



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
5th Flr Ben-lor Bldg., 1184 Quezon Ave., Quezon City

September 19, 1994

MEMORANDUM CIRCULAR
NO. 94-009
Series of 1994

TO : ALL CONCERNED

SUBJECT : POLICY ON THE SUSPENSION/CANCELLATION OF THE
CERTIFICATE OF REGISTRATION OF COOPERATIVE
(BOARD RESOLUTION NO. 328, S-1994 DATED
SEPTEMBER 13, 1994)

I - This Memorandum provides the policy on the suspension/cancellation of the certificate of registration of cooperatives.

II - Purpose of the Policy

The policy shall govern the procedures required to be undertaken in the area of the suspension/cancellation of the certificate of registration of cooperatives.

III- Legal Basis

Under Article 68 of the Cooperative Code, the "Authority may suspend or revoke, after due notice and hearing, the certificate of registration of a cooperative on any of the following grounds:

- a. Having obtained its registration by fraud;
- b. Existing for an illegal purpose;
- c. Willful violation, despite notice of the Authority, of the provision of the Code or its by-laws;
- d. Willful failure to operate on a cooperative basis;
- e. Failure to meet the required minimum number of members in the cooperative."

Further, Article 69 states that the Authority may order the dissolution of a cooperative for its failure to commence business and operations within two (2) years after the date of its registration or when the cooperative has not carried on business operations for two (2) consecutive years.

Rule 2, Section 5 of the the Implementing Rules also states that the failure of any cooperative to file the Annual Report shall be a ground for the revocation/cancellation of the certificate of registration of a cooperative.

IV - Who May Suspend/Cancel the Certificate of Registration of Cooperatives

The Area Cooperative Director may impose the sanction of suspension/cancellation on an erring cooperative falling under his jurisdiction after complying with the requisites of due process of law. The procedures laid down in previous policies of the Board of Administrators shall be conformed with.

The Executive Director, through the Legal and Registration Department, may impose such sanctions on cooperatives falling within the jurisdiction of the Central Office, and in cases of appeals, subject to the above-stated provisions.

V - Sanctions Available

The sanctions as enumerated in the Table of Sanctions, herein attached as Annex "A", may be imposed by the Director in accordance with the nature and level of the offense/s committed.

VI - Contents of Resolution

Following the procedure for the hearing of the administrative cases earlier approved by the Board of Administrators, the resolution shall contain the following specific statements:

- a. The pertinent facts of the case/controversy;
- b. The provision of the cooperative laws, or rules and regulations which were violated by the cooperative;
- c. The evidence in which the finding is based; and
- d. The sanction being imposed and its effects on the cooperative.

The cooperative, through its Board of Directors, shall be given a copy of such resolution. Other government agencies with whom the cooperative has transactions, whether financial or otherwise, may be given copies of such resolution.

VII- Effects

a. Suspension

The business operations of the cooperative may be continued during the period of suspension, at the discretion of the Area Director/Executive Director concerned. Such operations may include the collection of loans from members of the cooperative and the payment of due and demandable obligations of the cooperative. However, all benefits and privileges accorded under the Cooperative Code shall be revoked for such period of time of suspension by the Authority, including but not limited to the issuance of a certificate of good standing or any endorsement to government agencies.

b. Cancellation

Once the resolution declaring the cooperative's certificate of registration revoked or cancelled becomes final and executory, the cooperative shall be liquidated in accordance with the procedures provided for under Rule 8 of the Implementing Rules and Regulations.

VIII-Resolution. Its Effectivity

The Resolution on suspension, revocation or cancellation issued by the Area Director/Executive Director shall become final and executory after the lapse of the appeal period of fifteen (15) days from receipt thereof by the subject cooperative.


IX - Appeal

Any resolution ordering the suspension, revocation or cancellation of the certificate of registration of a cooperative shall be appealed to the Board of Administrators within fifteen (15) days from receipt of the resolution by the cooperative. The decision of the Board of Administrators shall become final and executory.

x - Effectivity

This policy shall take effect within thirty (30) days from its approval by the Board of Administrators.

Approved, September 13, 1994.


EDNA E. ABERILLA
Chairman

Encl.: a/s

ANNEX "A"

TABLE OF SANCTIONS

	1st Off.	2d Off.	3rd Off.
1. Failure to submit Annual Report but submitted Audited Financial Statement for the preceding year	Reprimand	6 months suspension	1 year suspension
2. Failure to submit Audited Financial Statement but submitted Annual Report for the preceding year	Reprimand	6 months suspension	1 year suspension
3. Non-maintenance of the required books	Reprimand	6 months suspension	1 year suspension
4. Failure to submit Annual Report & Audited Financial Statement for the preceding year	6 months suspension	1 year suspension	Cancellation
5. Failure to meet required minimum number of members	Suspension until minimum is met	Cancellation	
6. Failure to register amendments	6 months suspension	1 year suspension	Cancellation
7. Failure to call meeting of the General Assembly despite notice of CDA	6 months suspension	1 year suspension	Cancellation
8. All other violations of the cooperative laws, or CDA rules and regulations	1 year suspension	Cancellation	
9. Obtaining registration through fraud	Cancellation		
10. Existing for an illegal purpose	Cancellation		
11. Failure to commence business and operations within two (2) yrs. from registration	Cancellation		
12. Failure to operate for two (2) consecutive years	Cancellation		