the parties in the manner provided by these rules, the arbitration cannot proceed and the claimants shall be informed of that fact.

## **ARTICLE VII ANSWER/COUNTERCLAIMS**

**Section 1. Time to Answer.** The respondent shall, within fifteen (15) days from receipt of the summons and complaint, file his/her Answer thereto including such counterclaims as he/she may assert. The complainant shall be furnished with a copy of the Answer. In exceptional circumstances, the respondent may apply to the Secretariat for an extension of time for the filing of his defense and documents in which the extension shall not exceed ten (10) days. If the respondent fails or refuses to file his Answer, Arbitration shall proceed in accordance with these rules.

**Section 2. Reply to the counterclaim.** The Complainant shall file a reply to the counterclaim and shall furnish the respondent a copy thereof within ten (10) days from the date of receipt of the Answer with Counterclaim.

## **ARTICLE VIII SUBMISSION AND COMMUNICATIONS/NOTICES**

**Section 1. Number of Copies.** All pleadings and written statements submitted by the parties, as well as all documents attached thereto, shall be filed in four (4) original/duplicate original copies, with proof of prior service to the adverse party.

**Section 2. Mode of Service and Filing.** All pleadings and written statements submitted by the parties may be filed and served upon the other party, preferably through personal service. Service and submission through registered mail or courier may be allowed provided that there is a sufficient explanation why the resort to such mode of service and

submission was made. If a party is represented by counsel, service of notice and other pleadings and communications to counsel is proper notice and service to the party concerned.

**Section 3. Notices.** Notifications or communications from the Secretariat and/or the Arbitrator(s) shall be validly made if they are delivered or forwarded by registered mail to the address or last known address on record of the party/ies for whom the same is intended.

## **ARTICLE IX CONFIDENTIALITY**

**Section 1. Confidentiality of Proceedings.** The Arbitration Proceedings shall be confidential, except (i) with the consent of the parties, or (ii) when necessary in case a resort to the court is made under the Rules of the Court.

The term "arbitration proceedings" shall include communications to or from the institution and/or voluntary arbitrator, the pleadings, applications, and other papers filed with the institution and/or voluntary arbitrator, sworn statements, documentary and testimonial evidence, reports and minutes taken of the proceedings, and other orders, decision, award or resolution issued by the Arbitrator(s).

## **ARTICLE X QUALIFICATION AND POWERS OF VOLUNTARY ARBITRATORS**

**Section 1. Qualification of Arbitrators.** In order to be qualified, an arbitrator must be accredited by the Cooperative Development Authority and shall possess the following:

- a. Must be of legal age;
- b. Must be a Filipino citizen residing in the Philippines;
- c. Must be a holder of at least a Bachelor's degree;
- d. Must have at least two (2) years of experience in cooperative operation or must have undergone the Fundamentals of Cooperatives and Cooperative Governance and Management training;
- e. Must have no pending administrative, civil, or criminal case involving moral turpitude;
- f. Not related by blood or marriage within the sixth degree to either party in the controversy; and
- g. Must not have any financial, fiduciary, or other interest in the controversy.



The Cooperative Development Authority shall constitute a list or pool of Accredited Voluntary Arbitrators.

The Voluntary Arbitrators shall render service only when called upon to arbitrate a cooperative dispute.

Any employee or officer of the Cooperative Development Authority may likewise be appointed as Voluntary Arbitrator if he/she possesses the necessary qualification.

The accreditation of Voluntary Arbitrators shall be in accordance with the memorandum circular to be issued by this Authority.

**Section 2. Exemptions from Liability for Official Acts.** Voluntary Arbitrators shall not be liable for acts done in the performance of their official duties except in a clear case of bad faith, malice, or gross negligence as provided in Article 38 (1), Chapter 9, Book 1 of the Revised Administrative Code of 1987.

**Section 3. Exclusive and Original Jurisdiction of the Voluntary Arbitrator/Arbitrator.** The Voluntary Arbitrator/Arbitrators mutually chosen by the parties or appointed by the appointing authority in accordance with these rules shall have exclusive and original jurisdiction over the dispute and their decision shall be appealable to the Office of the President of the Republic of the Philippines. The Appeal is taken by filing a Notice of Appeal within fifteen (15) days after receipt of the copy of the Decision/Award appealed from. If no appeal is filed within the time as provided herein, such Decision/Award becomes final and executory.

**Section 4. Powers/Authority of the Voluntary Arbitrator/s.** The Voluntary Arbitrator/s shall have the following powers/authority:

- a. To hold hearings and to receive evidence necessary to resolve the issue/s subject of the dispute;
- b. To require any person to attend hearing/s as a witness or to cause the production of documents when the relevancy and the materiality thereof are vital to the resolution of the case;
- c. To administer an oath;
- d. To cite in contempt any person disturbing the proceeding and/or who willfully defy lawful orders of the Voluntary Arbitrator/Arbitrators;
- e. To render an Award;
- f. To order any party to take or observe interim measures of protection subject to the provisions of R.A. 9285 and its Implementing Rules and Regulations;
- g. To issue a Writ of Execution, if necessary, and if allowed under the circumstances; and

- h. To exercise such other powers and functions as may be necessary to resolve the dispute.

**Section 5. Control Over Proceedings.** The Arbitrator or the Arbitral Tribunal shall exercise complete control over all proceedings to ensure a speedy, adequate, and justifiable disposition of all dispute(s) and case(s) submitted to them for resolution.

**Section 6. The Extent of the Power of the Arbitrator.** The Arbitrator or the Arbitral Tribunal shall decide only such issues and related matters as are submitted to them for adjudication.

They have no power to add, subtract from, modify, or amend any of the terms of the contract or any supplementary agreement thereto, or any rule, regulation, or policy promulgated by the institution.

## **ARTICLE XI APPOINTMENT/SELECTION OF ARBITRATORS**

**Section 1. Number of Arbitrators.** A sole Arbitrator or an Arbitral Tribunal of three Arbitrators may settle a dispute. The Authority shall appoint the arbitrators as agreed upon by the parties as specified in the arbitration agreement, in the agreement to arbitrate, or in submission to arbitration.

In the absence of any stipulation or agreement by the parties, the Authority, taking into consideration the complexities and intricacies of the dispute/s, has the option to appoint a Sole Arbitrator or an Arbitral Tribunal. If the parties are unable to agree to the method of constituting the arbitral tribunal within fifteen (15) days from receipt by the parties of the notice sent by the Secretariat, the institution, through the Secretariat, as appointing authority, shall appoint the voluntary arbitrators following these rules.

**Section 2. Sole Arbitrator.** Where the parties have agreed that the dispute(s) shall be settled by a Sole Arbitrator, each party shall have the right to nominate three (3) qualified voluntary arbitrators from the list or pool of CDA-accredited arbitrators in the order of their preference for appointment as voluntary arbitrators. The nomination may likewise be stated in the submission agreement. If any or both of the parties fail to submit the names of their nominees within the period prescribed by these rules, a sole arbitrator shall be appointed by the Authority.

If there is a common nominee, the Authority shall appoint him/her as Sole Arbitrator, provided he/she is not disqualified and has declared his/her availability. In the absence of a common nominee or in cases where the common nominee is disqualified or is not available, the institution, as the Appointing Authority, may appoint a Sole Arbitrator. If the Appointing Authority decides to appoint a Sole Arbitrator, it shall select the appointee who is not a nominee of one of the parties, who is not disqualified and who is available for appointment.

**Section 3. Arbitral Tribunal.** Where the parties agree that the dispute shall be settled by an Arbitral Tribunal, each party shall have the right to nominate four (4) arbitrators from the list of CDA-accredited arbitrators in the order of their preference for appointment as

voluntary arbitrators. The nomination may be stated in the submission agreement. If there is no common nominee, the appointing authority shall choose and appoint, as members of the Tribunal, one arbitrator from the complainant's nominees and another arbitrator from the respondent's nominees. The Third Arbitrator shall be selected by the two Arbitrators first chosen within fifteen (15) days from acceptance of their appointment. The three arbitrators shall decide among themselves who will be the Chairperson. In case of failure to agree on the third member within such period, the appointing authority shall, within fifteen (15) days thereafter, appoint the third member from its list of accredited arbitrators.

If there is a common nominee, the appointing authority shall appoint the common nominee and one from each list submitted by the parties. The three arbitrators appointed shall designate their Chairman. If there are two common nominees, the Appointing Authority shall appoint them, and the third member shall be selected by the first two appointees within the period prescribed above. If there are three common nominees, all of them shall be appointed. The appointees so constituted as Arbitral Tribunal shall designate the Chairperson from among themselves.

**Section 4. Disqualification of or Non-acceptance by Nominees.** If the nominee(s) of a Party shall be disqualified or refuse(s) to accept the appointment for a valid reason, the Appointing Authority shall choose and appoint any accredited and qualified arbitrator who is willing to be so appointed.

**Section 5. Challenge.** An Arbitrator may be challenged by a party at any time after his appointment but before the lapse of the period to file memoranda under Article XIV of these rules on the ground of his/her partiality, bias, incompetence, professional misconduct, or other grounds for the disqualification of an Arbitrator. A party may also request the inhibition of an arbitrator upon the same grounds.

A motion for inhibition or a request for the disqualification and replacement of an arbitrator shall be treated as a challenge.

The challenge, motion, or request shall be in the form of a separate complaint under oath, stating distinctly and concisely the facts complained of, supported by affidavits, if any, of persons having personal knowledge of the facts therein alleged and shall be accompanied with copies of such documents as may substantiate said facts.

Within fifteen (15) days from receipt of the challenge, the challenged arbitrator shall decide whether he/she shall accept the challenge or reject it. If he/she accepts the challenge, he/she shall voluntarily withdraw as arbitrator. If he/she rejects it, he/she shall communicate, within the same period, his/her rejection of the challenge and state the facts and arguments relied upon for such rejection. In the case of an Arbitral Tribunal, the challenge shall be decided by the Tribunal itself.

If the Sole Arbitrator or Arbitrators concerned rejects the challenge, the challenging party may request the Appointing Authority in writing to decide on the challenge within thirty (30) days after having received notice of the decision rejecting the challenge. The Appointing Authority shall decide on the challenge within fifteen (15) days from receipt of

the request. The decision of the Appointing Authority to accept or reject a challenge is not subject to an appeal or a motion for reconsideration.

In case the challenged arbitrator voluntarily inhibits himself/herself or is removed, the appointing authority shall promptly appoint his/her replacement. If the arbitrator concerned is the third member of the Arbitral Tribunal, the first two members thereof shall select his/her replacement. The decision of the appointing authority to retain, remove, or replace a voluntary arbitrator shall be final.

**Section 6. When Arbitrator Previously Acted as Conciliator/ Mediator.** A Voluntary Arbitrator who previously acted as conciliator/mediator in the same controversy cannot act as arbitrator for the same case when brought to arbitration unless all the parties consent to his appointment in writing.

## **ARTICLE XII APPOINTMENT AND ACCEPTANCE OF ARBITRATORS**

**Section 1. Communication of Appointments.** The Secretariat shall communicate to the Arbitrator(s) their appointment.

**Section 2. Disclosure by Arbitrator of Disqualification.** Upon acceptance of appointment, the Arbitrator(s) shall disclose in writing to the institution any circumstance likely to create in either party a presumption of bias or which he/she believes might disqualify him/her as an impartial Arbitrator. The written disclosure shall be communicated to the parties immediately by the Secretariat. The purpose of such disclosure shall enable either party to Investigate and ascertain whether there is a substantial legal basis to file a motion for inhibition/challenge of the arbitrator concerned or seek his/her replacement.

**Section 3. Acceptance or Refusal.** The Arbitrator must communicate to the Secretariat his/her acceptance or refusal of the appointment within five (5) working days from receipt thereof. If no communication is received within the prescribed period, the appointment shall be deemed to have been accepted. The parties shall be notified in writing by the Secretariat of such acceptance.

**Section 4. Vacancies.** If any Arbitrator should resign, be incapacitated, or be unable, or later be disqualified for any reason to perform the duties of his/her office, the institution shall, within five (5) working days from the occurrence of a vacancy, appoint a substitute(s) to be chosen from a list of alternatives previously agreed upon by the parties. In the absence of such a list, the appointing authority shall fill the vacancy from the pool of CDA-accredited voluntary arbitrators.

## **ARTICLE XIII PRELIMINARY CONFERENCE**

**Section 1. Preliminary Conference.** In any cooperative dispute, after the filing of the last pleading, the Arbitrator/Arbitral Tribunal shall set the case for a preliminary conference and a notice to the parties thereof shall be sent at least five (5) days before

the date set but not later than fifteen (15) days after the acceptance of the appointment of an arbitrator to consider the following:

- a. Possibility of amicable settlement;
- b. Necessity or desirability of amendments to pleadings;
- c. Possibility of obtaining stipulations or admission of facts and/or documents to avoid unnecessary proof;
- d. Limitation of the number of witnesses;
- e. Simplification of the issues; and
- f. Such other matters as may aid in the just and speedy disposition of the case.

**Section 2. Effect of Non-Appearance/Non-Compliance.** The Notice shall be served on Counsel, or on the party who has no Counsel. It shall be the duty of the parties or their Counsel to appear at the Preliminary Conference. The non-appearance of a party may be excused only if a valid cause is shown therefor or if a Representative shall appear on his/her behalf fully authorized in writing. The unjustified failure of the Complainant to appear in the Preliminary Conference shall be a cause for dismissal of the complaint. A similar failure on the part of the Respondent at the first instance, a second notice shall be issued.

Non-compliance with the second notice by the Respondent/s shall not affect the continuance of the arbitration proceedings at the initial expense of the complainant.

Should the parties appear in the Preliminary Conference, the parties shall be required to sign a Submission Agreement unless such intent to submit to arbitration has been manifested and conveyed in some other form of communication as expressed in Article III, Section 2, (b) (i) and (ii) of this Rule.

## **ARTICLE XIV TERMS OF REFERENCE**

**Section 1. Contents.** Before proceeding with the hearing of the case, the Arbitrator(s) shall formulate the Terms of Reference (TOR) on the basis of the documents submitted and agreements reached in the preliminary and subsequent conferences with the parties. The TOR shall include the following particulars:

- a. The full names of the parties and their personal circumstances;
- b. The addresses of the parties to which notifications or communications arise during the arbitration may validly be made;
- c. A summary of the parties' respective claims;
- d. Definition of the issues to be determined;
- e. The Arbitrators' full names and addresses;

- f. The place of arbitration;
- g. Application for interim relief;
- h. Language to be used;
- i. The breakdown, schedule of payment, and sharing of arbitration fees; and
- j. Such other particulars, as may be required to make the arbitral award enforceable in law or may be regarded as helpful by the institution or the Arbitrator(s).

**Section 2. Signing of the Terms of Reference.** The Terms of Reference mentioned in Section 1 hereof shall be signed by the parties and the Arbitrator(s) within fifteen (15) days from the date of the preliminary conference or from the date of the last meeting held for the purpose of finalizing the TOR, as the case may be. The same shall then be transmitted to the Secretariat within three (3) days after the signing. Upon the Arbitrator's request, the Institution, through the Secretariat, may, in exceptional circumstances, extend this time limit.

**Section 3. Arbitration to Proceed Even Without the Terms of Reference.** Except in cases where arbitration cannot proceed under Section 3, Article VI of these rules, arbitration shall proceed despite the absence of the Terms of Reference (TOR) due to the refusal of any of the parties to sign and/or participate despite a valid arbitration complaint, or for reasons other than the exceptions stated above. In the absence of a TOR, all of the issues and related matters in the pleadings filed by the parties and admitted by the Sole Arbitrator or the Arbitral Tribunal, as the case may be, shall be deemed submitted for resolution by the appointed arbitrator(s). In this instance, the Sole Arbitrator/Arbitral Tribunal shall have full control of the proceedings.

## **ARTICLE XV VENUE AND GENERAL MATTERS**

**Section 1. Venue, Date and Time of Hearing.** The venue, date, and time of the arbitral proceedings shall be mutually agreed upon by the parties and the Sole Arbitrator or an Arbitral Tribunal. In case of disagreement, the choice of the Arbitrator(s) shall prevail.

**Section 2. Attendance During Hearings.** Persons having a direct interest in the arbitration are entitled to attend the hearings. It shall be discretionary upon the Sole Arbitrator/Arbitral Tribunal to determine the propriety of the attendance of any other person. The Sole Arbitrator/Arbitral Tribunal shall have the power to require the exclusion of any witness.

**Section 3. Arbitration in the Absence of the Party.** After the preliminary conference, the Arbitration may proceed despite the absence of any party, who, after due notice, fails to be present or obtain an adjournment. An award, however, shall not be made solely on a party's default but on the evidence submitted and proven.

**Section 4. Recording of Proceedings.** Proceedings before an Arbitrator or an Arbitral Tribunal may be recorded by a person designated by the institution or the arbitrator(s) by means of any audio and/or audio-visual recording equipment, such as but not limited to: tape recorders, compact discs, and video cameras, or if a stenographer is available, either through stenographic notes or minutes taken of the proceedings. All recordings on tapes, films, cassettes, discs, or diskettes shall be done by a person designated by the institution. However, custody, safekeeping, and eventual disposal of such recordings after the resolution of the case shall be with the Secretariat. Copies of such recordings including transcripts and minutes of the proceedings shall be made available to the parties upon request for a nominal fee. The Sole Arbitrator or the Chairperson of the Arbitral Tribunal, as the case may be, may opt to dispense with the use of recording devices or stenographic services and take notes of the proceedings himself/herself/themselves. Such notes taken shall be filed with the institution and shall be part of the records of the case. Copies of the notes filed shall be made available to the parties, upon request, at reproduction cost.

**Section 5. Appointment of Experts.** The service of technical or legal experts may be engaged in the settlement of disputes if requested by any of the parties or by the Sole Arbitrator/Arbitral Tribunal. If the request for an expert is done by either or by both of the parties, it is necessary that the engagement of the expert be confirmed by the Sole Arbitrator/Arbitral Tribunal.

Whenever the parties request the services of an expert, they shall equally shoulder the expert's fees and expenses, half of which shall be deposited with the Secretariat before the expert renders service. When only one party makes the request, he/she shall deposit the whole amount required.

If the engagement of an expert is required by the Arbitrator(s), the cost of such service(s) shall be considered part of the arbitration expenses which may be ordered to be paid by the losing party or by both parties as the arbitrator(s) in his/her/their award may adjudge, in the absence of a provision in the Terms of Reference signed by the parties relative to the sharing of these expenses, provided, however, both parties consented to the engagement of an expert.

**Section 6. Adjournments.** The Sole Arbitrator/Arbitral Tribunal for good cause shown may adjourn the hearing upon his/its own initiative or upon the request of one of the parties. Adjournment, as far as practicable, shall not be more than fifteen (15) working days. Hearings may be adjourned for more than fifteen (15) working days when such have been suspended due to payment defaults of any or both of the parties. The Arbitrator(s) shall order the suspension of hearings upon advice by the institution of non-payment of arbitration fees by one or both parties. Hearings shall resume upon notice by the institution of compliance by the non-complying party/ies.

**Section 7. Waiver of Rules.** Any party who proceeds with the arbitration after knowledge that any provision or requirement of these Rules has not been complied with and fails to state his objection thereto in writing prior to the rendition of the award shall be deemed to have waived his right to object.

**Section 8. Interpretation and Application of Rules.** The Sole Arbitrator or the Arbitral Tribunal shall interpret and apply these Rules in so far as they relate to his/its powers and duties. Where there is an Arbitral Tribunal and a disagreement arises among the Arbitrators concerning the meaning or application of these Rules, the same shall be decided by a majority vote.

**Section 9. Freedom to Settle.** The parties may, at any time, settle the dispute(s) even if the same is under arbitration. In such a case when there is a settlement between and among the parties themselves, it has the effect of dismissal or termination of the proceedings. The actual expenses incurred for arbitration shall be charged against the deposit. If the deposit is insufficient, the parties shall equally shoulder the balance. The parties may either jointly withdraw or submit their compromise agreement to the arbitrator(s) for the rendition of an award if the arbitrator(s) have already been appointed. Where the arbitrators have been appointed and proceedings have commenced, the arbitration fees to be charged to the parties shall be in accordance with the stage of proceedings.

**Section 10. Archiving of the Case.** The case for voluntary arbitration may be archived only if after the issuance of at least two (2) letter reminders of whether or not the complainant or the parties is/are still interested in the continuance of the proceedings of the case, the Authority, or the Voluntary Arbitration Secretariat did not receive any reply to the same from the said complainant or the parties, as the case may be.

## **ARTICLE XVI ARBITRATION PROCEEDINGS**

**Section 1. Quorum.** Two members of a tribunal shall comprise a quorum for the purpose of conducting a hearing.

**Section 2. Briefing on Rules and Procedures.** At the initial hearing, the Arbitrator or Arbitral Tribunal shall inform the parties of the general rules and procedures that will be adopted to ensure a speedy and adequate disposition of the issues.

**Section 3. Opening Statements.** The initial proceedings may start with the parties making an opening statement or explanation of the issues, a brief statement of allegations, what it proposes to prove, and the relief sought.

**Section 4. Clarification of the Issues.** After the opening statements, the Arbitrator or Arbitral Tribunal shall clarify and further redefine the issues, if necessary.

**Section 5. Order of Presentation.** It shall be within the discretion of the Arbitrator or Arbitral Tribunal to determine the order of presentation. Generally, the party who seeks to enforce a right or establish a claim shall be required to present its evidence first followed by the other party.

**Section 6. Expeditious Procedures.** The Arbitrator or Arbitral Tribunal shall at all times adopt the most expeditious procedure for the introduction and reception of evidence and shall have complete control over the proceedings but, in any case, shall afford full and equal opportunity to all parties to present relevant evidence.



**Section 7. Presentation of Evidence.** The parties may present such evidence they desire and shall produce such additional documents and witnesses as the Arbitrator/Arbitral Tribunal may deem necessary to an understanding and determination of the dispute(s). The Arbitrator/Arbitral Tribunal shall act according to the merits of the case, without regard to technicalities or legal forms, and need not be bound by any technical rule of evidence. All evidence shall be taken in the presence of the Arbitrator or a majority of the Arbitrators in an Arbitral Tribunal and all of the parties, except where any of the parties is absent, or has waived his right to be present.

Upon motion of either or both of the parties, or on its own initiative, the Arbitrator/Arbitral Tribunal may request any person, board, body, tribunal, government office, agency or instrumentality, or cooperative to produce real or documentary pieces of evidence necessary for the proper adjudication of the issues.

The Arbitrator/Arbitral Tribunal may, likewise, request any person to give testimony at any proceeding for arbitration.

Unless the parties agree upon a different mode of presentation of evidence, the Arbitrator/Arbitral Tribunal may require the simultaneous or successive submission of affidavits of witnesses which contain both direct and rebuttal testimony, attached to which shall be the documents which they shall identify to support their respective declarations. These documents shall be properly marked for purposes of identification.

**Section 8. Examination by Arbitrator/Arbitral Tribunal.** The Arbitrator/Arbitral Tribunal shall conduct the direct and cross-examination of such witnesses whether or not the parties are represented by counsel. Such counsel at his request may be allowed to ask additional direct or cross-examination questions of any witness.

**Section 9. Documentary Evidence.** As a general rule, all documentary evidence(s) presented and offered shall be accepted unless the same is found by the Sole Arbitrator/Arbitral Tribunal to be completely irrelevant or fraudulent.

**Section 10. Offer of Documents.** All documents shall be offered and filed within five (5) days from the termination of the hearing. All parties shall be afforded the opportunity to examine such documents.

**Section 11. Ocular Inspection.** The Sole Arbitrator/Arbitral Tribunal may, at any time during working hours, after due notice to the parties who may, if they so desire, be present, conduct an ocular inspection of any building, place, or premises, including any work, material, implement, machinery, appliance, or any object therein, and ask any officer, employee or laborer, or another person, as the case may be, for any information or data concerning any matter or questions relative to the object of the controversy.

**Section 12. Interim Measures.** In the course of the proceedings, the Arbitrator(s) may, upon the request of either of both parties or upon his/their initiative, issue orders as is necessary for the following:

- a. To ensure the enforcement of the award;
- b. To prevent loss or deterioration of the property;

- c. To minimize or avoid undue delays in project or contract implementation; or
- d. Such other measures deemed by the Arbitrator(s) to be necessary to prevent a miscarriage of justice or abuse of rights of any of the parties

**Section 13. Termination of the Hearings.** After the parties have completed their presentation and offer of evidence, the hearing is terminated.

**Section 14. Submission of Memoranda.** The parties are required to submit written memoranda within five (5) working days from the termination of the hearing or from the date of the filing of additional documents as previously agreed upon, whichever comes first.

**Section 15. Award or Decision on the Pleadings.** Instead of a formal hearing, the parties may agree to submit the issues for resolution after the filing of pleadings, documents, evidence, or memoranda.

## **ARTICLE XVII THE ARBITRATION AWARD**

**Section 1. Time of Award.** Unless the parties agree otherwise, it is mandatory for the Voluntary Arbitrator/s to render a Decision or Award within thirty (30) days from the date the parties agreed to submit the case for resolution. The case is deemed submitted for resolution upon the lapse of the period to file written memoranda. There shall be no extension of time unless approved by the Institution.

**Section 2. Form and Contents of Award.** The Award shall be in writing and signed by the Arbitrator(s). The Decision or Award must be stated in clear, concise, and definite terms. It shall include the facts, the law, and/or the contract upon which the Decision/Award is based and shall be signed by the Voluntary Arbitrator/s. A copy of the Decision/Award shall be furnished to the Institution/Authority. In the case of an Arbitral Tribunal, the decision of the majority shall prevail. However, each Arbitrator must indicate his/her concurrence or dissent.

**Section 3. Award by Virtue of a Settlement.** If the parties settle their dispute(s) in the course of the arbitration, the Arbitrator/Arbitral Tribunal, upon the request of the former, may set forth the agreed settlement as an Award.

**Section 4. Decision as to Costs of Arbitration.** In the instances wherein the discretion to determine the costs and sharing of the fees is left to the Arbitrator(s), the award shall also include the costs of the arbitration, and/or decide which of the parties shall bear the cost(s) or in what proportion the cost(s) shall be borne by each of them.

**Section 5. Termination of Jurisdiction.** The jurisdiction of the Arbitrator(s) over the dispute shall terminate upon the finality of the Award or Decision. However, where an appeal is perfected, jurisdiction terminates only upon a final disposition of the case by the appellate entity and/or a final determination of all incidental matters thereto.

**Section 6. Notification of Award to Parties.** The Secretariat shall notify and send to the parties a copy of the award signed by the Arbitrator or Arbitral Tribunal. Additional copies

of the certified true copy (at cost) by the Director of the Secretariat shall be made available, on request and at any time, to the parties or their Counsel only.

**Section 7. Deposit of Award.** An original copy of each Award made in accordance with these Rules shall be deposited with the Secretariat. The Arbitrators and the Secretariat shall assist the parties in complying with whatever further formalities may be necessary.

**Section 8. Motion for Correction of Award.** Any of the parties may file a motion for correction of the award within fifteen (15) days from receipt thereof upon any of the following grounds:

- a. An evident miscalculation of figures, a typographical, or arithmetical error;
- b. An evident mistake in the description of any party, person, date, amount, thing, or property referred to in the award. The filing of the motion for correction shall interrupt the running of the period for appeal. A Motion for Reconsideration or for correction upon grounds other than those mentioned in this Article shall not interrupt the running of the period for appeal.

**Section 9. Appeal to the Office of the President of the Republic of the Philippines.** The Decision/Award rendered shall be appealable to the Office of the President of the Republic of the Philippines. The Appeal is taken by filing a Notice of Appeal within fifteen (15) days after receipt of the copy of the Decision/Award appealed from. If no appeal is filed within the time as provided herein, such Decision/Award becomes final and executory.

## **ARTICLE XVIII EXECUTION OF FINAL AWARD**

**Section 1. When Executory.** An arbitral award shall become executory upon the lapse of fifteen (15) days from receipt thereof by the parties. If an arbitral award is appealed, such award shall become executory upon the issuance of the entry of judgment of the appellate entity.

**Section 2. Execution and Enforcement of Awards.** As soon as a decision, order, or award has become final and executory, the Arbitral Tribunal or Sole Arbitrator shall, with the concurrence of the Institution, motu proprio or on motion of the prevailing party, if allowed under the circumstances, issue a writ of execution requiring any sheriff or proper officer to execute said decision, order, or award. In the event of the non-availability of such an officer, the enforcement of the award shall be filed with the appropriate court.

## **ARTICLE XIX FEES AND OTHER EXPENSES**

**Section 1. Arbitration Expenses.** Arbitration expenses shall include the filing fee, administrative charges, arbitrator's fees, fees and expenses of the expert, and others that may be imposed by the institution.

**Section 2. Filing Fee and Voluntary Arbitration Deposits.** There shall be a filing fee of Three Hundred Pesos (P300.00). Whenever the complaint for voluntary arbitration is given due course, parties to the voluntary arbitration case shall be required to deposit an amount equivalent to 10% of the expected Arbitrator/s' fees or P 5,000.00, whichever is higher, upon the filing of the complaint.

Parties shall be required to make an additional deposit in case the amount earlier deposited is insufficient to defray the expenses incurred during the proceedings. However, any excess amount of deposit shall be returned to the parties in the manner adjudicated by the Arbitrator/s after having charged all the fees and expenses of arbitration.

- a. **Expenses Charged Against Deposit Amount.** Administrative charges, arbitrator/s' fees, other expenses, as well as the fees and cost of services of the expert that may be appointed by the parties shall be charged against the amount required to be deposited by the parties in the account for and in the name of the CDA Arbitration Program.
- b. **Refund of Deposit as a Result of Dismissal of Case.** If at any time, before the hearing, the voluntary arbitration case is dismissed either at the instance of the complainant or for any other ground, the deposit shall be returned in full amount. However, if at any time before the decision/award is rendered, the case is dismissed for any valid ground, the party/ies are entitled to a refund of the deposit less the expenses incurred.

**Section 3. Arbitrator/s' Fees.** Voluntary Arbitrators shall be entitled to arbitrator/s' fees which shall include the following but not limited to:

- a. Transportation Expenses;
- b. Meal Allowance;
- c. Lodging; and
- d. Incidental Expenses

Amounts claimed for the above shall be based on actual expenses.

**Section 4. Filing and Processing of Claims for Arbitrator/s' Fees.** Claims for arbitrator/s' fees shall be filed before the voluntary arbitration secretariat. Said claims shall be processed in accordance with the proper government accounting procedure and principles.

**Section 5. Transcript Fee.** The stenographer may give a certified transcript of notes taken by him/her to a party requesting the same upon payment of ten pesos (P10.00) for each page, provided, however, that one-third of the total charges shall be paid to the account of the CDA-Arbitration Program and the remaining two-thirds to the stenographer concerned.





## **RULE V INVESTIGATION**

### **ARTICLE I CONDUCT OF INVESTIGATION**

**Section 1. Venue.** All actions brought under these Rules shall be commenced and heard at the Head Office or Extension Office having administrative jurisdiction over the parties.

**Section 2. Coverage of the Investigation.** The conduct of the investigation or inquiry shall be limited to the particular act or omission by an elected officer or general manager of a cooperative for possible violation of Bylaws, Rules, or Policies of a cooperative in relation to RA 9520 and its Implementing Rules and Regulations.

**Section 3. Authority to Conduct Investigation or Inquiry.** The investigation or inquiry shall be conducted upon the issuance of a Special Order by the Administrator or the Regional Director as the case may be.

**Section 4. Filing fee.** The fee for the filing of a complaint shall be in accordance with the Revised Schedule of Fees of the Cooperative Development Authority.

**Section 5. Docket Assignment of Numbers and Case Name.** Upon receipt of the complaint, the EO, or HO as the case may be shall docket the same and assign a number. The numbering shall be consecutive according to the date it was filed, must bear the year, and the format shall be as follows:

INV - CASE NUMBER - YEAR IT WAS FILED - REGION WHERE THE  
COOPERATIVE IS LOCATED – CASE NAME

e.g. INV-001-2022-R1- Case Name

- |         |   |   |
|---------|---|---|
| 1. HO   | – | Legal Division, Head Office                             |
| 2. R1   | – | Region 1 Extension Office                               |
| 3. R2   | – | Region 2 Extension Office                               |
| 4. CAR  | – | Cordillera Administrative Region (CAR) Extension Office |
| 5. R3   | – | Region 3 Extension Office                               |
| 6. NCR  | – | National Capital Region (NCR) Extension Office          |
| 7. R4-A | – | Region 4-A Extension Office                             |
| 8. R4-B | – | Region 4-B Extension Office                             |
| 9. R5   | – | Region 5 Extension Office                               |
| 10. R6  | – | Region 6 Extension Office                               |
| 11. R7  | – | Region 7 Extension Office                               |
| 12. R8  | – | Region 8 Extension Office                               |
| 13. R9  | – | Region 9 Extension Office                               |
| 14. R10 | – | Region 10 Extension Office                              |
| 15. R11 | – | Region 11 Extension Office                              |
| 16. R12 | – | Region 12 Extension Office                              |
| 17. R13 | – | Region 13 Extension Office                              |

**Section 6. Form of Complaint.** A complaint shall be verified and written in clear, simple, and concise language so as to inform the person complained of, about the nature and cause of the accusation against him to enable him to intelligently prepare his answer or defense. All relevant documents must be attached to the complaint.

**Section 7. Commencement of Investigation Proceeding.** The investigation shall commence upon receipt of any of the following:

1. Verified complaint from any member or officer of a cooperative:
  - a. Full name/s and address/es of complainant/s/ petitioner/s;
  - b. Full name/s and address/es of the person/s complained of as well as his/her/their positions;
  - c. A narration of facts and statement of the issue/s;
  - d. Certified true copies of documentary evidence and affidavits of witness/es, if any; and
  - e. Certification or statement of non-forum shopping.
2. Request or referral from any government agency. The referral from the government agency shall be accompanied by a written request for the conduct of an investigation or inquiry.
3. Referral from Registration Supervision and Examination Services.

Non-conformity with the foregoing requirements shall be a ground for the dismissal of the complaint without prejudice to its refiling.

**Section 8. Authority of the Investigator/s.** The investigator/s shall have the following power or authority during the conduct of the investigation as authorized by the CDA:

1. Compel the attendance of persons to testify and demand the production of documents necessary for the conduct of the investigation;
2. Administer oath and affirmation;
3. Hold clarificatory conferences and interviews with the complainant, possible witnesses, the person being investigated, and other relevant persons;
4. Conduct an ocular inspection and enter the premises of the office of the cooperative during working hours and in the presence of the officers or employees of the cooperative. In the absence of such officers or employees, the investigator/s may secure the presence of any other officer or employee to witness the entire proceedings;
5. Seek assistance from other government agencies and instrumentalities in the conduct of such investigation or proceedings; and
6. Cite in contempt the person being investigated, his counsel, or any person in accordance with these Rules and pertinent provisions of the Rules of Court.



**Section 9. Confidentiality of Investigation Proceeding.** Any information, document, or records obtained by the Authority in the course of any investigation shall be deemed non-public unless otherwise required by any other pertinent law.

**Section 10. Effect of Withdrawal of Complaint.** The withdrawal of the complaint must be in writing and duly notarized. This may result in the termination of the investigation or dismissal of the complaint.

**Section 11. Prohibited Pleadings.** The Authority shall not entertain dilatory requests for clarification, bills of particulars, or motions to suspend proceedings on account of a pending court case in the absence of a temporary restraining order or injunctive writ.

Filing of the same shall be considered as an answer, hence, shall be evaluated as such.

**Section 12. Notice to Conduct Investigation.** A notice to conduct an investigation shall be served at least three (3) working days before the date of the investigation to the parties and the cooperative through any means of communication (personal service, regular/registered mail, or electronic means). Refusal to receive, acknowledge, or accept the said notice shall not prevent the conduct of the investigation.

**Section 13. Contents of Notice.** The notice shall contain the following information:

1. All officers;
2. The name and address of the cooperative involved;
3. Date and venue of the conduct;
4. The names of the investigators authorized by the Authority;
5. The specific act/s or omission/s alleged in the complaint; and
6. A copy of the complaint and its annexes, if any, shall be attached to the notice.

## **ARTICLE II INVESTIGATION PROPER**

**Section 1. Legal Bases.** “Article 34 (4) of Republic Act No. 9520 authorizes the Authority to call a special meeting of the cooperative for the purpose of reporting to the members the result of any examination or other investigation of the cooperative affairs”

“Section 4 (p) of RA No. 11364, Conduct investigations, file necessary charges, discipline, suspend and/or remove erring officers and members of the cooperative for violation of cooperative laws, rules, regulations, issuances of the Authority, the ACBL, after due process, and direct the general assembly to replace the suspended/removed officers in accordance with the rules and regulations as may be promulgated by the Authority”

**Section 2. Conduct of Clarificatory Conferences.** Upon receipt of the answer to the complaint or after the lapse of the period to file, the same investigator may hold clarificatory conferences and interviews with the complainant, possible witnesses, the person being investigated, and other relevant persons after which the case shall be submitted for resolution.

**Section 3. Conduct Surveillance, Ocular Inspection, and Entry of Premises.** The Investigator may conduct an ocular inspection and enter the premises of the office of the cooperative during working hours and in the presence of the officers or employees of the cooperative. In the absence of such officers or employees, the investigator/s may secure the presence of any other officer or employee to witness the entire proceedings.

**Section 4. Assistance of Counsel.** The parties may be assisted by counsel during the course of the investigation.

### **ARTICLE III REPORT OF INVESTIGATION OR INQUIRY**

**Section 1. Content of the Report of Investigation or Inquiry.** The result of the investigation or inquiry shall be in writing and signed by the investigator/s who conducted the same. It shall contain the following information:

- a. A brief statement of the complaint;
- b. A narration of facts;
- c. A statement of the finding (including the acts or omissions constituting a violation of bylaws, rules, or policies of a cooperative in relation to RA 9520 and its IRR.);
- d. The basis for the findings and the law upon which they are based (including copies of documents); and
- e. The recommendation.

**Section 2. Submission of Report.** The report of the investigation or inquiry shall be submitted by the investigator to the CDA Regional Director or the Administrator, as the case may be, within twenty (20) working days upon termination of investigation proceedings.

**Section 3. Termination of the Investigation.** To terminate the investigation, the Regional Director or the Administrator shall render the notice of charge or order of dismissal on the case within thirty working (30) days upon receipt of the Investigation Report. The investigation which aims to determine the liability of the erring officer/s and ascertain the imposable penalty may file a formal charge (notice of charge) against him/her before the proper committee. Cease and Desist Order (CDO) may be a remedy granted by the Authority in the investigation, and the administrative proceeding/quasi-judicial proceeding may commence including making the CDO permanent.

**Section 4. Action to be Taken After the Investigation.** Refer to adjudication for the formal charge or dismissal, as the case may be, for the issuance of a Notice of Charge and Resolution signed by the Regional Director. In the case of a general manager, being an appointive officer, the board of directors of the cooperative concerned shall impose the sanctions.





## **RULE VI ADJUDICATION**

### **ARTICLE I LEGAL BASES**

“Section 4 (t), RA No. 11364, Hear and decide inter-cooperative and intra-cooperative disputes, controversies, and/or conflicts, without prejudice to the filing of civil and/or criminal cases by the parties concerned before the regular courts: *Provided*, that all decisions of the Authority are appealable directly to the Court of Appeals”

“Section 4 (u), RA No. 11364, However, in case of election-related issues, the aggrieved party may elevate the case for adjudication to the Authority without undergoing through the alternative dispute resolution”

### **ARTICLE II JURISDICTION**

**Section 1. Jurisdiction.** The Authority shall have the jurisdiction to hear and decide over the following cases:

- a. Complaints against the cooperatives, their officers, and or members, for violations of Cooperative Laws, Implementing Rules and Regulations, Issuances of the Authority, and their Articles of Cooperation and bylaws;
- b. Election-related complaints;
- c. Adverse inspection, examination, and/or investigation findings against the cooperatives, their officers, and/or members of Cooperative Laws, Implementing Rules and Regulations, issuances of the Authority, and their Articles of Cooperation and bylaws;
- d. Other cases falling within the jurisdiction of the Authority and/or analogous to the foregoing, such as but not limited to devices or schemes employed by, or any act of the cooperative’s board of directors, officers, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the members of the cooperative.

**Section 2. Original jurisdiction of the CDA Board.** The CDA Board shall have original jurisdiction over the following:

- a. Cases involving violations of R.A. No. 11364, R.A. No. 9520, R.A. No. 10744 and their respective Implementing Rules and Regulations, other Issuances, Orders, Rules and Regulations of the Authority, and Articles of Cooperation and Bylaws by cooperatives registered with and directly supervised by the CDA Head Office;
- b. Acts or omissions committed by officers/members of said cooperatives prejudicial to its operations and/or the existence or that of its members thereof; and

- c. Inter-cooperative disputes between or among cooperatives registered in two or more regions.

**Section 3. Appellate Jurisdiction of the CDA Board.** The Board shall have exclusive appellate jurisdiction to review, reverse, set aside, modify, alter, or affirm resolutions, orders, and decisions of the CDA Regional Offices.

No resolutions, orders, or decisions of the CDA Regional Offices on any issue, question, matter, or incident raised before them shall be elevated to the CDA Board until all available remedies have been exhausted and the case decided on the merits.

**Section 4. Original Jurisdiction of the CDA Regional Offices.** The CDA Regional Offices shall have original jurisdiction over cases involving violations of R.A. No. 11364, R.A. No. 9520, R.A. No. 10744, and their respective Implementing Rules and Regulations, other Issuances, Orders, Rules and Regulations of the Authority, and Articles of Cooperation and Bylaws of cooperatives registered with or directly supervised by the CDA Regional Offices, including acts or omissions committed by officers/members of said cooperatives within the respective regions.

**Section 5. Adjudicatory Power to Use Compulsory Process.** The CDA Board of Directors, and the Regional Offices through its Regional Director or Adjudicator, are empowered to summon witnesses, issue subpoena ad testificandum and subpoena duces tecum, administer oaths, require an answer to interrogation, issue writ of possession, writ of execution, writ of demolition, cease and desist orders, and other writs to enforce its Orders, Decisions, and Resolutions, through a deputized employee, deputized law enforcement agencies, or the local government unit concerned as may be necessary.

For this purpose, whenever deemed necessary, the CDA Board of Directors, and the Regional Offices through its Regional Director or Adjudicator, shall request the Philippine National Police (PNP), the Armed Forces of the Philippines (AFP), and their other component units, other law enforcement agencies, or the local government unit concerned, to assist in the enforcement and execution of their Decisions, Resolutions, Final Orders Writs, and other processes.

### **ARTICLE III COMMENCEMENT OF ACTION, VENUE, AND CAUSE OF ACTION**

**Section 1. Commencement of action.** An action under these Rules may be commenced by filing of a verified complaint by any officer or member of the cooperative and any interested party with the proper CDA Extension Office or to the CDA Head Office as the case may be.

**Section 2. Verification.** The complaint and the answer shall be verified by an affidavit stating that the affiant has read the pleading and the allegations therein are true and correct of his/her personal knowledge and based on authentic records.

**Section 3. Complaint.** The complaint shall state or contain:

1. The names, addresses, and other relevant personal or juridical circumstances of the parties;
2. All facts material and relevant to the complainant's cause or causes of action, which shall be supported by affidavits of the complainant or his witnesses and copies of documentary and other evidence supportive of such cause or causes of action;
3. The law, rule, or regulation relied upon, violated, or sought to be enforced;
4. **Verification and Certification of Non-Forum Shopping.** A certification that (a) the complainant has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal, or quasi-judicial agency, and, to the best of his knowledge, no such other action or claim is pending therein; (b) if there is such other action or claim, a complete statement of the present status thereof; and (c) if he should thereafter learn that the same or similar action or claim has been filed or is pending, he shall report that fact within five (5) days therefrom to the Authority; and
5. The relief sought.

**Section 4. Summons.** The summons and the complaint shall be served together not later than five (5) calendar days from the date of filing of the complaint.

**Section 5. Answer.** The respondent shall file his answer to the complaint, serving a copy thereof to the complainant, within fifteen (15) days from the service of summons.

In the answer, the respondent shall:

1. Specify each material allegation of fact the truth of which he admits;
2. Specify each material allegation of fact the truth of which he does not admit. Where the respondent desires to deny only a part of an averment, he shall specify so much of it as true and material and shall deny only the remainder;
3. Specify each material allegation of fact as to which truth he has no knowledge or information sufficient to form a belief, and this shall have the effect of a denial;
4. State the defenses, including grounds for a motion to dismiss under the Rules of Court;
5. State the law, rule, or regulation relied upon;
6. Address each of the causes of action stated in the complaint;
7. State the facts upon which he relies for his defense, including affidavits of witnesses and copies of documentary and other evidence supportive of such cause or causes of action;



8. State any compulsory counterclaim/s and cross-claim/s; and
9. State the relief sought.

The answer to counterclaims or cross-claims shall be filed within ten (10) calendar days from service of the answer in which they are pleaded.

**Section 6. Effect of Failure to Answer.** If the respondent fails to answer within the period above provided, he shall be considered in default. Upon motion or motu proprio, the hearing officer shall render judgment either dismissing the complaint or granting the relief prayed for as the records may warrant. In no case shall the hearing officer award a relief beyond or different from that prayed for.

**Section 7. Mediation and Conciliation.** Referral of the dispute to the committee and/or the federation-union and presentation of Certificate of Non-Settlement, if not settled, is a condition-precedent before filing the case before the CDA Adjudication. Failure to do so will result in motu proprio dismissal of the case.

In the absence of a Mediation and Conciliation Committee, inability to convene, or refusal to issue the certification, the complainant shall submit an affidavit stating such fact in lieu of the certificate.

Non-compliance with any of the above requirements shall be a ground for the dismissal of the complaint without prejudice.

**Section 8. Payment of Filing/Docket Fee.** Payment of filing/docket fee is jurisdictional and its non-payment shall ipso facto cause the dismissal of the case. A filing fee in accordance with the approved schedule of fees shall be charged for any complaint filed with the Authority as an original action. In cases initiated by the Authority, payment of the filing/docket fee is not required.

**Section 9. Docket Assignment of Numbers and Case Title.** Upon the filing of a complaint, the Authority shall docket the same and assign a number. The numbering must be consecutive according to the date it was filed, must bear the year, and the format shall be as follows:

ADJ - CASE NUMBER - YEAR IT WAS FILED - REGION WHERE THE  
COOPERATIVE IS LOCATED – CASE NAME

e.g. ADJ-001-2022-R1- Case Name

1. HO – Legal Division, Head Office
2. R1 – Region 1 Extension Office
3. R2 – Region 2 Extension Office
4. CAR – Cordillera Administrative Region (CAR) Extension Office
5. R3 – Region 3 Extension Office
6. NCR – National Capital Region (NCR) Extension Office
7. R4-A – Region 4-A Extension Office
8. R4-B – Region 4-B Extension Office
9. R5 – Region 5 Extension Office

- 10. R6 – Region 6 Extension Office
- 11. R7 – Region 7 Extension Office
- 12. R8 – Region 8 Extension Office
- 13. R9 – Region 9 Extension Office
- 14. R10 – Region 10 Extension Office
- 15. R11 – Region 11 Extension Office
- 16. R12 – Region 12 Extension Office
- 17. R13 – Region 13 Extension Office

Should the case be on appeal, the letters “AP” shall be added to the docket number of the case.

e.g. ADJ-AP-CDA HO

**Section 10. Amendment of and Supplement to Complaint.** The complaint may be amended, or supplemented at any time before a responsive pleading is served, or in case of a reply, at any time within five (5) days after it is served.

In the case of a supplemental pleading, it shall set forth the transactions, occurrences, or events which have happened since the date of filing of the pleading sought to be supplemented.

## **ARTICLE IV PARTIES**

**Section. 1. Parties-in-Interest.** Every case must be initiated and defended in the name of the real party in interest. All parties having an interest in the matter shall be joined as complainants. All persons who claim an interest in the dispute or subject matter thereof adverse to the complainants or who are necessary to a complete determination or settlement of the issues involved therein shall be joined as respondents. If an additional respondent is impleaded in a later pleading, the action is commenced with regard to him on the date of the filing of such pleading.

In case the real party in interest is out of the country, or physically incapacitated, he/she may be represented by a representative through a special power of attorney with the required formalities for its execution, such as but not limited to its authentication by the consular offices.

In case the party represented is a cooperative, the representative shall attach to the complaint a board resolution authorizing such person to act on behalf of the cooperative.

**Section 2. Appearance of Lawyer or Counsel.** The appearance of a lawyer is optional.

If a party is represented by a lawyer, he/she must indicate the following in the pleadings:

1. Mailing address that is not a post office box number, including the lawyer's telephone/cellular phone number and email address, if available;

2. Roll of Attorneys Number;
3. Current Professional Tax Receipt Number, including the date and place of issue;
4. IBP Official Receipt Number or IBP Lifetime Membership Number, including the date and place of issue; and
5. Mandatory Continuing Legal Education Compliance or Exemption Certificate Number and the date of issue.

Failure of the party to comply with the requirements herein shall render the pleading as not filed.

A non-lawyer may appear if:

1. He/or she represents himself/herself to the case;
2. He is a law student who has successfully completed his third year of the regular four-year prescribed law curriculum and is enrolled in a recognized law school's clinical legal education program approved by the Supreme Court. His appearance pursuant to this rule shall be under the direct supervision and control of a member of the Integrated Bar of the Philippines duly accredited by the law school. Any and all pleadings, motions, memoranda, or other papers to be filed must be signed by the supervising attorney for and on behalf of the legal aid clinic.

## **ARTICLE V SERVICE OF PLEADINGS**

### **Section 1. Service of Pleadings, Notices, and Resolutions.**

- a. The party who files a pleading subsequent to the complaint shall serve the opposing party with a copy thereof in the manner provided for in these Rules and proof of such service shall be filed with the records of the case; and
- b. Summons, notices, copies of resolutions, and orders shall be served personally as far as practicable by the designated officer, or by registered mail, domestic express mail service, or private courier service with real-time online tracking service upon the party himself, his counsel, or his duly authorized representative. However, notice to the counsel is a notice to the party himself whether he is a complainant or a respondent.

**Section 2. Service by Electronic Means.** Service of notices, copies of resolutions, and orders by electronic means shall be made if the party concerned consents to such mode of service. Service by electronic means shall be made by sending an e-mail to the party or counsel's electronic mail address, or through other electronic means of transmission as the parties may agree on or upon the direction of the Authority.

**Section 3. Return of Service.** The designated officer who personally served the summons, notice, order, or decision shall submit his return within five (5) days from the

date of his service thereof stating therein the name of the person served and the date of receipt of the same or if no service was effected, the serving officer shall state the reasons therefor.

**Section 4. Completeness of Service.** Personal service is complete upon actual delivery. Service by ordinary mail is complete upon the expiration of ten (10) calendar days after mailing unless the Authority otherwise provides. Service by registered mail is complete upon actual receipt by the addressee, or after five (5) calendar days from the date he or she received the first notice of the postmaster, whichever date is earlier. Service by a private courier is complete upon actual receipt by the addressee, or after at least two (2) attempts to deliver by the courier service, or upon the expiration of five (5) calendar days after the first attempt to deliver, whichever is earlier.

Electronic service is complete at the time of the electronic transmission of the document, or when available, at the time that the electronic notification of service of the document is sent. Electronic service is not effective or complete if the party serving the document learns that it did not reach the addressee or person to be served.

**Section 5. Substituted Service.** If service of pleadings, motions, notices, resolutions, orders, and other papers cannot be made under the preceding Articles, the office and place of residence of the party or his counsel being unknown, service may be made by delivering the copy to the Authority with proof of the failure of both personal service and service by mail. The service is complete at the time of such delivery.

If for justifiable causes, the respondent cannot be served personally after at least three (3) attempts on two (2) different dates, service may be effected:

- a. By leaving copies of the summons at the respondent's residence to a person at least eighteen (18) years of age and of sufficient discretion residing therein;
- b. By leaving copies of the summons at the respondent's office or regular place of business with some competent person in charge thereof. A competent person includes, but is not limited to, one who customarily receives correspondence for the respondent;
- c. By leaving copies of the summons, if refused entry upon making his or her authority and purpose known with any of the officers of the homeowners' association or condominium corporation or its chief security officer in charge of the community or the building where the defendant may be found; and
- d. By sending an electronic mail to the respondent's electronic mail address, if allowed by the Authority.

**Section 6. Presumptive Service.** There shall be presumptive notice to a party of a setting if such notice appears on the records to have been mailed at least twenty (20) calendar days prior to the scheduled date of hearing and if the addressee is from within the same region of the CDA Regional Office where the case is pending, or at least thirty (30) calendar days if the addressee is from outside the region.

## **ARTICLE VI**

### **Pleadings and Appearances**

**Section 1. Efficient Use of Paper Rule.** All pleadings, motions, and similar papers intended to be submitted with the Authority shall be written in single space with one-and-a-half (1 1/2) space between paragraphs, using an easily readable font style of the party's choice, of 14-size font, and on a 13-inch by 8.5-inch white bond paper.

All decisions, resolutions, and orders of the Authority shall comply with the aforementioned requirements. The number of copies of any pleading or document required by these Rules shall be:

- a. Two (2) copies for the Authority;
- b. Electronic copy in PDF format as may be required by the Authority; and
- c. One copy for each complainant or respondent, as the case may be.

**Section 2. Mandatory Pleadings.** Mandatory pleadings are those which are absolutely necessary for the resolution of the case, such as the Complaint, Answer, and Appeal Memorandum.

**Section 3. Prohibited Pleadings and Motions.** The following shall be considered as prohibited pleadings and motions which shall not be entertained:

- a. Motion to Declare Respondent in Default;
- b. Motion to Dismiss;
- c. Motion for a Bill of Particulars;
- d. Motion for Extension of Time to File Pleadings, Affidavits, or any other paper except for justifiable reasons;
- e. Motion for Reopening or Re-hearing of Case;
- f. Motion for Postponement of hearings or proceedings except for justifiable reasons;
- g. Petition for relief from judgment;
- h. Appeal from any interlocutory order, except cease and desist orders;
- i. Motion to admit pleadings filed beyond the reglementary period;
- j. Motion for clarification of final orders and decisions.
- k. Pleadings or motions analogous to the foregoing.

The filing of such pleadings or motions shall not interrupt the running of the prescriptive period and shall not bar the adjudication of the case. Opposition to a motion may be filed within five (5) days from the receipt of a copy of the motion without waiting for a separate order therefor.

**Section 4. Affidavits, Documentary, and other Evidence.** Affidavits shall be based on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify on the matters stated therein. The affidavits may be in judicial affidavit form and shall comply with the rules on the admissibility of evidence. Affidavits of witnesses as well as documentary and other evidence shall be attached to the appropriate pleading provided, however, that affidavits, documentary, and other evidence not so submitted may be attached to the preliminary conference brief required under these Rules. Affidavits and other evidence not so submitted shall not be admitted in evidence, except in the following cases:

1. Testimony of unwilling, hostile, or adverse party witnesses. A witness is presumed *prima facie* hostile if he fails or refuses to execute an affidavit after a written request therefor;
2. If the failure to submit the evidence is for meritorious and compelling reasons; and
3. Newly discovered evidence.

In the cases of (2) and (3) above, the affidavit and evidence must be submitted not later than five (5) days prior to its introduction in evidence.

## **ARTICLE VII**

### **Preliminary Conference**

**Section 1. When Conducted.** After the last responsive pleading shall have been served and filed, or upon receipt of the Authority of the certification of non-resolution in instances when the case was referred to the CDA Annexed mediation and conciliation proceedings, the Authority shall hold further proceedings and issue a notice of preliminary conference.

The notice of the preliminary conference shall be served upon the representative, counsel of record, or the party himself, if he has no representative or counsel of record, directing him/her to:

- a. Appear before the hearing officer at a preliminary conference at the place and date specified therein;
- b. Submit their preliminary conference briefs, stating among other matters, the following:
  1. Brief statement of the nature of the case, which shall summarize the theory or theories of the party in clear and concise language;
  2. Allegations expressly admitted by either or both parties;
  3. Allegations deemed admitted by either or both parties;
  4. Documents not specifically denied under oath by either or both parties;
  5. Amendments to the pleadings;

6. Statement of the issues, which shall separately summarize the factual and legal issues involved in the case;
7. Names of witnesses to be presented and the summary of their testimony as contained in their affidavits supporting their positions on each of the issues;
8. All other pieces of evidence, whether documentary or otherwise, and their respective purposes;
9. Specific proposals for an amicable settlement;
10. Possibility of referral to mediation or other alternative modes of dispute resolution;
11. Proposed schedule of hearings; and
12. Such other matters that may aid in the just and speedy disposition of the case.

**Section 2. Notice of Preliminary Conference.** The notice of the preliminary conference shall be served upon the representative, counsel of record, or the party himself, if he has no representative or counsel of record, directing him/her to:

- a. Appear before the hearing officer at a preliminary conference at the place and date specified therein;
- b. Submit their preliminary conference briefs, stating among other matters, the following:
  1. Brief statement of the nature of the case, which shall summarize the theory or theories of the party in clear and concise language;
  2. Allegations expressly admitted by either or both parties;
  3. Allegations deemed admitted by either or both parties;
  4. Documents not specifically denied under oath by either or both parties;
  5. Amendments to the pleadings;
  6. Statement of the issues, which shall separately summarize the factual and legal issues involved in the case;
  7. Names of witnesses to be presented and the summary of their testimony as contained in their affidavits supporting their positions on each of the issues;
  8. All other pieces of evidence, whether documentary or otherwise, and their respective purposes;

9. Specific proposals for an amicable settlement;
10. Possibility of referral to mediation or other alternative modes of dispute resolution;
11. Proposed schedule of hearings; and
12. Such other matters that may aid in the just and speedy disposition of the case.

**Section 3. Nature and Purpose of Preliminary Conference.** During the preliminary conference, the hearing officer shall, with its active participation, ensure that the parties consider in detail all of the following:

1. The possibility of an amicable settlement;
2. Referral of the dispute to mediation or other forms of dispute resolution;
3. Facts that need not be proven, either because they are matters of judicial notice or expressly or deemed admitted;
4. Amendments to the pleadings;
5. The possibility of obtaining stipulations and admissions of facts and documents;
6. Objections to the admissibility of testimonial, documentary, and other evidence;
7. Objections to the form or substance of any affidavit, or part thereof;
8. Simplification of the issues;
9. The possibility of submitting the case for decision on the basis of position papers, affidavits, documentary, and real evidence;
10. A complete schedule of hearing dates; and
11. Such other matters as may aid in the speedy and summary disposition of the case.

**Section 4. Termination.** The preliminary conference shall be terminated not later than ten (10) calendar days after its commencement, whether or not the parties have agreed to settle amicably.

**Section 5. Failure to Appear.** If either or both of the parties fail to appear during the preliminary conference despite proper notice, the conference shall be deemed terminated and the Authority shall render a decision on the basis of the evidence on record.

**Section 6. Preliminary Conference Order; Judgment after Preliminary Conference.** The proceedings in the preliminary conference shall be recorded. Within ten (10) days after the termination of the preliminary conference, the hearing officer shall issue an order which shall recite in detail the matters taken up in the conference, the actions taken thereon, the amendments allowed in the pleadings, and the agreements or admissions made by the parties as to any of the matters considered.



The hearing officer shall rule on all objections to or comments on the admissibility of any documentary or other evidence, including any affidavit or any part thereof. Should the action proceed to trial, the order shall explicitly define and limit the issues to be tried and raised in the pleadings.

The contents of the order shall control the subsequent course of the action unless modified before trial to prevent manifest injustice. After the *preliminary conference*, the hearing officer may render judgment, either full or partial, as the evidence presented during the pre-trial may warrant.

## **ARTICLE VIII**

### **Proceedings Before the Hearing Officer**

**Section 1. Nature of Proceedings.** Subject to the essential requirements of due process, the technicalities of law and procedures, and the rules governing the admissibility and sufficiency of evidence obtained in the courts of law shall not apply.

The hearing officer shall employ reasonable means to ascertain the facts of the controversy including a thorough examination or re-examination of witnesses and the conduct of an ocular inspection of the premises in question, if necessary.

Under meritorious circumstances, remote or hearing, and other viable means may be conducted, as may be determined by the hearing officer.

**Section 2. Role of the Hearing Officer in the Proceedings.** The hearing officer shall personally conduct the hearing and take full control of the proceedings. He may examine the parties and witnesses freely with respect to the matters at issue and shall limit the right of the parties or their counsels to ask questions only for the purpose of clarifying the points of law at issue or of facts involved in the case. He shall also limit the presentation of evidence by the contending parties only to matters relevant and material to the issues and necessary for a just, expeditious, and inexpensive disposition of the case.

**Section 3. Orders or Resolutions During the Hearing of the Case.** The order or resolution of the Authority on any issue, question, matter, or incident raised before the hearing officer shall be valid and effective until the hearing of the same shall have been terminated and resolved on the merits.

**Section 4. Submission of Verified Position Papers.** After the submission of the last pleading, the hearing officer shall issue an order directing the parties and their counsels to simultaneously submit their respective position papers and a formal offer of evidence. The position papers shall be submitted within thirty (30) days from receipt of the order.

**Section 5. Procedure on Clarificatory Hearing.** Within fifteen (15) days from receipt of the position papers from the parties, the hearing officer may conduct a clarificatory hearing.

During the clarificatory hearing, the hearing officer shall have full control of the proceeding but may allow counsels to propound clarificatory questions to the witnesses.

At the hearing, the affidavits submitted by the parties shall constitute the direct testimonies of the witnesses who executed the same. A witness summoned to appear in accordance with Article 2, Rule VII hereof may be subjected to such clarificatory questioning even without submitting his affidavit.

Upon termination of the clarificatory hearing, the case shall be deemed submitted for decision or resolution.

**Section 6. Record of Proceedings.** The proceedings before the hearing officer shall be recorded by a stenographer.

**Section 7. Period to Render the Decision.** The hearing officer shall render the decision on the merits of the case within thirty (30) days after the filing of the verified position papers or after the lapse of the period to file a verified position paper without the same having been filed or after the clarificatory hearing shall have been concluded by the hearing officer.

**Section 8. Award and Damages.** The Authority, in appropriate cases, may award actual, compensatory, exemplary, nominal, temperate, and/or moral damages arising from and alleged in the complaint including attorney's fees. The attorney's fees to be awarded should be reasonable.

**Section 9. Finality of Judgment.** The decision, order, or resolution disposing of the case on the merits shall be final after the lapse of fifteen (15) days from receipt of a copy thereof by the counsel or representative on record, and by the party himself if he is appearing on his own behalf unless a timely motion for reconsideration has been filed or an appeal has been perfected. In all cases, the parties shall be furnished with a copy of the decision, order, or resolution.

**Section 10. Motion for Reconsideration.** Within fifteen (15) days from receipt of notice of the order, resolution, or decision of the Authority, a party may move for reconsideration of such order, resolution, or decision on any of following the grounds:

- a. The findings of fact in the said decision, order, or resolution are not supported by substantial evidence;
- b. The conclusions stated therein are contrary to law and jurisprudence;
- c. Newly discovered evidence (as defined by the rules of court and/or jurisprudence)

The motion for reconsideration shall be filed together with proof of service of a copy thereof upon the adverse party.

Only one (1) Motion for Reconsideration shall be allowed for each party.

The filing of a Motion for Reconsideration shall interrupt the period to perfect an appeal. If the motion is denied, the aggrieved party shall have a period of fifteen (15) days to appeal to be reckoned from the receipt of the notice of denial.

## **ARTICLE IX INTERVENTION**

**Section 1. Who May Intervene.** A person who has a legal interest in the matter in litigation, or in the success of either of the parties or an interest against both, or has a substantial right or interest in the subject matter of the case before the hearing officer may be allowed to intervene in the action by filing a pleading-in-intervention.

**Section 2. Time to Intervene.** A person desiring to intervene may, before judgment by the Authority, file a motion for leave to intervene attaching the pleading-in-intervention with notice upon all the parties to the action.

In allowing or disallowing a motion for leave to intervene, the hearing officer shall consider if the intervention will unduly delay or prejudice the adjudication of the rights of the original parties or if the intervenor's right may be fully protected in a separate proceeding.

**Section 3. Answer-in-Intervention.** The answer-in-intervention shall be filed within fifteen (15) days from notice of the order allowing the intervention unless a different period is fixed by the hearing officer.

## **ARTICLE X PROVISIONAL AND SPECIAL REMEDIES**

**Section 1. Nature.** Proper parties to the case filed before the Authority may file provisional and special remedies at the commencement of the action or at any time prior to the entry of judgment, the nature of which is immediately executory without prejudice to the filing of an appeal therefrom, which include:

- a. Cease and Desist Order;
- b. Creation of Management Committee;
- c. Inspection of Books and Records;

**Section 2. Cease and Desist Order.** A Cease and Desist Order is a written order directing a proper party to immediately refrain from doing a particular act or acts pending the resolution of the case.

**Section 3. Grounds for the Issuance of Cease and Desist Order.** No Cease and Desist Order (CDO) shall be issued unless it is established by substantial evidence that all of the following shall concur:

- a. The adverse party is doing, threatening, or is about to do, is procuring to be done, some acts or practices in violation of the R.A. No. 11364, R.A. No. 9520, R.A. No. 10744 and their respective Implementing Rules and Regulations, other issuances, orders, rules and regulations of the Authority, and Articles of Cooperation and Bylaws of cooperatives registered with and directly supervised by the Authority;

- b. Such act or practice is detrimental to the interest and welfare of the cooperative, its members' rights, and the general public;
- c. To preserve the assets and documents of the cooperatives subject to dispute or litigation;
- d. CDO is necessary to preserve and protect the rights of the applicant or respecting the subject of the action, tending to render the judgment ineffectual and the latter is entitled to the relief demanded; and
- e. The commission or continuance of such act or practice, unless restrained, will cause grave and irreparable injury to the applicant;

**Section 4. Application for Cease and Desist Order.** Upon the Hearing Officer's receipt of the complaint with the application for the provisional relief of a cease and desist order, he shall, simultaneously with the issuance of the summons, set the application for hearing not later than five (5) days from the issuance of such summons and notice.

**Section 5. Bond.** If the application for issuance of a cease and desist order is granted, the Hearing Officer shall require the applicant to file a bond to answer for whatever damages that the adverse party may sustain by reason of the order, if it should be later decided that the applicant is not entitled thereto.

**Section 6. Issuance of Cease and Desist Order.** A cease and desist order shall be issued by the Authority when in its determination the grounds relied upon exist. The CDO shall specifically state the act or practice complained of and require the person to immediately cease and desist from the commission or continuance thereof. The CDA shall ensure that a copy of the CDO be immediately furnished to each party subject thereto. The CDO shall be immediately executory and enforceable upon receipt of the Adverse Party.

**Section 7. Effectivity of Cease and Desist Order.** An order to cease and desist from performing any act shall be immediately executory without prejudice to the filing of an appeal in accordance with the succeeding Article. The Cease and Desist Order shall remain in force until the final disposition of the case on the merits or until the same is modified or lifted by the CDA Board of Directors upon showing that the factual or legal basis for which it was issued no longer exists.

**Section 8. Effect of Appeal.** A party aggrieved by the grant or denial of the application or motion for issuance of a Cease and Desist Order may appeal therefrom by filing an appeal in accordance with these Rules on any legal ground before the CDA Board of Directors within fifteen (15) days from the receipt of the order. Within five (5) days from the receipt of the appeal, the Hearing Officer shall elevate a duplicate copy of the case records to the CDA Board of Directors.

The filing of the appeal shall not automatically stay such Cease and Desist Order and shall not suspend the proceedings on the main case. An order issued by the CDA Board of Directors staying or lifting the cease and desist order shall be immediately executory unless enjoined by the Court of Appeals, as the case may be.

**Section 9. Implementation of the CDO.** The CDA shall ensure the implementation of the CDO. The CDA unit tasked by the CDA Board to implement the order shall submit a report to the latter within forty-eight (48) hours after the completion of the implementation, stating therein the actions taken.

**Section 10. Creation of a Management Committee.** The Adjudicator or the CDA Board of Directors, having jurisdiction over the case may, upon a verified petition or motion by any of the parties, create a management committee for the cooperative to carry out the day-to-day operations until a new set of officers is elected. The members of the management committee are considered agents of the CDA and shall be under the control and supervision of the Adjudicator, CDA Board of Directors, or its authorized representative, as the case may be.

The committee shall be composed of at least three (3) members coming from the subject cooperative, each chosen by the parties, and the third by the Adjudicator or CDA Board of Directors from a list of nominees submitted by the parties. In the event that one or both parties fail or refuse to nominate a member, the Adjudicator, or CDA Board of Directors shall appoint such member or members. The members of the management committee shall not be eligible to run in the next election.

**Section 11. Grounds for the Creation of a Management Committee.** No petition for the creation of the committee shall be granted unless it is established that no other adequate remedy is available and the same is necessary:

- a. To avert dissipation, loss, wastage, or destruction of assets or other properties of the cooperative;
- b. To prevent undue stoppage of operations that may be prejudicial to the interest of the members; or
- c. When the election of the incumbent officers has been declared null and void and the hold-over of the previous board shall frustrate or render nugatory the invalidation of the election.

**Section 12. Action by Management Committee.** A majority of its members shall be necessary for the management committee to act or decide on any matter. The chairman of the management committee shall be chosen by the members from among themselves. All official acts and transactions of the management committee shall be approved and ratified by the Adjudicator, CDA Board of Directors, or its duly authorized representative, as the case may be.

**Section 13. Reimbursement of Expenses.** The management committee and persons hired by it shall be entitled to reimbursement of reasonable expenses, as approved by the Adjudicator, CDA Board of Directors, or its authorized representative, as the case may be, which shall be considered as administrative expenses of and shouldered by the cooperative.

**Section 14. Reports.** Within a period of thirty (30) days from their appointment and every month thereafter, the members of the management committee shall submit a report to the Adjudicator, CDA Board of Directors, or its duly authorized representative, as the case

may be, copy furnished the Regional Extension Office where the cooperative is registered, on the state and condition of the cooperative under management.

**Section 15. Discharge of the Management Committee.** The management committee shall be deemed discharged and dissolved under the following circumstances:

- a. Whenever the Adjudicator, CDA Board of Directors, or its authorized representative, as the case may be, on motion or motu proprio, has determined that the necessity for the management committee no longer exists; or
- b. Upon termination or final disposition of the proceedings, including the election and qualification of a new board of directors and officers of the association.

Upon its discharge and dissolution and within such reasonable time as the Adjudicator, CDA Board of Directors, or its authorized representative, as the case may be, may allow, the management committee shall submit its final report, render an accounting of its management, and turn-over all records and assets of the association to the duly qualified officers of the cooperative.

**Section 16. Inspection of Books and Records.** This remedy shall apply to disputes where the only cause of action involves the rights of cooperative members to inspect the books and records of the cooperative and/or to be furnished with the financial statements or reports required by CDA.

**Section 17. Petition for Inspection of Books and Records.** In addition to the requirements of a complaint under these Rules, the petition must also allege and support the following:

- a. The petition is for the enforcement of the complainant's right to inspect cooperative books and records and/or to be furnished with financial statements and reports required under Republic Act 9520 and other related issuances by the Authority;
- b. A demand for the inspection and photocopying of books and records and/or to be furnished with financial statements was made by the complainant upon the respondent;
- c. The respondent refused to grant the demands of the complainant; and
- d. The refusal of the respondent to grant the demands of the complainant is unjustified and illegal.

**Section 18. Duty of the Adjudicator/Hearing Officer upon the Filing of the Petition.** Within ten (10) days from receipt of the petition, he/she shall dismiss the same upon finding that the case does not fall within the jurisdiction of the CDA or the same is not sufficient in form and substance. Otherwise, he/she shall issue the summons within the same period which shall be served together with a copy of the petition on the respondent.

**Section 19. Answer to the Petition for Inspection of Books and Records.** The respondent shall be required to file an answer to the petition, serving a copy thereof upon

the petitioner, within ten (10) days from receipt of the summons. In addition to the requirements in Rule V, Article 3 of these Rules, the answer must state the following:

- a. The grounds for the refusal of the respondent to grant the demands of the complainant;
- b. The conditions or limitations on the exercise of the right to inspect which should be imposed by the Adjudicator/Hearing Officer if the right to inspect is granted; and
- c. The cost of inspection, including manpower and photocopying expenses, if the right to inspect and to be furnished copies of the documents is granted.

**Section 20. Affidavits, Documentary, and Other Evidence.** The parties shall attach to the complaint and answer the affidavits of witnesses as well as documentary and other evidence in support of the allegations.

**Section 21. Effect of Failure to Answer.** If the respondent fails to file a verified responsive pleading or answer within the reglementary period, the Adjudicator/ Hearing Officer shall, within ten (10) days from the lapse of said period, render judgment.

**Section 22. Decision.** The Adjudicator/ Hearing Officer shall render a decision based on the pleadings, affidavits, documentary, and other evidence attached thereto within thirty (30) days from receipt of the last pleading. A decision ordering the respondent to allow the inspection of books and records and/or to furnish copies thereof shall also order the complainant to deposit the estimated cost of the manpower necessary to produce the books and records and the cost of copying, and state, in clear and categorical terms, the limitations and conditions to the exercise of the right allowed or enforced.

## **ARTICLE XI DECISIONS/RESOLUTIONS/FINAL ORDERS**

**Section 1. Decisions/Resolutions/Final Orders.** The decisions/ resolutions/ final orders of the CDA shall be in writing and signed by the Regional Director or the Board and filed with the Secretariat who shall indicate thereon the date of promulgation thereof. It shall clearly and completely state the findings of fact and specify the evidence and the law or jurisprudence upon which the decision is based.

**Section 2. Notice of Decision/Resolution/Final Orders.** Upon promulgation of the decision/resolution/final order, the Secretariat shall immediately cause copies thereof to be served upon the parties and their counsel/representative.

If a copy of the decision cannot be served upon the parties and/or their counsel/representative, a notice of the decision/resolution/final order shall be served upon the latter in the manner provided for in Article 5, Rule V hereof.

**Section 3. Finality of Decision/Resolution/Final Order.** Decisions/ resolutions/orders of the Board shall become final after the lapse of fifteen (15) days from receipt of a copy thereof by the counsel or representative on record, or by the party himself when he is

appearing on his behalf. In all cases, the parties shall be furnished with a copy of the decision/resolution/order unless a timely motion for reconsideration has been filed or an appeal has been perfected.

Only one motion for reconsideration by either party shall be allowed and entertained.

**Section 4. Entry of Decisions/Resolutions/Final Orders.** If no appeal or motion for reconsideration is filed within the time provided in these rules, the decision/resolution/final order of the Regional Director or CDA Board shall be entered in the Book of Entries of Decisions by the Secretariat. The date of finality of the decision/resolution/final order shall be deemed to be the date of its entry.

The record of an entry shall contain the dispositive portion of the decision, resolution, or final orders and shall be signed by the Secretariat with a certification that such decision/resolution/final order has become final and executory.

## **ARTICLE XII APPEAL**

**Section 1. Appeal to the CDA Board.** An appeal may be taken by either or both of the parties to the CDA Board from a resolution, decision, or final order of the CDA Regional Office that completely disposes of the case within fifteen (15) days from receipt of the resolution decision/final order appealed from by:

- a. Filing a Notice of Appeal;
- b. Furnishing copies of said Notice of Appeal together with the Appellant's Memorandum to opposing party/ies and counsel/s; and
- c. Payment of appeal fee following the approved schedule of fees where the decision/resolution was issued.

Proof of service of Notice of Appeal to the affected parties and the CDA Board and payment of appeal fee shall be filed, within the reglementary period with the Secretariat, and shall form part of the records of the case.

The appeal is deemed perfected upon compliance hereof.

Non-compliance with the foregoing shall be a ground for dismissal of the appeal.

**Section 2. Grounds.** The aggrieved party may appeal to the Board from a final order, resolution, or decision of the CDA Regional Office on any of the following grounds:

- a. Errors in the findings of fact or conclusions of law were committed which, if not corrected, would cause grave and irreparable damage or injury to the appellant.
- b. The conclusions stated therein are contrary to law and jurisprudence.
- c. The final order, resolution, or decision was obtained through fraud or coercion.



**Section 3. Notice of Appeal.** The Notice of Appeal shall be filed with the Secretariat of the CDA Regional Office that rendered the decision/final order/resolution appealed within fifteen (15) days from receipt of the final order/decision/resolution. The notice of appeal shall indicate the parties to the appeal, the judgment or final order or part thereof appealed from, and state the material dates showing the timeliness of the appeal.

Within five (5) working days from receipt of the notice of the appeal, the CDA Regional Office shall transmit the notice of appeal and records of the case to the Adjudication Division of the CDA Head Office.

**Section 4. Appellee's Memorandum.** The CDA Board thru the Secretariat shall immediately notify the parties that the record of the case has already been received by the Board and shall order the appellee and/or his counsel to submit his Appellee's Memorandum.

The appellee and/or his counsel shall submit his Appellee's Memorandum within a non-extendible period of thirty (30) days from receipt of the said Order furnishing a copy thereof to the appellant/s and the latter's counsel/s.

**Section 5. Transmittal of Appeal and Records.** The CDA Regional Office shall, after the issuance of the Order stating the perfection of the appeal, transmit the appeal to the Board together with the complete records of the case, furnishing the parties with copies of the letter of transmittal to the Board.

The records of the case shall contain, among others, a table of contents, all original pleadings filed, documentary exhibits, transcripts or written summaries of the hearings, notices, orders, or decisions of the CDA Regional Office, and proofs of service thereof which shall all be numbered consecutively and initialed by the Secretariat on every page thereof.

**Section 6. Docketing of Cases.** Upon the receipt of the records of the case on appeal, the Secretariat shall docket the case and notify the parties thereof.

**Section 7. Caption.** In all cases appealed to the Board, the title shall remain as it was before the CDA Regional Office but the party appealing shall be further called the "appellant" and the adverse party the "appellee", and the case shall be assigned a docket number.

**Section 8. Withdrawal of Appeal.** An appeal may be withdrawn at any time prior to the promulgation of the resolution, order, or decision. Upon approval of the withdrawal of an appeal, the case shall stand as if no appeal had ever been taken.

**Section 9. When Appeal is Submitted for Decision.** The appeal shall be deemed submitted for decision upon the filing of the last pleading or memorandum as may be required or permitted to be filed by the Board, or upon the expiration of the period for its filing.

**Section 10. Period to Decide Appeal.** The Board shall render its decision on appeal before it, as much as possible, within thirty (30) days after its submission.

**Section 11. Finality of Decisions/Resolutions.** Decisions/resolutions/orders of the Board shall become final after the lapse of fifteen (15) days from receipt of a copy thereof by the counsel or representative on record, and by the party himself whether or not he is appearing on his own behalf, whichever is later unless an appeal or motion for reconsideration thereof is filed within such period. In all cases, the parties themselves shall be furnished with a copy of the decision/resolution/order.

### **ARTICLE XIII JUDICIAL REVIEW**

**Section 1. Appeal to the Court of Appeals.** Any decision, order, resolution, award, or ruling of the CDA Board in the exercise of its original and appellate jurisdiction, on inter-cooperative and intra-cooperative disputes, controversies, and/or conflicts or any matter pertaining to the application, implementation, enforcement, interpretation of R.A. No. 11364, R.A. No. 9520, R.A. No. 10744, and their respective Implementing Rules and Regulations and other issuances, orders, rules and regulations of the Authority, and Articles of Cooperation and Bylaws, may be brought on appeal within fifteen (15) days from receipt of a copy thereof or from the denial of the motion for reconsideration, to the Court of Appeals in accordance with the Rule 43 Rules of Court.

### **ARTICLE XIV DIRECT AND INDIRECT CONTEMPT**

**Section 1. Direct Contempt.** The Board or Adjudicator may summarily pass judgment on acts of direct contempt committed in the presence of, or so near the Board or the hearing officer as to obstruct or interrupt the proceedings before the same, including disrespect towards the Members of the Board or its Adjudicator, offensive behavior towards others, or refusal to be sworn or to answer as a witness, or to subscribe to an affidavit or deposition when lawfully required to do so. If the offense is committed against the Board or any of its Members or its Adjudicator, the same shall be punished by a fine of not more than Five Thousand Pesos (P5,000.00), or imprisonment of not exceeding ten (10) days or both.

The judgment of the Board or Adjudicator on direct contempt is immediately executory and not appealable.

**Section 2. Indirect Contempt.** Any person who shall fail or refuse to comply with the promulgated decision, order, or writ of the Board or the Adjudicator without justifiable cause after being required to do so shall be punished for indirect contempt pursuant to the provisions of the Rules of Court.

## **ARTICLE XV EXECUTION**

**Section 1. Execution Upon Final Order or Decision.** Execution shall be issued upon an order, resolution, or decision that finally disposes of the action or proceeding. Such execution shall be issued as a matter of course and upon the expiration of the period to appeal therefrom if no appeal has been duly perfected.

The Board or the Regional Director concerned may, upon certification by the proper officer that a resolution, order, or decision has been served to the counsel or representative on record and the party himself, and has become final and executory, and *motu proprio* or on motion of the prevailing party, issue a writ of execution requiring any Sheriff or deputized law enforcement agencies or Local Government Unit (LGU), if necessary.

When the decision is based on an amicable settlement or compromise agreement, the same shall be immediately executory.

In appropriate cases, the Board or Regional Director shall deputize and direct law enforcement agencies in the enforcement of any final order, resolution, or decision.

**Section 2. Execution Pending Appeal.** Any motion for execution of the decision of the Regional Director pending appeal shall be filed before the Board which may grant the same upon meritorious grounds upon the posting of a sufficient bond in the amount conditioned for the payment of damages which the aggrieved party may suffer if the final order or decision is reversed on appeal.

**Section 3. Execution by Motion or by Independent Action.** A final and executory judgment may be executed on motion within five (5) years from the date of its entry. After the lapse of such time and before it is barred by the statute of limitations, a judgment may be enforced by action.

**Section 4. Execution in Case of Death of Party.** Where a party dies after the entry of the judgment or order, execution thereon may issue, or one already issued may be enforced in the following manner:

- a. In case of the death of the judgment obligee, upon application of his executor or administrator, or successor-in-interest; or
- b. In case of the death of the judgment obligor, against his executor or administrator or successor-in-interest.

**Section 5. Issuance, Form, and Contents of a Writ of Execution.** The writ of execution must be issued by the Board or Regional Director who granted the motion. It must intelligently refer to such judgment or order attaching a certified copy of the judgment or order to the writ of execution and requiring the sheriff or any proper officer to whom it is directed to enforce the writ according to its terms, upon the party against whom the same is rendered, or upon any other person required thereby or by law to obey the same and such party or person may be punished for contempt if he disobeys such judgment.

**Section 6. Return of Writ of Execution.** The writ of execution shall be returned to the Board or Regional Director issuing it immediately after the judgment has been satisfied in part or in full. If the judgment cannot be satisfied in part or in full within thirty (30) days after his receipt of the writ, the officer, or personnel duly authorized to execute and enforce the said decision, final order, or resolution shall report to the Board or Regional Director, as the case may be, and state the reason therefor. Such writ shall continue in effect during the period within which the judgment may be enforced by motion. The officer shall make a report every thirty (30) days on the proceedings taken thereon until the judgment is satisfied in full, or its effectivity expires.

The return or periodic reports shall set forth the whole proceedings taken, and shall be filed with the Secretariat as the case may be to be preserved with the other papers in the case. A certified copy of the record of execution in the execution book kept by the Secretariat or of the sheriff/duly authorized officer or personnel's return thereon shall be evidence of the contents of the originals whenever they, or any part thereof, have been lost or destroyed.

In the event of the non-availability of such an officer, the enforcement of the decision shall be filed with the appropriate court.

## **ARTICLE XVI THE SECRETARIAT**

**Section 1. The Secretariat.** The Secretariat shall serve and function as the Clerk of the Board or the Regional Director which shall be composed of, but not limited, to the following:

- a. Designated Lawyer
- b. Stenographer
- c. Clerk

All of whom shall be under the supervision of the Chief of the Adjudication Division/Article.

**Section 2. Filing of Pleadings and Documents.** Pleadings, documents, and all other matters brought to the Board shall be filed with the Secretariat, which shall keep a complete file thereof and be responsible therefor.

**Section 3. Custody of the Seal and Books of the Board.** The Secretariat shall have custody of the seal of the Board or Regional Director together with all the records of all the proceedings of the Board including the exhibits, documentary evidence, case folders, and the files of the same.

**Section 4. Access to Records.** All official records of the Board or Regional Director shall be open to the public during normal office hours subject to the payment of the required fees except those that are classified as confidential which cannot be divulged without violating the rights of the parties concerned or prejudicing public interest.

**Section 5. Calendar, General Docket, and other Books of the Board/ Regional Director.** The Secretariat shall prepare a calendar and entry of the proceedings of the Board in a Minute Book. The designated officer of the Secretariat shall take charge of the service of the orders, decisions, subpoenas, and other processes issued by the Board and certify the date and hour of promulgation of any order as well as the names of all parties who were notified thereof.

The Secretariat shall keep a general docket for the said Board/Regional Director, duly numbered, and containing entries of all the original and appealed cases before it.

The Secretariat shall keep a compilation of copies of all resolutions, orders, and decisions issued by the Board/Regional Director in the order of their dates of promulgation.

**Section 6. Releasing of Communications, Issuances, and other Matters.** All communications and/or issuances pertaining to the Board/Regional Director and other matters before the Board/Regional Director shall be released only thru the Secretariat which shall keep a record and/or file a copy and be responsible therefor.

**Section 7. Issuance of Certified True Copies.** Upon proper written request, the Secretariat shall issue to any party a certified true copy under the seal of the Board/Regional Director of any document, record, resolution, order, decision, or entry under its custody subject to the payment of the required fees and limitations imposed hereof.

## **ARTICLE XVII OTHER FEES, CHARGES, AND COSTS.**

**Section 1. Legal Fees.** The following legal fees shall be charged and collected:

- a. For furnishing a certified transcript of the records or additional copies of any record, decision, ruling, or entry of which any party is entitled to demand and receive a copy, Ten Pesos (P10.00) per page;
- b. For every certificate not in process, Ten Pesos (P10.00) per page;
- c. For every search of any record of more than one year outstanding and reading the same, Fifteen Pesos (P15.00).

**Section 2. Sheriffs/Officers or Duly Authorized Personnel and Other Persons Serving Processes.**

1. For serving summons and copy of the complaint, One Hundred Pesos (P100.00) for each respondent;
2. For serving subpoenas, Eighty Pesos (P80.00) for each witness to be served;
3. For money collected by him by order/execution or any other process, the following sums, to wit:
  - a. On the first Four Thousand Pesos (PP4,000.00), four per centum (4%); and

- b. On all sums in excess of Four Thousand Pesos (P4,000.00), two per centum (2%).

**Section 3. Stenographers.** Stenographers shall give certified transcripts of notes taken by them to any party requesting the same upon due payment of Ten Pesos (P10.00) for each page.

**Section 4. Costs.** Cost may be allowed to the prevailing party but the Board or the Regional Director, as the case may be, shall have the power for special reasons to adjudge that either party shall pay the costs of an action or that the same be divided as may be equitable. No costs shall be allowed against the Republic of the Philippines unless otherwise provided by law.

**Section 5. Attorney's Fees as Costs.** Attorney's Fees may be charged as costs against the adverse party in accordance with Article 2208 of the New Civil Code.

## **ARTICLE XVIII ELECTION CONTEST**

**Section 1. Applicability to Plebiscites, Referendum, and other Electoral Exercises.** These rules shall also apply to the conduct of plebiscite, referendum, and other initiatives involving the cooperative members' exercise of the right to suffrage.

**Section 2. Grounds for an Election Contest.** An election to any cooperative officer position can be contested on the following grounds:

- a. When the election is tainted with fraud and irregularities;
- b. When illegal votes have been received;
- c. When disregarded legal votes are sufficient to change the result;
- d. Where any error is committed by any board of canvassers in counting the votes or declaring the result of the election;
- e. Where grave error was committed by the Election Committee in the determination of qualifications and disqualifications of candidates.

**Section 3. Filing of Election Contest.** The complaint in an election contest must be filed within ten (10) calendar days from receipt of the resolution of the controversy by the Election Committee as provided in its cooperative Election Guidelines or the Bylaws if there is any, otherwise within ten (10) calendar days from the date of the election or proclamation, whichever is later.

**Section 4. Who may File.** The proper or necessary parties to election contest proceedings are the cooperative member-electors and candidate/s.

**Section 5. Complaint.** In addition to the requirements in Rule VI of these Rules, the complaint in an election contest must state the following:

1. The case was filed within ten (10) calendar days from the date of the election if the bylaws of the cooperative do not provide for a procedure for the resolution of the controversy, or within ten (10) calendar days from the resolution of the controversy by the cooperative as provided in its bylaws; and
2. The complainant has exhausted all intra-cooperative remedies in election cases as provided for in the bylaws of the cooperative if there are any.

**Section 6. Duty of the Authority Upon the Filing of the Complaint.** The Authority may motu proprio dismiss the complaint upon finding that it does not fall within its jurisdiction or the same is not sufficient in form and substance. Otherwise, the Authority shall issue the summons which shall be served together with a copy of the complaint in accordance with Rule VI of these Rules.

**Section 7. Verified Answer.** Within ten (10) calendar days from receipt of the summons and a copy of the complaint, the respondent shall file a verified answer with proof of service to the complainant.

**Section 8. Effect of Failure to File an Answer.** If the respondent fails to file an answer within the period above, the Authority shall, within fifteen (15) calendar days from the lapse of said period, motu proprio or on motion, render judgment as may be warranted by the allegations of the complaint as well as the affidavits, documentary, and other evidence on record. In no case shall the Authority award a relief beyond or different from that prayed for.

**Section 9. Clarificatory Conference.** Within fifteen (15) calendar days after receipt of the Answer, the Authority may call a clarificatory conference to examine election-related documents or require the submission of affidavits or additional evidence to clarify certain factual issues pertinent to the resolution of the controversy. Witness/es who execute an affidavit may be summoned for clarificatory questions. The affidavit of a witness who fails to appear for clarificatory questions of the Authority shall be ordered stricken off the record.

**Section 10. Decision.** The Authority shall render a decision based on the pleadings, affidavits, documentary, and other evidence on record within thirty (30) days after the case is submitted for resolution.

**Section 11. Executory Nature of Decision.** Decisions rendered in election contests shall be immediately executory notwithstanding any appeal made under these Rules unless otherwise ordered by the CDA Board of Directors.







**RULE VII  
ADMINISTRATIVE/DISCIPLINARY PROCEDURE**

**ARTICLE I  
TITLE**

**Rules Governing Administrative Action or Proceedings, Offenses, and Penalties.**

**COMMENCEMENT OF ACTION**

**ARTICLE II  
NOTICE OF CHARGE**

An administrative action or proceeding shall commence by the issuance of the Notice of Charge by the Regional Director or Administrator as a result of the conduct of the investigation.

The adjudicator in the Notice of Charge shall direct the parties to file within ten (10) days from receipt of the Notice of Charge their respective verified position papers. The position papers shall contain only those charges, defenses, and other claims contained in the affidavits and pleadings filed by the parties. Any additional relevant affidavit/s and/or documentary evidence may be attached by the parties to their position papers. On the basis of the position papers, affidavits, and other pleadings filed, the Adjudicator may consider the case submitted for resolution.

**ARTICLE III  
CONDUCT OF CLARIFICATORY HEARING**

If the Adjudicator decides not to consider the case submitted for resolution after the filing of the position papers, affidavits, and pleadings, to conduct a clarificatory hearing regarding facts material to the case as appearing in the respective position papers, affidavits, and pleadings filed by the parties.

At this stage, the Adjudicator may, at its discretion and for the purpose of determining whether there is a need for a formal trial or hearing:

- a. Ask clarificatory questions to further elicit facts or information.
- b. The parties shall be afforded the opportunity to be present but without the right to examine or cross-examine the party/witness being questioned.
- c. The parties may be allowed to raise clarificatory questions and elicit answers from the opposing party/witness which shall be coured through the Adjudicator who shall determine whether or not the proposed questions are necessary and relevant. In such cases, the Adjudicator shall ask the question in such manner and phrasing as he may deem appropriate.
- d. If the Adjudicator finds no necessity for further proceedings on the basis of the clarificatory hearings, affidavits, pleadings, and position papers filed by the

parties, it shall issue an Order declaring the case submitted for resolution. The Adjudicator may also require the parties to simultaneously submit, within ten (10) days from receipt of the Order their Reply Position Papers. The parties, if new affidavits and/or exhibits are attached to the other party's Position Paper, may submit only rebutting evidence with their Reply Position Papers.

- e. If the Adjudicator finds the need to conduct a formal investigation on the basis of the clarificatory hearings, pleadings, affidavits, and the position papers filed by the parties, an Order shall be issued for the purpose and the conduct of an investigation shall ensue pursuant to the CDA Circular on the conduct of an investigation.

## **OFFENSES AND PENALTIES**

### **ARTICLE IV COVERAGE**

Only Grave Offenses where the penalty to be imposed is removal from office of Elected and Appointed Officers of cooperatives shall be covered by this Rule.

### **ARTICLE V CASES COGNIZABLE AS GRAVE OFFENSES**

The following are grave offenses wherein removal shall be imposed:

1. Serious Dishonesty;
2. Grave misconduct;
3. Conviction of a crime involving moral turpitude;
4. Falsification or tampering of documents;
5. Disgraceful and immoral conduct;
6. Inefficiency and incompetence in the performance of duties;
7. Willfully and knowingly assent or vote to patently unlawful act;
8. Gross negligence or bad faith in directing the affairs of the cooperative;
9. Attempts to acquire or acquire in violation of his duty, any interest or equity adverse to the cooperative in respect to any matter which has been reposed in him in confidence;
10. By virtue of his office, acquires for himself an opportunity which should belong to the cooperative; and
11. Illegal use of confidential information.

## **ARTICLE VI DEFINITION OF TERMS**

A. **Serious Dishonesty** - a disposition to lie, cheat, deceive, or defraud; untrustworthiness; lack of integrity; lack of honesty, probity, or integrity in principle; lack of fairness and straightforwardness; disposition to defraud, deceive, or betray. It is also defined as the concealment or distortion of truth, which shows a lack of integrity or a disposition to defraud, cheat, deceive, betray, or intent to violate the truth.

The following shall constitute serious dishonesty:

1. Theft or robbery from the cooperative, from other employees, or from members or customers.
2. Making false or malicious statements concerning the good name of the cooperative officials and products, or revealing, or giving out, without authority, confidential information concerning operations or trade secrets of the cooperative.
3. Fraudulent statements of any nature in applications for officership or any official document submitted to the cooperative.
4. Engaging in operations that are competitive with a cooperative.
5. Using the cooperative's time, premises, vehicles, tools, equipment, or materials for personal benefit or business or buying and/or selling personal goods inside Coop premises.
6. Unauthorized possession or use of any cooperative property, equipment, or materials.
7. Unauthorized possession of the master key or duplicate key which can open Coop lockers, drawers, desks, cabinets, rooms, or offices.
8. Unauthorized acceptance, directly or indirectly, of any sum of money, commission, offer, or promises, in consideration of any act, decision, or service connected with the performance of the duties.
9. Entering into an arrangement with suppliers or members/customers to obtain "kickback" or preferential treatment.
10. Entering into an arrangement with member(s) to obtain, partially or fully, loan proceeds for himself.
11. Padding chits or invoices, deliberate overcharging, using paid invoice/s belonging to other members/customers, using unauthorized invoices, and other similar acts of dishonesty.
12. Any other acts similar to the foregoing.

B. **Grave misconduct** - is defined as the transgression of some established and definite rule of action, more particularly, unlawful behavior or gross negligence by a public officer coupled with the elements of corruption, willful intent to violate the law, or wanton disregard of established rules. Corruption, as an element of grave misconduct, consists of the official or employee's act of unlawfully or wrongfully using his position to gain benefit for one's self.

The following shall constitute Grave Misconduct:

1. Misuse, defacement, or damaging of any property of the cooperative or co-employees or members.
  2. Removal or destruction of schedules, signs, rules and regulations, notices, letters, announcements, or other such materials posted by management on the Bulletin Board for the information and/or guidance of the employees or members.
  3. Omission or refusal to furnish any information, report, or other document that is required under existing cooperative laws, rules and regulations.
  4. Omission or refusal to keep a book or register required under existing cooperative laws, rules and regulations, or to make the required entries therein.
  5. Hindering an authorized person from making an inspection, audit, examination, or investigation.
  6. Failure to comply with an order or directive issued by the Authority.
  7. Conviction by final judgment of any criminal offense under the law.
  8. Possession of prohibited drugs or intoxicating liquor inside the premises; using or consuming prohibited drugs or liquor while on the job or reporting for duty under the influence of prohibited drugs or liquor.
  9. Possession, directly or indirectly, of firearms, explosives, or other deadly weapons such as knives, darts, bolos, balisongs, and the like unless with prior management consent and as required by the nature of the job.
  10. Committing any act of sabotage on the cooperative, its members, properties, and/or services.
  11. Any other acts similar to the foregoing.
- C. **Falsification** - The act of counterfeiting or submitting something that is false or misleading. It also means the manipulation or alteration of data for the creation or reporting of false results.

The following shall constitute Falsification:

1. Falsification of cooperative reports, vouchers, checks, receipts, time records or other personnel records.
2. Providing information, reports, or other documents to the regulatory authorities that the officer knows to be false or misleading.
3. Making entry required under existing cooperative law, rules and regulations which the person knows to be false or misleading.
4. Any other acts similar to the foregoing.

D. **Disgraceful conduct** - means conduct that lowers the officer in the esteem of others.

E. **Immoral conduct** - means conduct or behavior that is contrary to commonly accepted moral or ethical standards and that endangers the health, safety, and welfare of officers, employees, members, and/or the general public.

The following shall constitute disgraceful or Immoral Conduct:

1. Having sexual relations with a co-member who is lawfully married to another.
2. Committing acts constitutive of sexual harassment.
3. Indecent or immoral conduct that is sexual in nature within the premises regardless of whether or not within office hours.
4. Engaging in any immoral practices or offering to members or customers or co-employees services that are immoral in nature or engaging in any conduct which violates morality.
5. Any other acts similar to the foregoing.

F. **Inefficiency** - means unacceptable performance or conduct.

G. **Incompetence** - a general lack of ability or qualification to do something.

## **ARTICLE VII IMPOSITION OF PREVENTIVE SUSPENSION**

Preventive suspension is not a punishment or penalty but is considered to be a preventive measure. Preventive suspension, as a measure, is imposed to prevent the respondent from tampering with possible evidence and/or influencing possible witnesses. During the suspension, he/she shall not be allowed to receive his salary and other benefits. If found innocent, he shall be paid all salaries and benefits due to him. In case

of conviction, the appropriate penalty shall be imposed and all other benefits will be forfeited.

It shall be imposed immediately or simultaneously upon issuance of formal charge or notice of charge and shall be for a minimum period of thirty days and a maximum of ninety days which shall be based on the length of the investigation.

#### **ARTICLE VIII**

#### **DISABILITIES/ACCESSORIES INHERENT IN THE REMOVAL OF OFFICERS**

- a. Disqualification for reinstatement or reemployment in any cooperative;
- b. Disqualification to run as a candidate for a Board of Director position in any cooperative for a period of five years. A second offense shall result in perpetual disqualification for any position as officer of any cooperative;
- c. Forfeiture of retirement benefits, if applicable.

#### **ARTICLE IX**

#### **EFFECT OF ABANDONMENT/RESIGNATION/ABSCONDMENT**

Any officer who shall abandon his office, resigns, or absconds shall not be relieved of any liability. The case may prosper and the accessory penalty shall be imposed.





**RULE VIII**  
**DISSOLUTION, LIQUIDATION, AND CANCELLATION**

**ARTICLE I**  
**DISSOLUTION**

**Section 1. Legal Bases.** Articles 64, 65, 66, 67, 68, and 69, Chapter VII of RA 9520 otherwise known as The Philippine Cooperative Code of 2008, Rule 9 of its Revised IRR.

**Section 2. Modes of Dissolution.** The dissolution of a cooperative may be voluntary or involuntary.

**Section 3. Effects of Dissolution.** The dissolution of a cooperative, whether voluntary or involuntary, terminates the right of the cooperative to continue the business or purposes for which it was established and is bound to wind up its affairs within the period as specified by law. Thus, the dissolved cooperative is prohibited to perform the following:

- a. Refund of members' share capital contributions, including the offsetting against any receivable from the members;
- b. Make investments of any kind;
- c. Accept share capital and deposits from members;
- d. Accept new members;
- e. Enter into a contract of whatever nature;
- f. Secure new loans;
- g. Pay liabilities which have not matured;
- h. Pay per diems, honorarium, or allowances of the officers; and
- i. Perform analogous acts;

**ARTICLE II**  
**VOLUNTARY DISSOLUTION**

**Section 1. Voluntary Dissolution.** Voluntary dissolution shall be done by the members themselves provided, that when creditors are affected, the interest of the third party shall be protected.

The approval of the General Assembly of the voluntary dissolution shall not restrict or preclude the cooperative to continue the business for which it was established, except for the following:

- a. Refunding of members' share capital contributions, including the offsetting against any receivable from the members;
- b. Making investments of any kind;

- c. Acceptance of share capital and deposits from members;
- d. Acceptance of new members;
- e. Entering into a contract of whatever nature;
- f. Securing of new loans;
- g. Payment of liabilities that have not matured;
- h. Payment of per diems, honorarium, or allowances of the officers unless approved by the General Assembly; and
- i. Other acts, as may be determined by the Authority.

### **ARTICLE III**

#### **VOLUNTARY DISSOLUTION WHERE NO CREDITORS ARE AFFECTED**

**Section 1. Nature.** The dissolution of a cooperative does not prejudice the rights of any creditor having a claim against it. It may be effected by a majority vote of the Board of Directors and by a Resolution duly adopted by the affirmative vote of at least three-fourths (3/4) of all the members with voting rights, present, and constituting a quorum at a meeting to be held upon call of the Directors.

**Section 2. Procedural Guidelines.** The following procedures shall be observed:

1. Passage of a Board Resolution recommending dissolution approved by a majority vote of the Board of Directors;
2. Notice to the Authority of the intention to dissolve with the copy of Board Resolution attached thereto to which the Authority shall immediately act by reminding the cooperative of the procedures;
3. Setting of the date, time, and place of the General Assembly meeting by the Board of Directors;
4. Sending of a written notice for the General Assembly meeting by the Board Secretary to each member of record, by personal delivery, registered mail, private courier, or electronic mail at least thirty (30) days before the scheduled General Assembly meeting.

The written notice shall contain:

- a. Agenda which must necessarily include a discussion on the reason/s for the dissolution of the cooperative;
  - b. If dissolution is approved, to elect or appoint the Board of Liquidators; and
  - c. The date, time, and place of the meeting;
5. Publication of the notice of the time, place, and subject of the meeting at least once a week for three (3) consecutive weeks in a newspaper published in the

place where the principal office of the said cooperative is located, or if no newspaper is published in such place, in a newspaper of general circulation in the Philippines.

6. Conduct of General Assembly Meeting. The General Assembly may approve or disapprove the dissolution.
7. Submission of documentary requirements by the cooperative such as:
  - a. Certification of the Board of Directors signed by at least a majority of the Board of Directors and countersigned by the Board Secretary certifying the approval of the resolution by at least  $\frac{3}{4}$  vote of all members with voting rights and to the fact that no third-party creditors will be affected by the dissolution;
  - b. Affidavit of Publication;
  - c. Minutes of the General Assembly.
8. Issuance of a Certificate of Dissolution with an Order to Commence the Liquidation process by the Authority within thirty (30) days from receipt of the substantial documentary requirements from the cooperative as evaluated.
9. Posting of the Certificate of Dissolution with an Order to Commence the liquidation process by the cooperative in its principal office and branch/satellite offices.

**Section 3. Liability of the Board of Directors.** If after the Authority has issued the Certificate of Dissolution and a creditor who is prejudiced by such dissolution appears, the Board of Directors shall be held liable for such amount or claim as the creditor may pursue against the cooperative.

**Section 4. Action of the Board of Liquidators.** Upon receipt of the Certificate of Dissolution with an Order to Commence the Liquidation Process, the cooperative, through its Board of Liquidators, shall proceed with the winding up of the affairs as outlined in Chapter II hereof.

## **ARTICLE IV**

### **VOLUNTARY DISSOLUTION WHERE CREDITORS ARE AFFECTED**

**Section 1. Nature.** The dissolution may prejudice the rights of any creditor in which case, a verified petition for voluntary dissolution shall be filed with the Authority.

**Section 2. Procedural Guidelines.** The following procedures shall be observed:

1. Passage of a Board Resolution recommending dissolution approved by the majority vote of the Board of Directors.
2. Notice to the Authority of the intention to dissolve with the copy of Board Resolution attached thereto to which the Authority shall immediately act upon by reminding the cooperative of the procedures.

3. Setting of the date, time, and place of the General Assembly meeting by the Board of Directors.
4. Sending of written notice for the General Assembly meeting by the Board Secretary to each member of record, by personal delivery, registered mail, or electronic mail at least thirty (30) days before the scheduled General Assembly meeting.

The written notice shall contain:

- a. Agenda which must necessarily include a discussion on the reason/s for the dissolution of the cooperative;
  - b. The date, time, and place of the meeting; and
  - c. If dissolution is approved, to elect or appoint the Board of Liquidators.
5. Publication of the Notice of the time, place, and subject of the meeting for at least once a week for three (3) consecutive weeks in a newspaper published in the place where the principal office of said cooperative is located, or if no newspaper is published in such place, in a newspaper of general circulation in the Philippines.
  6. Conduct of General Assembly Meeting. The General Assembly may approve or disapprove the dissolution.
  7. Election or appointment of the Board of Liquidators or Trustees, if the General Assembly approves the dissolution.
  8. Signing of the verified petition by the majority of the Board of Directors or other officers managing the cooperative's affairs. The said petition shall be in writing, verified by its Chairperson, Board Secretary, or one of its directors and shall set forth all claims and demands against it and that its dissolution was resolved by the affirmative votes of at least three-fourths (3/4) of all the members with voting rights, present, and constituting a quorum at a meeting called for that purpose.

The Petition shall be accompanied by the following documents:

- a. Certification of the Board of Directors signed by at least majority of the Board of Directors and countersigned by the Board Secretary certifying the approval of the resolution by at least  $\frac{3}{4}$  vote of all members with voting rights and to the fact that third party creditors will be affected by the dissolution;
- b. Affidavit of Publication;
- c. General Assembly Resolution containing the names of the elected or appointed Board of Liquidators or Trustees;
- d. Minutes of the General Assembly; and

- e. Issuance of an Order containing the following:
  - e.1 Affirmation of sufficiency in form and substance;
  - e.2 The purpose of the Petition; and
  - e.3 The period to file an objection or opposition to dissolve the cooperative shall not be less than thirty (30) days nor more than sixty (60) days after the entry of the Order.
- 9. Publication of the copy of the Order at the expense of the petitioner at least once a week for three (3) consecutive weeks in a newspaper of general circulation published in the municipality or city where the principal office of the cooperative is situated or in the absence of such local newspaper, in a newspaper of general circulation in the Philippines.
- 10. Posting of the copy of the Order by the Petitioner for three (3) consecutive weeks in three (3) public places in the municipality or city where the cooperative office is located.
- 11. Initial hearing of the Petition by the Authority upon expiry of the five (5) day notice to file objection.
  - 11.1 If an objection exists, the Objection must be in writing, (typewritten) together with documentary proofs of claim/s;
  - 11.2 Within fifteen (15) days from the end of the period to file objections or claims, the Authority shall notify the Board of Directors and all parties who have filed any objection or claim of the hearing.
- 12. Hearing of the Objection/Opposition. During the hearing, all parties shall be given the opportunity to present their objections and defend their positions. The Authority shall act as the final arbiter of all issues raised. The parties may present their evidence and seek their admission as exhibits. As far as practicable, the Authority shall not entertain any postponement in order to terminate the proceedings without further delay.
- 13. Issuance of Order of Dissolution with a directive to Commence Liquidation process.

The contents of the Order of Dissolution shall set forth the following:

  - a. The assets and liabilities of the cooperative;
  - b. The claim of any creditors;
  - c. The number of members;
  - d. The nature and extent of the interest of the members of the cooperative; and
  - e. The directive to commence the liquidation of the cooperative.

14. The Authority shall send the Order of Dissolution with a directive to commence liquidation either by personal delivery, electronic mail, or through a registered mail within ten (10) days upon issuance thereof.

**Section 3. Action of the Board of Liquidators/Trustees.** Upon receipt of the Order of Dissolution with a directive to commence the liquidation process, the cooperative, through its Board of Liquidators, shall proceed with the winding up of the affairs.

## **ARTICLE V INVOLUNTARY DISSOLUTION**

**Section 1. Nature.** The termination of the existence of a cooperative shall be initiated either by the regular courts of law or by the Authority. In the course of such proceedings, the respondent shall be the cooperative, represented by its Board of Directors.

## **ARTICLE VI INVOLUNTARY DISSOLUTION BY A COMPETENT COURT**

**Section 1. Grounds for Involuntary Dissolution.** A competent court of proper jurisdiction may dissolve a cooperative only after due notice and hearing based on the following grounds:

- a. Violation of any law, regulations, or provisions of its bylaws; and
- b. Insolvency, as defined under Act No. 1956 or Insolvency Law as amended by RA 10142 or Financial Rehabilitation and Insolvency Act of 2010 (FRIA).

**Section 2. Action of the Authority.** Upon receipt of the final and executory decision of the court, the Authority shall issue an Order to proceed with the winding up of the affairs of the cooperative.

## **ARTICLE VII INVOLUNTARY DISSOLUTION BY THE AUTHORITY**

**Section 1. Nature.** The dissolution is done, not through the initiative of the members of the cooperative but by the order of the Authority.

**Section 2. Procedural Guidelines.** The following procedures shall be observed:

1. **Receipt of a verified complaint.** Receipt of a verified complaint from private individuals, juridical entities, or government agencies, and/ or report from the employees of the Authority.
2. **Issuance of Summons or Show Cause Order.** Issuance of Summons or Show Cause Order within fifteen (15) days from receipt of the complaint, or report by the Authority to the cooperative, through its Board of Directors, stating the grounds for involuntary dissolution and requiring the submission of a Comment

or an Explanation of why the cooperative should not be dissolved and its Certificate of Registration be canceled.

3. **Service of Summons or Show Cause Order.** Service of Summons or Show Cause Order to the principal office of the cooperative or its last known address as shown in the records of the Authority by registered mail with a return card. Personal delivery may also be employed through a duly authorized employee of the Authority.
4. **Filing of an Answer to the Complaint.** The cooperative shall file its Answer within fifteen (15) days from receipt of the Summons or Show Cause Order stating therein the justifications why it should not be dissolved and all defenses available to it. No Motion to Dismiss shall be filed. Any Motion to Dismiss filed shall however be treated as an Answer.
5. **Notice of Hearing.** Upon receipt of the Answer from the cooperative or upon failure to file an Answer within the prescribed period, the Authority shall issue a Notice of Hearing stating the date, time, and place of the hearing. No Motion for Postponement shall be entertained by the Authority unless found to be meritorious. Failure to file an answer or appear in the hearing despite notice shall be deemed a waiver to file an answer or to appear in the hearing.
6. **Presentation of Evidence.** During such hearing/s, the parties shall be given the opportunity to present their respective evidence for or against the dissolution of the cooperative. The parties may or may not be represented by counsel during such hearings. Failure of the cooperative to attend the hearing despite notice shall warrant the Authority to issue the Order of Dissolution.
7. **Order of Dissolution/Dismissal.** After the hearing, if the ground/s for dissolution is established, the Authority shall issue an Order of Dissolution and Order to commence the liquidation process, otherwise, it shall dismiss the complaint. The Order of Dissolution /Dismissal of the complaint shall become final and executory after fifteen (15) days from receipt of such Order by the parties unless a Motion for Reconsideration has been seasonably filed.
8. **Motion for Reconsideration.** A Motion for Reconsideration shall be filed within fifteen (15) days from receipt of the Order of Dissolution/Dismissal of the Complaint. There shall be no second Motion for Reconsideration.
9. **Appeal.** The parties who are not satisfied with the Order of Dissolution of the Extension Office Director or the Administrator may file their Appeal within fifteen (15) days from the receipt of the denial of the Motion for Reconsideration to the CDA Board of Directors. The Decision of the CDA Board of Directors shall be final and executory.
10. **Appointment of Liquidators.** Within sixty (60) days from the receipt of the Order of Dissolution issued by the Extension Office Director or the denial of their appeal, the Board of Directors of the concerned cooperative shall select or constitute the Board of Liquidators. In the event, the Board of Directors fails or refuses to constitute the Board of Liquidators, at least twenty-five percent (25%)

of the members entitled to vote shall convene and select or appoint the Board of Liquidators. In case the Board of Directors and the General Assembly constituting 25% of the members entitled to vote fail to select the Board of Liquidators, the CDA - Head Office or Extension Office, as the case may be, may appoint a Board of Liquidators through the issuance of an Appointment of the Liquidator.

**Section 3. Action of the Board of Liquidators.** Upon receipt of the Appointment of Liquidators, the Board of Liquidators shall proceed with the winding up of the affairs as outlined in Article VIII hereof.

## **ARTICLE VIII LIQUIDATION OR WINDING UP OF AFFAIRS**

**Section 1. Legal Bases.** The legal bases are Articles 69 and 70 of The Philippine Cooperative Code of 2008, otherwise known as RA 9520, and Articles 1 to 17 of Rule 9 of its Implementing Rules and Regulations.

**Section 2. Nature.** The cooperative, whatever may be the cause of dissolution, continues to exist for three (3) years from the issuance of Order of Dissolution which during said period undertakes, through its duly constituted Board of Liquidators, the following activities:

- a. To make an inventory of the assets and liabilities of the Cooperative;
- b. To preserve the existing assets of the cooperative;
- c. To convert all assets of the cooperative into cash;
- d. To pay the creditors, if any;
- e. To prosecute and defend suits filed by or against the cooperative;
- f. To dispose, convey, and distribute its remaining assets; and
- g. To transfer the statutory funds to the intended beneficiaries.

**Section 3. Modes of Liquidation.** The winding up of affairs of a cooperative may be provided for in the cooperative bylaws provided it is not inconsistent with law.

The cooperative may avail of the following modes of liquidation:

- a. Liquidation by the cooperative itself through a Board of Liquidators. The members of cooperative entitled to vote shall elect from among themselves their Board of Liquidators; or
- b. By conveying all the cooperative assets to Trustee or Trustees who will take charge of all the winding up activities.

The election or appointment of Liquidator/s shall terminate the powers of the Board of Directors and other committees as stated in the Bylaws of the cooperative and in R.A.



No 9520. The conveyance of the cooperative assets to Trustee or Trustees shall terminate all the interests which the cooperative had in the said properties

**Section 4. Mandatory Winding up of Cooperative Affairs.** After the issuance of the Order of Dissolution, the following shall undergo liquidation:

- a. Cooperatives whose charter expires by its own limitation;
- b. Cooperatives whose existence is terminated by voluntary dissolution;
- c. Cooperatives whose existence is terminated by appropriate judicial proceedings; and
- d. Cooperatives that have been dissolved under Articles 67, 68, and 144 of RA 9520.

**Section 5. Constitution of Liquidators/Trustees by the Authority.** In dissolving a cooperative, the Board of Liquidators/Trustees shall be selected/constituted by the Board of Directors. In case of failure or refusal of the Board of Directors to constitute the Board of Liquidators/Trustees, the same shall be selected by the General/Representative Assembly, and if the latter still fails, the Authority shall appoint the same from the Federation or Union to which the cooperative is affiliated. Such Liquidators and Trustees shall be directly accountable to the cooperative and supervised by the Authority.

The election or appointment of Liquidator/s shall terminate the powers of the Board of Directors and other committees as stated in the Bylaws of the cooperative and in R.A. No 9520.

**Section 6. Board of Liquidators/Trustees.** Within sixty (60) days from receipt of the Order of Dissolution from the Authority or competent Court, the Board of Directors shall select/constitute the Board of Liquidators/Trustees. In the event, the Board of Directors fails or refuses to constitute the Board of Liquidators/Trustees, at least twenty-five per centum (25%) of the members entitled to vote shall convene and select/appoint the Liquidators/Trustees. In case the Board of Directors and the General Assembly constituting 25% of members entitled to vote fail to select the Board of Liquidators/Trustees, the Federation to which the cooperative is affiliated shall select/appoint the Liquidators/Trustees. If no selection or appointment of Liquidators/Trustees, after exhaustion of the foregoing process of selection/appointment, the Authority, upon written request, shall constitute a team of liquidators/trustees, within ten (10) days from receipt of the request.

**Section 7. Number of Liquidators.** The Board of Liquidators/ Trustees shall not be less than three (3) nor more than five (5).

**Section 8. Qualifications of a Liquidator/Trustee.** The qualifications of a liquidator shall be as follows:

- a. He/she must have the time and willingness to undertake the activities concerned;

- b. He/she must not have any conflicting interest with the cooperative aside from his/her membership;
- c. He/she must possess the technical competence to undertake the winding up activities of the cooperative;
- d. He/she must not have been found guilty of any crime involving moral turpitude, gross negligence, or gross misconduct in the performance of his/her duties nor must he/she have been found culpable in any administrative case involving such offenses;
- e. He/she must not be facing charges as a defendant in any civil, criminal, or administrative proceedings involving financial or property accountability, or both; and
- f. He/she must not have been a party to any past cooperative anomaly.

**Section 9. Powers, Functions, and Responsibilities of Liquidators/ Trustees.** The Liquidators/ Trustees shall be responsible for the speedy, equitable, and beneficial winding up of the affairs of the cooperative. Specifically, they shall exercise the following powers, functions, and responsibilities:

- a. Make an inventory of all assets and determine all liabilities including Share Capital Holdings;
- b. Preserve the existing assets of the cooperative;
- c. Convert all assets of the cooperative into cash;
- d. Pay the outstanding obligations including any and all valid claims against the cooperative;
- e. To retain the services of the employees of the cooperative, or to appoint a CPA to assist them in the performance of their functions, if necessary;
- f. To transact business with the cooperative's depository banks for and on behalf of the cooperative, including the deposit and withdrawal of funds pertaining to the cooperative;
- g. To cause the collection and distribution of the assets in order to expedite the winding up process;
- h. To determine the unpaid subscriptions and debts of the past or present members, officers, members of the board of directors, or other committees and employees, including debts due from them, and to collect such obligations until the winding up period is completed.;
- i. To evaluate all claims for and against the cooperative, and subject to the provisions of applicable laws;
- j. To decide questions of priority of claims;

- k. To institute and defend suits and other legal proceedings for or against the cooperative;
- l. To enter into compromise or arrangement with any person with whom the cooperative may have any dispute and to refer such dispute for arbitration;
- m. To pay wholly or ratably any class of creditors of the cooperative;
- n. To distribute remaining assets after payment of all obligations;
- o. To request for the lifting of the Order of Dissolution and Order to Commence the Liquidation, if the Liquidators/Trustees find evidence that the continued existence and operation of the cooperative may be viable and beneficial to its members and other concerned parties;
- p. To ascertain the financial condition of the cooperative as of the date of commencement of the winding up period;
- q. To notify the Bureau of Internal Revenue (BIR), Social Security System (SSS), Home Development and Mutual Fund (HDMF), the Department of Labor and Employment (DOLE), and other concerned agencies regarding the dissolution of the cooperative;
- r. To submit a copy of the Statement of Financial Condition and the Statement of Operations to the Authority;
- s. To report in writing to the Office of the Solicitor General the inventory of any donated capital of the dissolved cooperatives;
- t. Distribute remaining assets pursuant to the provision of the Code and these Rules; and
- u. Make a final report on the liquidation and submit the same to the Authority.

**Section 10. Compensation.** The Board of Liquidators/Trustees shall be allowed to receive reasonable compensation to be paid from the funds of the cooperative which shall be equal to but not less than the honorarium being received by the Board of Directors of the cooperative before its dissolution.

**Section 11. Functions and Responsibilities of the Liquidator/s.** Upon assumption and presentation of credentials, the Liquidator/s shall promptly proceed with the winding up of the affairs of the cooperative. In this regard, the Liquidator/s shall immediately:

- a. Notify the Bureau of Internal Revenue (BIR), Social Security System (SSS), Home Development and Mutual Fund (HDMF), the Department of Labor and Employment (DOLE), and other concerned agencies regarding the dissolution of the cooperative;
- b. Arrange with such depository banks for authorization to transact business with them in the name of the cooperative;
- c. Take possession and control of the business, properties, assets, claims, books, records, and all other documents of every description of the cooperative;

- d. Estimate the total costs of the winding up activities and allocate the funds for these. These costs shall include compensation of the Liquidator/s and appointed employees, if any, cost for publication, posting, public bidding, and others;
- e. Investigate the financial condition of the cooperative as of the date of commencement of the winding up period. In this connection, the Liquidator/s may, at their option, retain the services of an Independent Certified Public Accountant to conduct an audit of the cooperative's books of account, and ascertain its financial condition at the commencement of the winding up period, particularly in the following:
  - i. Conduct an inventory of the assets and ascertain the outstanding liabilities of the cooperative;
  - ii. Update the books of account by taking up in the books any unrecorded asset or liability and unrecognized revenue and expense;
  - iii. Reconcile the general ledger balances of the cash accounts with the balances as confirmed by the depository banks;
  - iv. Reconcile the general ledger balances against the subsidiary ledger balances of the receivables, fixed assets, merchandise inventories, liabilities, and membership accounts, among others;
  - v. Close the books of accounts and prepare a Statement of Financial Condition and Statement of Operations as of the date of the commencement of the winding up period, and supported by the following:
    - v.1 Schedule of Members' Share Capital Contributions and their receivables and payable accounts showing the members' names, certificate of share capital or passbook numbers, and individual balances for shares, receivables, and payables as of the date of the statement of operation;
    - v.2 Schedule of Cash showing the names and addresses of such banks and other financial institutions wherein the cooperative has its accounts, together with their account numbers and the confirmed cash balances;
    - v.3 Schedule of Accounts Receivables showing the names, addresses, and the amounts due to the cooperative;
    - v.4 Schedule of Fixed Assets and Inventories with their fair market values;
    - v.5 Statement of Affairs of the cooperative as the date of the Statement of Financial Condition based on the inventory and appraisal and the estimated amount of expenses; and
    - v.6 Schedule of Liabilities showing the names, addresses, and the amounts due to each creditor
- f. Submit a copy of the Statement of Financial Condition and the Statement of Operations to the Authority to serve as its basis for establishing the

accountability of the Liquidator/s, and for ascertaining whether the subsequent realizations of assets, settlement of claims, and return of members' investments are properly accounted for.

The Liquidator/s shall, after updating and closing the books of accounts, send notices by registered mail to all creditors to whom the cooperative may be indebted, informing them of the dissolution and asking them to present their claims for payment, if not already presented, within a period of six (6) months from the date of the issuance of such notice. The Liquidator/s shall ascertain the genuineness and validity of such claims.

The Liquidator(s) shall send notice to all members of the cooperative informing them of the approval by the Authority of the dissolution of their cooperative, whether voluntary or involuntary. It shall also inform the member of the value of his share capital contributions, receivable, and payable balances as of the date of the commencement of the winding up period. The members shall also be asked to confirm their balances, whether receivable or payable, by returning a signed confirmation slip for comparison and reconciliation with the cooperative's records.

After establishing the fair financial position of the cooperative and notifying the creditors and members, the Liquidator/s shall proceed with the task of converting its assets into cash, settling its liabilities, disposing of the various reserve funds, and returning any remaining assets to the members.

As far as practicable, assets of the cooperative shall be sold in bulk, on an "as is, where is" and cash basis, and through public bidding. Piecemeal and/or negotiated sale of assets shall be resorted to only in the absence of at least two (2) bidders. This is intended to ensure the prompt disposal of the assets with the highest possible returns to the cooperative.

- g. Conversion into cash of any investment entered into by the cooperative and all marketable securities in the name of the cooperative or assigned to it.
- h. Collection of receivables from third parties. The Liquidator/s may undertake such steps to collect receivables before due dates by offering discounts and/or other forms of incentives.
- i. Collection of receivables from the members of whatever nature shall be made immediately regardless of due dates. In this case, the offsetting of such receivables from the members' share capital and/or fixed deposits shall not be allowed.
- j. Writing-off of worthless assets or assets declared as junk and/or without any value.
- k. Deposit the proceeds from the sale of assets, marketable securities, and collections from all receivables shall be deposited in the bank, and properly accounted for.

- l. Settle promptly the liabilities of the cooperative as far as the funds will permit in accordance with the order of priorities prescribed earlier. The Liquidator/s may, however, settle such liabilities as they fall due and regardless of priority if the assets of the cooperative are sufficient to cover the obligations, including members' share capital.
- m. Transfer the various reserve funds to the intended beneficiaries through the execution of the proper transfer instruments after payment of all creditors.
- n. Convert into cash or declared worthless assets of the cooperative, all claims have been settled either through payment or deposit for payment and all reserve funds have been properly disposed of, the Liquidator/s shall determine the remaining assets of the cooperative. If the remaining assets are equivalent to or greater than the total share capital of all the members, such share capital shall be returned to the members.
- o. To report in writing to the Office of the Solicitor General the inventory of any donated capital of the dissolved cooperatives under Articles 64, 65, 66, 67, 68, and 69 of RA 9520/canceled cooperatives in accordance with Article 144 of RA 9520, which may consist of any or all of the following: subsidies, donations, legacies, grants, aids, and such other assistance from any local or foreign institution whether public or private, and to request the said office to undertake the appropriate action in accordance with the last paragraph (Escheat) of Article 72 of RA 9520.
- p. Payment of preferred share capital holders prior to common share capital holders. They shall be paid the par value of their subscriptions. Members with regular share capital subscriptions shall then be paid the value of their subscriptions. Any remaining assets following such payment may be distributed among the members in the form of interest on share capital.

In case the remaining assets are not sufficient to cover the share capital of all members, preferred share capital holders shall be paid the par value of their subscriptions prior to common share capital holders, who shall then be paid on a pro-rata basis from the remaining assets.

- q. Seek the approval of the Authority to distribute the remaining assets to its members.

The request shall be accompanied by a schedule containing the following:

- i. The names of the members on record as of the date of the commencement of the winding up period;
- ii. The amount of each member's subscriptions and paid-up shares capital contribution;
- iii. The amount of any unsettled receivable of the cooperative from each member, if any; and

- iv. The total amount of each member's share in the remaining assets of the cooperative, if applicable.

**Section 12. Distribution of Remaining Assets.** Once the written approval of the Authority has been received by the Liquidator/s, distribution of the remaining assets shall commence in the following manner:

- a. Notice of such distribution shall be given to all members;
- b. The members shall surrender their share capital certificates and/or passbooks to the Liquidator/s;
- c. Checks payable to each member shall be prepared containing the total amount of the member's share in the remaining assets;
- d. The member shall sign a receipt acknowledging receipt of the amount indicated above;
- e. All surrendered share capital certificates and/or passbooks shall be appropriately cancelled by marking or mutilating such documents to invalidate it.

In case of loss or destruction of the share capital certificates and/or passbooks, the member shall execute an affidavit containing the following information:

- i. The serial number/s of the certificate/s and/or passbook/s;
  - ii. The value and number of shares represented by the certificate/s and/or the last stated balance/s of the passbook/s;
  - iii. The circumstances as to how, when, and where the certificate/s and/or passbook/s was lost or destroyed;
  - iv. The lost or destroyed certificate/s and/or passbook/s have never been transferred, sold, or endorsed to a third party; and
  - v. The member holds the liquidator/s free from all liabilities and/or claims by third parties.
- f. The Liquidator may also establish the member's shareholdings and/or deposits from other records of the cooperative, such as share and transfer book and/or individual/subsidiary ledgers.
  - g. If a member cannot personally receive his share in the remaining assets, the Liquidator/s may opt to send the check representing the member's share by registered mail to the last known address of the member.
  - h. The assets distributable to creditor/s or member/s whose whereabouts is/are unknown or cannot be found shall be held in trust by the Board of Liquidators or Trustees who will hold as such for a period of five (5) years from the date of its receipt.

- i. After the lapse of the five (5) year period, such unclaimed amount shall be given to the federation or union to which the cooperative is affiliated with, for cooperative development. If the cooperative is not affiliated with either federation or union, the undistributed assets shall be given to the federation or union where the cooperative operated, for cooperative development.

**Section 13. Payment of Obligations.** Payments to creditors, members, and other parties, and releases of funds for expenses shall be made only through checks or any alternative mode of payment addressed to specific persons and supported by proper documents.

**Section 14. Effects of Liquidation.** The liquidation and winding up of the affairs of a cooperative results in the following:

- a. All debts are realized and assets are converted into cash;
- b. Debts are settled in accordance with the following:
  - i. Taxes, duties, and fees due to the government;
  - ii. Third Party Creditors;
  - iii. Employees Compensation;
  - iv. Deposit liabilities;
  - v. Preferred Shares; and
  - vi. Common Shares
- c. Reserves are disposed of in accordance with the existing laws, rules and regulations, and the Bylaws of the cooperative; and
- d. Remaining assets are returned to the members in accordance with their share capital contribution.

**Section 15. Procedural Guidelines.** The following procedures shall be observed by the liquidators/trustees:

- 1. Update, reconcile, and close the books of accounts.
  - 1.1 Update the books of account by taking up in the books any unrecorded asset or liability and unrecognized revenue and expense;
  - 1.2 Reconcile the general ledger balances of the cash accounts with the balance as confirmed by the depository banks;
  - 1.3 Reconcile the general ledger balances against the subsidiary ledger balances of the receivables, fixed assets, merchandise inventories, liabilities, and membership accounts, among others;
  - 1.4 Close the books of accounts and prepare a Statement of Financial Condition and Statement of Operations as of the date of the commencement of the winding up period, and supported by the following:
    - 1.4.1 Schedule of Members' Share Capital Contributions, and their receivables and payable accounts showing the members' names,



certificate of share capital or passbook numbers, and individual balances for shares, receivables, and payables as of the date of the Statement of Operation;

- 1.4.2 Schedule of Cash showing the names and addresses of such banks and other financial institutions wherein the cooperative has its accounts, together with their account numbers and the confirmed cash balances;
- 1.4.3 Schedule of Accounts Receivables showing the names, addresses, and the amounts due to the cooperative;
- 1.4.4 Schedule of Fixed Assets and Inventories with their fair market values;
- 1.4.5 Statement of Affairs of the cooperative as the date of the Statement of Financial Condition based on the inventory, appraisal, and the estimated amount of expenses; and Schedule of Liabilities showing the names, addresses, and the amounts due to each of the creditors.

## 2. Conversion of Assets into Cash

- 2.1 **Inventory of Assets.** Prepare a list of all assets indicating the amount and any adjustments made thereto.
- 2.2 **Collection of receivables.** Collect all receivables from the members of whatever nature immediately regardless of due dates. In this case, the offsetting of such receivables from the member's share capital and/or fixed deposits shall not be allowed.
- 2.3 **Termination of Investments.** Convert into cash all investments entered into by the cooperative and all marketable securities in the name of the cooperative or assigned to it.
- 2.4 **Sale of All Assets.** As far as practicable, assets shall be sold in bulk, on an "as is, where is" and cash basis, and through public bidding. Piecemeal and/or negotiated sale of assets shall be resorted to only in the absence of at least two (2) bidders.
- 2.5 Convert into cash or declared worthless assets as junk and/or without any value.

## 3. Settlement of Liabilities

- 3.1 Ascertain the outstanding liabilities of the cooperative;
- 3.2 Send notices by registered mail to all creditors to whom the cooperative may be indebted informing them of the dissolution and asking them to present their claims and confirm balances for payment.

3.3 Pay creditors in accordance with paragraph (b), items ii to vi of Section 14 hereof.

4. Payment of Preferred and Common Shares

Preferred share capital holders shall be paid prior to common share capital holders. They shall be paid the par value of their subscriptions. In case the remaining assets are not sufficient to cover the share capital of all the members, preferred share capital holders shall be paid the par value of their subscriptions prior to common share capital holders, who shall then be paid on a pro-rata basis from the remaining assets.

The following procedures shall be observed:

- a. Send notice of payment of shares to all members;
- b. Require the members to surrender their share capital certificates and/or passbooks;
- c. Issue checks payable to each member containing the total amount of the member's share in the remaining assets;
- d. Require the member to sign and acknowledge receipt of the amount indicated above;
- e. Cancel by marking or mutilating all surrendered share capital certificates and/or passbooks. In case of loss or destruction of the share capital certificates and/or passbooks, the member shall execute an affidavit containing the following information:
  - e.1 The serial number/s of the certificate/s and/or passbook/s;
  - e.2 The value and number of shares represented by the certificate/s and/or the last stated balance/s of the passbook/s;
  - e.3 The circumstances as to how, when, and where certificate/s and/or passbook/s was lost or destroyed;
  - e.4 The lost or destroyed certificate/s and/or passbook/s have never been transferred, sold, or endorsed to a third party; and
  - e.5 The member holds the liquidator/s free from all liabilities and/or claims by third parties.
- f. Send the check representing the member's share by registered mail to the last known address of the member who cannot personally receive their share in the remaining assets.
- g. Hold in trust the assets distributable to creditor/s or member/s whose whereabouts is/are unknown or cannot be found for a period of five (5) years from the date of its receipt. After the lapse of the five (5) year period, give the unclaimed amounts to the federation or union to which the cooperative is affiliated with for cooperative development. If the cooperative is not affiliated

with either federation or union, the undistributed assets shall be given to the federation or union in the place where the cooperative operated for cooperative development.

5. Distribution of statutory funds.

Transfer the various reserve funds to the intended beneficiaries in accordance with Article 86 of RA 9520 through execution of proper transfer instruments.

6. Return of excess funds in proportion to the investment of members.

The excess fund shall be distributed to the common share capital holders in proportion to their share capital contribution.

**Section 16. Prohibition.** During the winding up period, the cooperative can no longer continue doing its business other than those necessary to carry out the winding up of its activities. These transactions can be generally classified as those involving the conversion of assets to cash, payment of liabilities, disposition of reserve funds, and return to the members of any remaining assets.

**Section 17. Bond Requirements for Liquidators.** The Liquidator/s and all other officers and employees of the cooperative retained by the Liquidator/s who have direct access and responsibility to the cooperative's funds shall be covered by adequate fidelity bonds. The coverage of such bonds shall extend for a period of six (6) months after the end of the three (3) year winding up period unless extended. The amount to be bonded shall be equivalent to at least Twenty Per Centum (20%) of the total assets of the cooperative but not less than Five Thousand Pesos (P5,000.00).

**Section 18. Examination of the Books of Accounts.** The Authority may cause the examination of the books of accounts and other financial documents of the cooperative during the winding up period through an Independent Certified Public Accountant.

**Section 19. Request for Lifting of Order of Liquidation.** If, during the winding up period, the Liquidator/s finds evidence that the continued existence and operation of the cooperative may be viable and beneficial to its members and other concerned parties, he may request for the lifting of the Order to Dissolve and the Order to Liquidate as supported by substantial evidence.

**Section 20. Final Report of Liquidation.** On the last day of the winding up period, the Liquidators/Trustees shall prepare and submit a Final Report of Liquidation to the Authority.

The Report shall contain the following:

1. The commencement and completion dates of the winding up period;
2. The total book value of all assets owned by the cooperative as of the commencement date;
3. The total book value of the assets that were written off;

4. The total amount realized from the sale of assets that were neither donated nor written off;
5. The allocation of the amounts pertaining to:
  - a. The reserve funds;
  - b. The settlement of all claims against the cooperative; and
  - c. The amounts returned to the members.
6. The Report shall be accompanied by the following documents:
  - a. An affidavit from the Liquidator/s stating that all claims against the cooperative have been settled and that the remaining assets, if any, have been returned to the members;
  - b. The Statement of Realization and Liquidation and a Summary Statement of Cash Receipts and Disbursements covering the entire winding up period;
  - c. Checks that have been cancelled pertaining to creditors, members, and third parties who have not claimed their share in the assets of the cooperative or who are unknown or can no longer be located;
  - d. Copies of Deeds of Donation for assets donated to a federation, union, charitable organization, or community;
  - e. A copy of the Authority's approval to write off worthless properties;
  - f. The final income tax return filed with the Bureau of Internal Revenue pursuant to the provisions of the National Internal Revenue Code and R.A. No. 9520 and the proof of payment of taxes, if any; and
  - g. Such other documents that the Authority may require.

**Section 21. Verification of Final Report by the Authority.** The Authority shall act on the Final Report of Liquidation within thirty (30) days upon its receipt from the liquidator(s).

It shall further undertake the following activities:

- a. Determine the accuracy and completeness of the final report and the supporting documents;
- b. Ascertain whether all valid claims against the cooperative have been properly disposed of or settled through any valid mode of payment or donation;
- c. Ascertain whether any balance of the reserve fund and the unexpended balance of the education and training fund have been properly disposed of; and
- d. Ascertain whether all the remaining assets have been returned to the members/shareholders equitably.

**Section 22. Issuance of Order of Cancellation of the Certificate of Registration of the Cooperative.** Within ten (10) days from the release of the Liquidators/Trustees of their duties and functions, the Authority shall issue an Order of Cancellation of the Certificate of Registration.

## **ARTICLE IX CANCELLATION OF CERTIFICATE OF REGISTRATION**

**Section 1. Legal Bases.** Article 3 (g) of RA 6939; Art. 69 (2) of RA 9520; and Par.7, Article 4, Rule 9 of its Revised Rules and Regulations Implementing Certain Provisions.

**Section 2. Nature.** The cancellation of the Certificate of Registration of a cooperative is the cessation of its existence as a cooperative body for all intents and purposes. Thus, claims for or against the cooperative will no longer be enforceable.

**Section 3. Procedural Guidelines.** The following procedures shall be observed:

1. **Submission of Final Report.** After completion of the liquidation process, the Board of Liquidators/Trustees shall submit their Final Report of Liquidation;
2. **Validation of Final Report.** The Authority through its Extension Office/Head Office, whichever is applicable, shall validate whether the Final Report is complete and in order;
3. Release of the Liquidators/Trustees from their duties and functions by the Authority;
4. Issuance by the Authority of Order of Cancellation of the Certificate of Registration;
5. Cancellation by the Authority of the Certificate of Registration of the cooperative. This shall take effect immediately upon issuance of the Order of Cancellation.

The Order of Cancellation shall set forth the following:

- a. The circumstances as to the dissolution of the cooperative, whether voluntary or involuntary;
  - b. The name(s) of the Liquidator(s) and the date of their appointment;
  - c. The commencement date, the winding up period and its date of completion;
  - d. That such dissolution and winding up process were undertaken in accordance with law, and the implementing rules and regulations on the dissolution and liquidation of cooperatives;
  - e. The date of effectivity of the Order of Cancellation of the Certificate of Registration of the cooperative.
6. Release of Copy of the Order of Cancellation of Certificate of Registration to the Cooperative through its Board of Liquidator(s) by the Authority.

7. Posting by the Liquidators of the copies of the said Order in at least three (3) conspicuous places in the community where the cooperative has its principal office.

**Section 4. Outright Cancellation of the Certificate of Registration.** The Authority, at its own discretion, shall outrightly cancel the Certificate of Registration of a cooperative under the following conditions:

1. Proven to have no assets after actual verification by the Authority; or
2. Can no longer be located despite notice, posting, and Certification from the Barangay and/or local government partners. The proof/evidence shall be stated in the Order of Cancellation.

## **ARTICLE X DELISTING OF COOPERATIVES**

**Section 1. Legal Basis.** Rule 9, Sec 4 (7) of Rule 9 of the Revised Implementing Rules and Regulations of RA 9520.

**Section 2. Scope.** This Chapter shall cover the delisting of the cooperative name from the updated Registry of Cooperatives.

**Section 3. Procedural Guidelines.** The following procedures shall be observed:

1. **Submission of the request for delisting.** The Legal Division/EO shall submit a request for delisting together with the copy of the Order of Cancellation and the list of canceled cooperatives for delisting Registration Division;
2. **Approval of delisting by the Board of Directors.** The Board of Directors shall approve the delisting of the canceled cooperative upon recommendation of the Registration Division.
3. **Delisting in the Cooperative Registry.** Upon approval by the Board of Directors of the delisting of the cooperative, the Registration Division shall delist the name of the cooperative in the Registry of Cooperatives; and
4. **Safekeeping of Records.** Records shall be kept in accordance with the Guidelines in the Safekeeping of Records of the Delisted Cooperatives.

## **ARTICLE XI DISPOSITION OF THE RECORDS RELATIVE TO LIQUIDATION OF CANCELED COOPERATIVES**

Vital records of a cooperative which has been liquidated should be kept by the Authority for a period of five (5) years after the issuance of the Order of Cancellation of the Certificate of Registration of the cooperative, unless the liquidation is the subject of civil, criminal, and administrative proceedings. These documents and records shall serve

as ready references in clarifying issues and questions which may subsequently arise regarding the operation and liquidation of the cooperative.

**Section 1. Procedural Guidelines.** The following are the guidelines to be observed for the proper disposition of the records of the cooperative after liquidation:

1. **Turnover of the records of the cooperative.** The liquidator/s shall turnover, arranged chronologically, to the Authority the following records:
  - a. Books of accounts, subsidiary ledgers, and all other accounting documents, records and reports;
  - b. Records of the membership, including the register of members, and the share and transfer book, if any;
  - c. Resolution and minutes of the meetings of the General Assembly and the Board of Directors approving the dissolution;
  - d. Copies of contracts and memoranda of agreements wherein the cooperative is a party; and
  - e. Copies of the documents, records, and reports concerning the liquidation of the cooperative.
2. **Safekeeping of the documents and records by the Authority.** These documents and records shall be kept for safekeeping. The rationale of this is to make these documents and records available as references in clarifying issues and questions which may arise after the liquidation regarding the operation and liquidation of the cooperative.

The documents and records shall also be stored electronically.

## **ARTICLE XII**

### **ACCOUNTING AND FINANCIAL REPORTING ASPECTS OF LIQUIDATION**

Presented in this Article are the accounting policies and procedural guidelines to be adhered and the reporting requirements to be met for the proper accounting, monitoring, controlling, and reporting of the liquidation of cooperatives to the proper authorities and interested parties. These Guidelines cover only those transactions and reporting requirements that are peculiar to a cooperative undergoing liquidation. The accounting treatment of all transactions shall be in accordance with the generally accepted accounting principles applied consistently with the practice of the cooperative before its liquidation. Likewise, these Guidelines were formulated from the liquidation point of view rather than from the “going-concern” point of view, viz:

1. Assets are recorded on the basis of the value upon the disposition;
2. Liabilities are recorded and reported at the value after the settlement of the obligations; and

3. The current value of the cooperative's assets become more relevant than the amortized cost value since the assets will already be disposed of and will no longer be used in the operations.

**Section 1. Accounting Aspects.** The following are the major requirements peculiar to a cooperative undergoing liquidation:

1. Determination of and accounting for the estimated realizable value of the cooperative assets;
2. Accounting for the unexpired portion of prepaid expenses, and the unamortized portion of the organization cost and deferred credits;
3. Accounting for the realization of the cooperative assets;
4. Accounting for the expenses incurred during the liquidation;
5. Accounting for the settlement of liabilities;
6. Accounting for the disposition of balances of the various statutory funds; and
7. Accounting for the return of any remaining asset to the members/shareholders.

**Section 2. Procedural Guidelines.**

1. The Liquidator(s) shall be responsible for the proper accounting of records.
2. Unless otherwise specified, the accounting policies being observed and the accounting procedures being employed during the normal operation of the cooperative prior to the liquidation shall be observed.
3. The Liquidator(s) need not open and maintain another set of books of account separate from the books of accounts of the cooperative. He/They shall continue using the same books of accounts in accounting for the liquidation process.
4. In addition to the general ledger accounts presently used by the cooperative, the following accounts shall be established:

**a. Estimated gain/loss on realization account**

This is a nominal account which should be debited/credited for the estimated gains/losses arising from the increase/decline in the realizable value of the cooperative's assets. It shall be debited/credited upon the actual disposal in the Statement of Financial Condition as addition/deduction from the member's equity account.

**b. Allowance for loss on realization account (Specify the type of assets, e.g. building)**

This account is a contra asset account. It shall be debited upon the actual disposal of assets and shall be credited for the estimated losses arising from the decline in the realizable value of the cooperative's assets if the estimated realizable value is significantly less than the net book value. The balance of this



account shall be deducted from the affected asset account when preparing the Statement of Assets and Liabilities.

**c. Realized Gains or losses**

This is a nominal account. It shall be used to record actual gains or losses on the realization of the cooperative's assets. This account is debited for losses incurred on realization. A debit balance in this account represents net loss on realization and a credit balance of this account presents net gain on realization. The net balance of this account shall be closed to the Undivided Net Surplus.

**d. Undivided Net Surplus/Loss**

This account represents the Undivided Net Surplus or Loss of the cooperative after the other items in the Statement of Operation. It shall be closed to the members' equity account.

5. Amortization of costs like depreciation shall be discontinued starting from the commencement date of the winding up of the cooperative's affairs.
6. During the winding up period, the liquidator(s) shall close the books of accounts of the cooperative only twice, as follows:
  - a. The first closing of the books shall be done immediately upon receipt of the authorization to proceed with the winding up of the affairs of the cooperative. This first closing of the books shall be done after the liquidator(s) has undertaken an investigation of the financial condition of the cooperative, and has updated the books of accounts to reflect the estimated realizable value of the assets; unrecorded assets, liabilities, revenue, expenses, and other adjustments needed to correct the books of accounts;
  - b. It is intended to establish the true financial condition of the cooperative as of the start of the winding up of the affairs, and further, to determine the accountability of the liquidator(s);
  - c. The second and last closing of the books shall be done after all of the assets have been realized or declared worthless, all the liabilities have been settled; and balances of the reserves have been disposed of; and
  - d. It shall be preparatory to the final distribution of the remaining assets to the members. As evident from the foregoing, the books of accounts of the cooperative shall not be closed at the end of its accounting period as normally done when the cooperative is still a "going-concern".
7. Determination of and Accounting for the Estimated Realizable Value of the Cooperative Assets:
  - a. The Liquidator(s) shall, immediately upon receipt of the authorization to proceed with the winding up of the affairs of the cooperative, determine the estimated realizable value of the cooperative assets. Specifically, he shall:

- a.1 Conduct a physical count of the cooperative's inventories and fixed assets and determine their respective estimated realizable values. The estimated realizable value shall be the estimated fair value or market value less disposition cost;
- a.2 Review the cooperative's receivables and determine their estimated realizable values. The estimated realizable values of the receivables shall be the total amount of the receivables less allowance for accounts that are determined to be doubtful of collection and the estimated costs of collection or factoring cost; and
- a.3 Review the cooperative's investment and ascertain its estimated realizable value. The realizable value for the investment shall be the estimated fair value or market value less the cost of disposition.
- b. If the estimated realizable value of the assets as determined is significantly less than the value carried in the books, the liquidator(s) shall take up in the books the decrease in the realizable value of the assets.
- c. The Liquidator(s) shall maintain a detailed listing of all the property, plant, and equipment (PPE) counted during the inventory taking, and shall include the following:
  - c.1 The description of the assets;
  - c.2 The cost of the assets;
  - c.3 The accumulated depreciation;
  - c.4 The net book value; and
  - c.5 The estimated realizable value at the start of the winding up period.

This listing will be useful in the subsequent accounting for the correct gain or loss on the disposal of assets.

- d. If the Liquidator(s) is constrained to record and report the cooperative's assets at "going-concern" values because of the absence of a sound basis for determining the estimated net realizable value, this shall be noted/disclosed in the quarterly financial reports to be submitted to the Authority and other concerned parties.

#### 8. Accounting for the Unexpired Portion of Prepaid Expenses, Unamortized Portion of Organization Expenses, and Deferred Credits.

Upon receipt of the authorization to proceed with the winding up of the cooperative, the Liquidator(s) shall:

- a. Immediately charge to expense the unexpired portion of all the prepaid expense, any unamortized portion of the organization cost;
- b. Deferred credits should likewise be credited to the appropriate income account except for portions that are refundable to customers or debtors;

- c. Accounting for the Realization of the Cooperative Assets;
- d. The Liquidator(s) shall accumulate the gain or loss from the realization of the cooperative's assets in a "Realized Gain or Loss on Asset" control account; and
- e. The Liquidator(s) shall maintain subsidiary records to support and keep track of the details of the "Realized Gain or (Loss) on Asset" control account.

This will serve as reference in preparing the detailed schedules to support the Statement of Income and Expenses in Liquidation as well as in resolving tax and other questions which may subsequently arise.

#### 9. Accounting for the Cost of Liquidation

- a. The Liquidator(s) shall accumulate the actual expenses incurred during the liquidation in the appropriate cost and expense control accounts as shown in the standard chart of accounts for cooperatives (Refer to the Accounting Manual for Multi-purpose Cooperatives).
- b. The Liquidator(s) shall likewise maintain subsidiary records to support and keep track of the details of the cost and expense control accounts, and to serve as basis in preparing the detailed schedules of expenses incurred in liquidation.

#### 10. Accounting for the Settlement of Liabilities

- a. The Liquidator(s) shall settle the liabilities of the cooperative in the order of priority earlier prescribed. The liabilities may, however, be settled as they fall due and regardless of the order of priority if the assets of the cooperative are adequate to pay for all the liabilities.
- b. The Liquidator(s) shall maintain adequate records of paid and unpaid liabilities in order to monitor the balances of the liabilities, and to document the settlement of the liabilities. These records shall serve as reference in resolving questions which may arise in the future.
- c. The Liquidator(s) shall record in the books the settlement of liabilities.

#### 11. Accounting for the Disposition of Balances of the Statutory and Other Funds

- a. When all of the cooperative's assets have been realized or declared worthless, and all its liabilities have been settled, the Liquidator(s) shall close the books of accounts in the following manner:
  - i The balances of all other nominal accounts shall be closed to the undistributed gain or loss on realized account.
  - ii The balance of the "undistributed gain or loss on realized" account if debit balance, (meaning net loss) shall be closed to the general reserve fund. Net losses that cannot be absorbed by the general reserve fund shall be closed to the member's equity account.

- iii The balance of any accumulated deficit shall be closed to the general reserve fund.
- iv The balances of the Cooperative General Reserve Fund and Cooperative Education and Training Fund, Optional Fund, and Community Development Fund shall be disposed in accordance with Article 6 of R.A. 9520 and Rule 10 of its Implementing Rules and Regulations as follows:

The General Reserve Fund shall not be distributed among the members but the general assembly may resolve:

(1.) Art. 86 (c); or

(2.) Art. 86 2(b)

Article 86. Order of Distribution.

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(c) Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members. The General Assembly may resolve:

- i. To establish a usufructuary trust fund for the benefit of any federation or union to which the cooperative is affiliated; and
- ii. To donate, contribute, or otherwise dispose of the amount for the benefit of the community where the cooperative operates. If the members cannot decide upon the disposal of the reserve fund, the same shall go to the federation or union to which the cooperative is affiliated.

An amount for the education and training fund shall not be more than ten per centum (10%) of the net surplus. The bylaws may provide that certain fees or a portion thereof be credited to such fund. The fund shall provide for the training, development, and similar other cooperative activities geared towards the growth of the cooperative movement. xxx”

- iii. The Other Statutory Funds shall be closed based on the purpose for which it has been established. If it is for community development, then it will be donated to the community. If it is for land and building and/or social concern for members, then it will be closed to members' equity.

## 12. Accounting for the Return of Remaining Assets to the Members/Shareholders

After finally closing the books of accounts of the cooperative, the Liquidator(s) shall determine the share of each member/shareholder in the balance of members' equity account. The share of each member/shareholder shall be proportionate to each equity contribution. Preferred shareholders shall be paid ahead of the common shareholder.

The Liquidator(s) shall record in the books the final distribution of the remaining assets to the members/shareholders.

### **Section 3. Financial Reporting Aspects**

- A. The following financial reports are intended to promptly and properly apprise all interested parties of a cooperative undergoing liquidation.
  - 1. Reports to be prepared and submitted upon filing of the Notice of Voluntary Dissolution:
    - 1.1 Statement of Affairs;
    - 1.2 Statement of Financial Condition; and
  - 2. Reports to be prepared and submitted immediately upon receipt of the authorization to commence the winding up of affairs:
    - 2.1 Statement of Assets and Liabilities;
    - 2.2 Statement of Financial Condition;
    - 2.3 Statement of Operations; and
  - 3. Reports to be prepared and submitted quarterly during the three (3) year winding up period:
    - 3.1 Statement of Financial Condition;
    - 3.2 Statement of Income and Expenses in Liquidation;
    - 3.3 Statement of Cash Receipts and Disbursements; and
    - 3.4 Statement of Realization and Liquidation of Assets.
  - 4. Reports to be prepared and submitted upon completion of the winding up of the affairs:
    - 4.1 Statement of Collections and Expenses during the liquidation; and
    - 4.2 Statement of Cash Receipts and Disbursements.

The foregoing are the basic financial reports to be prepared and submitted at the inception, commencement, duration, and completion of the liquidation. As mentioned in the earlier Articles of this manual, certain schedules, like the schedule of Accounts Receivable and the Inventory of Property, Plant, and Equipment (PPE), should be prepared and submitted to support and provide details on specific items in the basic financial statements.

## **Nature and Guidelines in Preparation**

### **1. Statement of Affairs**

#### **a. Nature**

- a.1 The report presents the financial position of a cooperative from a “Liquidation point of view”.
- a.2 The Board of Liquidators of the cooperative shall cause the preparation of the Statement of Affairs.
- a.3 In this report, assets are presented at their appraised value in addition to their book value.
- a.4 Assets are also classified in accordance with the classification of liabilities, which is by the order-of-settlement priority or preference of credits.

The Statement of Affairs will aid the Board of Liquidator/s, the Authority, the Members, and the Creditors of the cooperative in assessing whether a cooperative contemplating liquidation has sufficient assets to pay for all claims against cooperative, specifically unsecured creditors.

#### **b. Guidelines in Preparation**

The Board of Liquidators of the cooperative shall cause the preparation of the Statement of Affairs.

This report shall be prepared only once. It shall be prepared within ten (10) days after the appointment of the members of the Board of Liquidator/s. It shall be prepared on the basis of the balances of assets, liabilities, and the member’s equity in the general ledger, the appraised value of the cooperative’s assets, and the estimated cost of the liquidation.

### **2. Statement of Financial Condition**

#### **a. Nature**

The Statement of Financial Condition shall show the financial position of the cooperative from a “going-concern” point of view, which shall be submitted to support the statement of affairs. In this report, assets are presented at their book value.

#### **b. Guidelines in Preparation**

- b.1 The Board of Liquidators shall cause the preparation of this report.
- b.2 The report shall be prepared to support the Statement of Affairs.
- b.3 The report shall be prepared only once. It shall be prepared within ten (10) days after the appointment of the members of the Board of Liquidators.

- b.4 This report shall be prepared on the basis of the balances of the assets, liabilities, member's equity, and reserves in the general ledger.

The Statement of Financial Condition will inform the Authority and other concerned parties of the net gain or loss on the realization of the cooperative's assets.

### 3. Statement of Operations

#### a. Nature

This report shows the results of operation of the cooperative during the reporting period. It supports the Statement of Affairs and Statement of Financial Condition to be submitted by the Board of Liquidators to the Authority upon filing of the Notice of Voluntary Dissolution. It also supports the Statement of Assets and Liabilities to be submitted by the liquidator(s) to the Authority upon receipt of the authorization to commence with the winding up of the affairs of the cooperative.

#### b. Guidelines in Preparation

- b.1 The Board of Liquidators shall cause the preparation of this report.
- b.2 The Board of Liquidator(s) shall be responsible for the preparation of this report.
- b.3 The Statement of Operation shall be prepared within ten (10) days after the appointment of the members of the Board of Liquidators.

The Statement of Operation which the liquidator(s) is required to prepare and submit to the Authority upon receipt of the authorization to commence the winding up of the cooperative's affairs shall be prepared on the basis of the account balances in the general ledger.

### 4. Statement of Assets and Liabilities

#### a. Nature

This report compares the assets and liabilities of a cooperative as of the reporting date and as of the commencement date of the winding up of its affairs. The format of this report is similar to that of an ordinary balance sheet of a cooperative except that in this report, assets are presented at their net realizable value.

This report is useful to the Authority and other interested parties in assessing the progress of the winding up of the cooperative's affairs.

#### b. Guidelines in Preparation

- b.1 The Liquidator(s) shall be responsible for the preparation of this report.
- b.2 This report shall be prepared and submitted to the Authority immediately upon receipt of the authorization to commence the winding up of affairs and every quarter thereafter until the activities have been completed. The deadline for the submission of this report shall be on the tenth (10) day of the succeeding quarter.

- b.3 This report shall be prepared on the basis of the account balance in the general ledger and the statement of assets and liabilities as of the date immediately preceding the month.

## 5. Statement of Income and Expenses in Liquidation

### a. Nature

This report represents the amount realized from the disposal of the cooperative's assets and the related costs and expenses incurred in the liquidation for the current month and the year to date. It also informs the Authority and other concerned parties of the net gain or (loss) on the realization of the cooperative's assets.

### b. Guidelines in Preparation

- b.1 The Liquidator(s) shall be responsible for the preparation of this report.
- b.2 It shall be prepared and submitted to the Authority every quarter starting from the commencement until the completion of the winding up of affairs. The deadline for the submission of this report shall be on the tenth (10<sup>th</sup>) day of the succeeding quarter.
- b.3 It shall be prepared on the basis of the general ledger and other records of asset disposal, cost, and expenses incurred.

## 6. Statement of Cash Receipts and Disbursement

### a. Nature

This report provides detailed information on the movement of cash for the current quarter and year to date of a cooperative in liquidation. It is primarily intended to inform the Authority and other users on how the liquidator(s) utilized the cash realized during the winding up of affairs.

### b. Guidelines in Preparation

- b.1 The Liquidator(s) shall be responsible for the preparation of this report.
- b.2 This report shall be prepared and submitted to the Authority every quarter starting from the commencement until the completion of the winding up of the affairs. The deadline for the submission of this report shall be on the tenth (10<sup>th</sup>) day of the succeeding quarter.
- b.3 This report shall be prepared on the basis of the general ledger, cash receipts, cash disbursements book, and the preceding month's cash receipts and disbursement.

## 7. Statement of Realization and Liquidation

When a financially distressed entity undergoes rehabilitation or liquidation, the trustee, assignee, or receiver renders periodic reports on the results of operations or progress made by preparing a Statement of Realization and Liquidation.



a. Nature

The Statement of Realization and Liquidation is a special report summarizing results of operations and progress made in the liquidation process. It shows what has been done with non-cash assets and liabilities and the corresponding effects on cash and member's equity. Accordingly, it provides for Articles on assets, liabilities, revenue and expenses. Inasmuch as changes in cash and members' equity are not included therein, these are shown in supporting schedules.



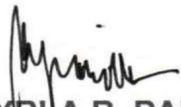


**Cooperative Development Authority**

**THE BOARD OF DIRECTORS**



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