



PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

CO-OPERATIVE ASSOCIATIONS ACT

PLEASE NOTE

This document, prepared by the *Legislative Counsel Office*, is an office consolidation of this Act, current to December 2, 2015. It is intended for information and reference purposes only.

This document is *not* the official version of the Act. The Act and the amendments as printed under the authority of the Queen's Printer for the province should be consulted to determine the authoritative statement of the law.

For more information concerning the history of this Act, please see the *Table of Public Acts* on the Prince Edward Island Government web site (www.princeedwardisland.ca).

If you find any errors or omissions in this consolidation, please contact:

Legislative Counsel Office

Tel: (902) 368-4292

Email: legislation@gov.pe.ca



CO-OPERATIVE ASSOCIATIONS ACT

Table of Contents

Section	Page
1. Definitions.....	5
2. Purpose of Act.....	6
3. Application of Act.....	6
4. Inspector of co-operatives.....	6
5. Eligibility for incorporation.....	7
6. Association limited by shares.....	7
7. Association limited by membership.....	8
8. Provisional directors.....	8
9. Subscribers to articles of incorporation.....	8
10. Names.....	8
11. Filing copies of articles of incorporation & deposit of fees.....	9
12. Registration of articles.....	9
13. Certification of incorporation.....	9
14. Articles & bylaws binding upon.....	10
15. Powers of associations.....	10
16. Prohibited activities.....	12
17. Amendment of articles.....	12
18. Change of name of association.....	12
REGULATIONS AND BYLAWS	13
19. Regulations empowerment.....	13
20. Registered office.....	13
21. Notice of situation of registered office.....	13
22. Register of members.....	13
23. Application for membership.....	14
24. Recovery.....	14
25. Instalment payment of shares.....	14
26. Nomination of beneficiary.....	14
27. Withdrawal from membership.....	15
28. Organizational meeting.....	16
29. Voting procedure.....	16
30. Extraordinary resolutions, forwarded to inspector.....	17
31. Number of provisional directors of association.....	17
32. Contracts made by association, how.....	18
33. Borrowing from members.....	19
34. Net savings of association, paid to members.....	19
35. Application of patronage payment to purchase of share.....	20
36. Lending patronage returns to directors.....	20
37. Status of payments of net savings.....	21
38. Exemption from s.39, when.....	21
39. Auditors, appointment.....	21

40.	Books of account to be kept by associations	23
41.	Annual general statement to inspector.....	23
42.	Amalgamation of associations.....	23
43.	Dissolution of an association.....	24
44.	Association not carrying on business, inquiry from registrar	26
44.1	Application to restore dissolved association.....	27
45.	Direction by Minister to dissolve association, where	27
46.	Failure to maintain books of account etc.	27
47.	Liquidator, appointment	28
48.	Commencement of winding up.....	29
49.	Cessation of business from date of commencing winding up.....	29
50.	Two or more liquidators, references to.....	29
51.	Liquidator to take custody	29
52.	Return date for claims	31
53.	Priority of payments	31
54.	Winding up costs, charges etc.	31
55.	Remuneration of liquidator.....	31
56.	Declaration <i>re</i> winding up.....	32
57.	Association is subsisting <i>re</i> unsettled matters	32
58.	Limitations on liability of liquidators, etc.	32
59.	Liability of members after dissolution & settling creditor's claims	32
60.	Incorporation of a federation	33
61.	Offences	34
62.	Services requiring payment of fees	34
63.	Regulations.....	34
SCHEDULE A		37
SCHEDULE B		38





CO-OPERATIVE ASSOCIATIONS ACT

CHAPTER C-23

1. Definitions

In this Act,

- (a) “**association**” means an association incorporated under this Act and an association to which this Act applies;
- (b) “**board**” means the board of directors of an association;
- (c) “**bylaws**” means the bylaws made by an association;
- (d) “**co-operative basis**” means the carrying on of an enterprise organized, operated and administered in accordance with the following principles and methods:
 - (i) each member or delegate has only one vote,
 - (ii) no member or delegate may vote by proxy,
 - (iii) interest or dividends on share or loan capital is limited to the percentage fixed in the articles of incorporation, or bylaws of the association,
 - (iv) the enterprise is operated as nearly as possible at cost after providing for reasonable reserves and the payment of crediting of interest or dividends on share or loan capital, and
 - (v) any surplus funds arising from the business of the organization, after providing for such reasonable reserves or dividends, unless used to maintain or improve services of the organization for its members or donated for community welfare or the propagation of co-operative principles, are distributed in whole or in part among the members or the members and patrons of the organization in proportion to the volume of business they have done with or through the organization;
- (e) “**extraordinary resolution**” means a resolution that has been passed by a majority of not less than three-fourths of the votes cast by such members of the association entitled to vote as are present in person at a special or annual meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been given in the manner provided by the bylaws;
- (f) “**immediate family**”, when used to indicate a relationship with any person, means
 - (i) any spouse, son or daughter of that person who has the same home as that person, or
 - (ii) any other relative of that person or of his spouse who has the same home as that person;
- (g) “**inspector**” means the person appointed to perform the duties of the inspector of co-operatives incorporated under this Act or to which this Act applies;
- (h) “**member**” means a person, association, society, partnership, corporation or institution that, pursuant to the bylaws of an association is a member of the

association and, in any case, includes a person who has subscribed to the articles of incorporation;

- (i) “**Minister**” means the Minister of Justice and Public Safety and Attorney General;
- (j) “**officer**” includes a president, chairman, secretary, treasurer, member of a board of directors or other person empowered under this Act, the regulations or the bylaws to give directions relating to the business of the association;
- (k) “**registrar**” means the person appointed to perform the duties as registrar of co-operatives incorporated under this Act or to which this Act applies;
- (l) “**regulations**” means regulations made by the Lieutenant Governor in Council pursuant to this Act;
- (m) “**co-op share**” means a share in the capital stock of an association to which no special preferences, rights, conditions, restrictions, limitations or prohibitions are attached either by the articles of incorporation or amalgamation agreement of the association or by the by-laws thereof. *1976, c.7, s.1; 1980, c.2, s.3; 1993, c.29, s.4; 1994, c.48, s.8; 1997, c.20, s.3; 2000, c.5, s.3; 2010, c.14, s.3; 2012, c.17, s.2; 2015, c.28, s.3.*

2. Purpose of Act

The purpose of this Act is to provide for the incorporation, inspection, examination and supervision of associations whose primary purpose is to provide service to their members and which belong to the people who use their services, the control of which rests equally with all their members, and the gains from which are distributed among the members in proportion to the use they make of these services. *1976, c.7, s.2.*

3. Application of Act

- (1) This Act applies to all associations incorporated under this Act and to all associations to which the *Co-operative Associations Act* R.S.P.E.I. 1974, Cap. C-21 applied at the coming into force of this Act.

Companies Act

- (2) The *Companies Act* R.S.P.E.I. 1988, Cap. C-14 does not apply to an association. *1976, c.7, s.3.*

4. Inspector of co-operatives

- (1) There shall be appointed an inspector of co-operatives.

Duties of inspector

- (2) The inspector
 - (a) shall examine the articles of incorporation and bylaws of all proposed associations desiring to be incorporated under this Act, inquire into the conditions under which any proposed association is intended to operate and approve or refuse to approve any articles and bylaws;
 - (b) repealed by *2005, c.29, s.1;*
 - (c) shall receive and file all returns and reports made by each association pursuant to this Act; and
 - (d) repealed by *2005, c.29, s.1;*
 - (e) repealed by *2005, c.29, s.1;*
 - (f) shall perform such other duties as may be required under this Act and as the Minister may direct.



Examination on oath

- (3) Repealed by 2005,c.29,s.1.

Failure to comply with request, offence

- (4) Repealed by 2005,c.29,s.1.

Housing Corporation, re

- (5) Notwithstanding any other provisions of this Act, the supervision and regulation of the company referred to in subsection 5(2) and any matters relating to the supervision and regulation of the company shall be under the Prince Edward Island Housing Corporation established under the *Housing Corporation Act* R.S.P.E.I. 1988, Cap. H-11, and not under the inspector or any other person under this Act. 1976, c.7, s.4; 1980, c.2, s.3; 1994, c.48, s.8; 2005,c.29,s.1.

5. Eligibility for incorporation

- (1) Any three or more persons of the age of majority, or any two or more associations may by subscribing their names to articles of incorporation in a form approved by the inspector and otherwise complying with the requirements of this Act respecting incorporation, form an association for the purpose of establishing and carrying on, on a co-operative basis, any lawful business, enterprise or service, other than that of a banking, a loan, a trust or an insurance company, either with or without capital divided into shares, that is to say, either
- (a) an association with capital divided into shares having the liability of its members limited by the articles of incorporation to the amount, if any, unpaid on the shares respectively held by them, in this Act termed as “an association limited by shares”; or
 - (b) an association without capital divided into shares having the liability of its members limited by the articles of incorporation to the amount, if any, unpaid on the membership fee which each member undertakes to contribute to the association, in this Act termed “an association limited by membership”.

Housing co-operatives

- (2) Notwithstanding subsection (1), any five or more persons who desire to associate themselves as an incorporated company for the purpose of building and providing sufficient and suitable dwelling houses in any part of the province and selling and leasing the dwelling houses or apartments or rooms therein and to carry out the purposes and powers which a company may have under the provisions of the *Housing Corporation Act*, may be incorporated under this Act in the same manner as provided for other associations under this Act. 1976, c.7, s.5; 2005,c.29,s.2.

6. Association limited by shares

In the case of an association limited by shares,

- (a) the articles of incorporation shall state
 - (i) the name of the association with the word “Co-operative” as a part of its name and with “Limited” as the last word in its name,
 - (ii) the objects of the association,
 - (iii) that the liability of the members is limited, and
 - (iv) the par value of the shares;
- (b) no subscriber to the articles of incorporation may subscribe for less than one share; and

- (c) each subscriber shall write opposite to his name the number of shares he subscribes for and his address. *1976, c.7, s.6.*

7. Association limited by membership

In the case of an association limited by membership,

- (a) the articles of incorporation shall state
- (i) the name of the association with the word “Co-operative” as a part of its name and with “Limited” as the last word in its name,
 - (ii) the objects of the association,
 - (iii) that the liability of the members is limited, and
 - (iv) the amount of annual or other periodic membership fee as is prescribed by the bylaws; and
- (b) each subscriber shall write his address opposite to his name. *1976, c.7, s.7; 2015, c.36, s.21(2).*

8. Provisional directors

Articles of incorporation shall contain or be accompanied by a list of the names and addresses of not fewer than three persons to be provisional directors of the association and to hold office as such until the first meeting of members following incorporation of the association. *1976, c.7, s.8.*

9. Subscribers to articles of incorporation

The articles of incorporation shall be signed by each subscriber in the presence of at least one witness, each of whom shall sign his name and write his address. *1976, c.7, s.9.*

10. Names

- (1) Notwithstanding sections 6 and 7, an association
- (a) may have the word “Co-opérative” or “Coopérative” as part of its name in place of the word “Co-operative”; or
 - (b) may have the word “Limitée” or the contraction “Ltd.” or the contraction “Ltée.” as the last word of its name in place of the word “Limited”.

Holding out as a co-operative prohibited

- (2) No person doing business in the province shall use the word “co-operative” or any abbreviation or derivation thereof as part of its name with respect to its services or its method of conducting business or hold itself out to the public in advertisements, literature, signs, announcements, or in any other manner to be co-operative unless
- (a) incorporated under or subject to this Act;
 - (b) incorporated by or under an Act of the Parliament of Canada that expressly authorizes the use of the word “co-operative”;
 - (c) incorporated by or under an Act of the Legislature of another province that expressly authorizes the use of the word “co-operative”; or
 - (d) incorporated by or under an Act of this Legislature that expressly authorizes the use of the word “co-operative”. *1976, c.7, s.10; 2005, c.29, s.3; 2015, c.36, s.21(3).*



11. Filing copies of articles of incorporation & deposit of fees

- (1) Two copies of the articles of incorporation, together with a deposit of the fees payable to the registrar and two copies of the bylaws signed by the subscribers to the articles of incorporation shall be submitted to the inspector, who on approval thereof shall endorse thereon a certificate to that effect, dated and signed by him, and shall thereupon transmit to the registrar one copy of the articles of incorporation and one copy of the bylaws.

Refusal of articles

- (2) If the inspector does not approve the articles of incorporation and bylaws, he shall return them together with the deposit to the proposed association with a statement of his reasons for not approving.

Appeal to Minister

- (3) A subscriber who is dissatisfied by the refusal of the inspector to approve articles of incorporation and bylaws may within thirty days of the refusal appeal to the Minister who may confirm, vary or reverse the decision of the inspector. *1976, c.7, s.11; 1980, c.2, s.3; 1994, c.48, s.8.*

12. Registration of articles

- (1) Subject to subsection (2), on receipt of articles of incorporation and bylaws duly approved by the inspector or the Minister in case of appeal, the registrar shall register them.

Registrar not to register certain articles & bylaws

- (2) The registrar shall not register articles of incorporation and bylaws of an association
 - (a) whose name is identical with that of any other subsisting association or company, incorporated or otherwise, or so nearly resembling the same as to be calculated to deceive except where such subsisting association or company is in the course of being dissolved and testifies its consent in such manner as the registrar requires;
 - (b) without the consent of the Lieutenant Governor in Council, whose name contains the words "Royal" or "Imperial" or which in the opinion of the registrar suggests or is calculated to suggest the patronage of Her Majesty or any member of the Royal Family or connection with Her Majesty's Government or any department thereof; or
 - (c) whose name is otherwise objectionable. *1976, c.7, s.12.*

13. Certification of incorporation

- (1) On registration of articles of incorporation and bylaws, the registrar shall certify under his hand that the association is incorporated under this Act.

Certificate as evidence

- (2) A certificate of incorporation given by the registrar in respect of any association shall be conclusive evidence that all the requirements of this Act respecting incorporation have been complied with and that the association is incorporated under this Act.

Effect of incorporation

- (3) From the date of incorporation mentioned in the certificate of incorporation, the subscribers to the articles of incorporation, together with such other persons as may from time to time become members of the association, shall be a body corporate by the name mentioned in the certificate of incorporation, capable forthwith of exercising all the functions of an incorporated association and having perpetual succession and a common seal with power to

hold lands, but with such liability on the part of the members to contribute to the assets of the association in the event of its being wound up as is mentioned in this Act. 1976, c.7, s.13.

14. Articles & bylaws binding upon

- (1) The articles of incorporation and bylaws shall bind the association and the members thereof to the same extent as if they respectively had been signed and sealed by each member, his heirs, executors and administrators, to observe all the provisions of the articles and of the bylaws subject to this Act.

No set-off against share capital

- (2) A member of an association is not entitled to set-off any balance that the member has in his share capital account against any debt due from that member to the association. 1976, c.7, s.14; 1987, c.13, s.1.

15. Powers of associations

- (1) Every association shall have in like manner as if the same were included among the purposes and objects set out in its articles of incorporation all corporate powers and capacity necessary to enable it to do, in addition to the acts and things included in the objects set out in its articles of incorporation, all or any of the following acts or things, that is to say, to:
- (a) buy, sell, grow, produce, manufacture, repair, alter, exchange, store, and deal in all articles or things within the scope of its objects as set forth in its articles of incorporation;
 - (b) purchase, take on lease or in exchange, hire or otherwise acquire or hold any real or personal property which the association may consider necessary or convenient for the purpose of its business;
 - (c) with the sanction of an extraordinary resolution to sell, mortgage, lease or otherwise dispose of the property or undertakings of the association or any part thereof;
 - (d) construct, improve, maintain, develop, work, manage, carry out or control any roads, ways, sidings, factories, warehouses, tanks, shops, stores, and other works and conveniences which may seem calculated, directly or indirectly, to advance the interests of the association, and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working management, carrying out or control thereof;
 - (e) undertake and carry on all kinds of businesses or operations connected with the marketing, buying, selling, preserving, harvesting, drying, processing, manufacturing, canning, packing, grading, storing, handling or utilizing of any product, or the manufacturing or marketing of the by-products thereof;
 - (f) acquire or hire supplies, machinery or equipment and make provision for the sale or hire, or for the extension of the use of the same, to its members or patrons;
 - (g) with the sanction of an extraordinary resolution, acquire or undertake the whole or any part of the business, property, liabilities and undertakings of any other association, person, company or society, carrying on any business which the association is authorized to carry on, or possessed of property suitable for the purpose of the association;
 - (h) with the sanction of an extraordinary resolution, take or otherwise acquire and hold shares, stock, debentures or other securities of or acquire and hold membership in any other company, association or society incorporated under any Act of the Province of Prince Edward Island or under the *Cooperative Associations Act* (Canada) having



- objects wholly or in part similar to those of the association, and to sell or otherwise deal with the same;
- (i) enter into any agreement for co-operation, joint adventure, reciprocal concession or otherwise with any other association, with any person or company, having objects wholly or in part similar to the objects of the association or engaged in any business or enterprise capable of being conducted so as directly or indirectly to benefit the association;
 - (j) enter into arrangements with any authorities, governmental, municipal, local or otherwise, that may seem conducive to the attainment of the association's objects, or any of them, and obtain from such authority any rights, privileges and concessions which the association may have capacity to receive and may think desirable to obtain, and carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
 - (k) establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the association or its predecessors in business, or the dependants or relatives of such persons, and grant pensions and allowances, and make payments towards insurance, and subscribe or guarantee money for charitable or benevolent objects, or for any public, general or useful object;
 - (l) draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, and other negotiable or transferable instruments;
 - (m) borrow and secure the payment of money in accordance with the provisions set forth in the bylaws and upon such terms and conditions as the board of directors may determine;
 - (n) invest the moneys of the association not immediately required in the business of the association in such manner as may be determined by the board of directors acting honestly and in good faith with a view to the best interest of the association and exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
 - (o) take or hold mortgages, hypothecs, liens and charges to secure payment of the price of any part of the property of the association of whatever kind sold by the association or any money due to the association from purchasers and others and to assign or otherwise dispose of the said mortgages, hypothecs, liens and charges;
 - (p) carry on, encourage and assist educational and advisory work relating to co-operative activities;
 - (q) enlarge the area of its operations by the establishment of branches or other means subject to this Act with respect to the establishment of branches;
 - (r) accept money on deposit from its members for future purchase of goods or services by the members, provided that an association accepting deposit money from its members shall keep such money available to the member on demand;
 - (s) generally carry on and undertake any business which may seem capable of being conveniently carried on in connection with the business of the association, or calculated, directly or indirectly, to enhance the value of or render profitable any property or rights of the association;
 - (t) do all or any of the above things as principal, agent, contractor, or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others;
 - (u) do all other things which are incidental or conducive to the attainment of the objects and the exercise of the powers of the association.

Housing Corporation Act, application of

- (2) Notwithstanding any other provisions of this Act, the company referred to in subsection 5(2) shall be deemed to have all powers necessary to carry out its purposes, and to comply with any requirements under the provisions of the *Housing Corporation Act* and to make such bylaws as are deemed necessary for its purposes. *1976, c.7, s.15; 1994, c.48, s.8; 2005, c.29, s.4.*

16. Prohibited activities

No association may make any contribution either in money or in kind, either directly or indirectly, to any association or organization of any description which has for its objects or for one of its objects the furtherance of the interests of any political party. *1976, c.7, s.16.*

17. Amendment of articles

- (1) An association, with the sanction of an extraordinary resolution, may alter or amend its articles of incorporation with respect to the objects of the association so far as may be required to enable it
- (a) to carry on some business which under existing conditions may conveniently or advantageously be combined with the business of the association;
 - (b) to restrict or abandon any of the objects or powers in the articles or in section 15; or
 - (c) to enlarge or change the area of its operations.

Changes *re* admission of members

- (2) An association with the sanction of an extraordinary resolution may alter or amend its articles of incorporation with respect to the qualifications for admission of members.

Filing resolution, certificate of Registrar as evidence

- (3) A certificate of the registrar that a certified copy of such extraordinary resolution has been filed together with a copy of the articles as altered shall be conclusive evidence that all the requirements of this Act with respect to the alteration of the articles have been complied with and thenceforth the articles as altered shall be the articles of the association. *1976, c.7, s.17.*

18. Change of name of association

- (1) Subject to section 12 and with approval of the registrar, an association may by extraordinary resolution change its name and in the extraordinary resolution fix the date on which the change of name will become effective and, if such approval is given, the registrar shall, on the date on which the change of name becomes effective, enter the new name on the register in place of the former name and shall issue a certificate of incorporation altered to meet the circumstances of the case.

Change of name upon direction of registrar

- (2) If an association through inadvertence or otherwise is or has been registered by a name
- (a) identical with that of any other subsisting association or company incorporated or unincorporated, or which the registrar considers so nearly to resemble the same as to be calculated to deceive, or contains any words prohibited under section 12 except in a case in which such consent as aforesaid has been given; or
 - (b) which the registrar considers to be otherwise objectionable by reason of this section or otherwise,

the association shall upon the direction of the registrar change its name, and if any association fails to change its name within two months after being so directed, the registrar may change



its name to any name he considers to be unobjectionable and, upon the change being made, the registrar shall issue a new certificate of incorporation altered to meet the circumstances of the case.

Effect of change of name

- (3) No alteration of the name of an association shall affect the rights or obligations of the association or render defective any legal proceedings instituted or to be instituted by or against the association and any legal proceedings may be continued or commenced against the association by its new name that might have been continued or commenced against the association by the former name. *1976, c.7, s.18.*

REGULATIONS AND BYLAWS

19. Regulations empowerment

- (1) The Lieutenant Governor in Council may make regulations not inconsistent with this Act and such regulations shall apply to every association.

Bylaws, empowerment

- (2) An association may make bylaws not inconsistent with this Act or the regulations.

Bylaws, effect

- (3) The bylaws when approved by the inspector and filed with the registrar bind the members of the association to the same extent as if they had been signed and sealed by each member and contain covenants on the part of each member, his heirs, executors, administrators and successors to observe the bylaws subject to this Act. *1976, c.7, s.19.*

20. Registered office

Every association shall have a registered office in the province to which all communication and notices may be addressed. *1976, c.7, s.20.*

21. Notice of situation of registered office

An association shall give to the inspector and the registrar notice of the situation of the registered office and of any changes therein within twenty-eight days after the date of the incorporation of the association or of the change, as the case may be. *1976, c.7, s.21.*

22. Register of members

- (1) Every association shall keep a register of members and enter therein the following particulars in respect of each member:
- (a) the names and addresses of members;
 - (b) the date at which each person became a member;
 - (c) the date at which each person ceased to be a member;
 - (d) the name and address of each person nominated by a member as his beneficiary and the date of the nominations.

Share capital register

- (2) Every association having share capital shall keep a share register and enter therein a statement of the shares held by each member and of the amount paid and agreed to be considered as paid by the member.

Share certificates

- (3) An association may, but is not required to, issue share certificates to its members.

Inspection of register of members

- (4) The register of members shall be kept at the registered office of the association and shall, subject to such reasonable restrictions as the association may in general meeting impose, be open to the inspection of any member free of charge.

Inspection of share register

- (5) The share register shall be kept at the registered office of the association and, subject to such reasonable restrictions as the association may in general meeting impose, a shareholder may inspect the portion of the register in which particulars of his shareholdings are entered.

Registers, as evidence

- (6) The register of members and the share register shall be *prima facie* evidence of the facts set forth therein. 1976, c.7, s.22; 1987, c.13, s.2.

23. Application for membership

Application for membership in any association shall be made in writing to the board of directors and no application for membership shall be accepted and no allotment, assignment or transfer of a share or membership shall be valid unless and until approved by the board of directors in accordance with the provisions set forth in the bylaws of the association. 1976, c.7, s.23.

24. Recovery

- (1) All moneys payable by a member to an association shall be a debt due from the member to the association and is recoverable as such.

Charge on shares or capital to secure debt

- (2) An association has a charge upon the shares or interest in the capital and on the deposits of a member or past member, and upon any dividend, bonus or accumulated funds payable to a member or past member, in respect of any debt due from that member or past member to the association, and may, but is not obliged to, set-off any sum credited or payable to the member or past member in or toward payment of any such debt. 1976, c.7, s.24; 1987, c.13, s.3.

25. Instalment payment of shares

Any share may be paid for by instalments at such times and in such manner as may be provided by the bylaws, but no member shall be entitled to draw from surplus anything based on more than the paid-up portion of his shares. 1976, c.7, s.25.

26. Nomination of beneficiary

- (1) A member of an association who has attained the age of majority may, by writing under his hand, delivered at or sent to the registered office of the association, nominate any person to



whom his shares, loan capital, deposits or other interest in the association shall be transferred at his decease and may revoke or vary the nomination by writing under his hand similarly delivered or sent.

Transfer of shares to nominee

- (2) Subject to approval of the board, the shares affected by the nomination shall be transferable to the nominee although the bylaws of the association declare its shares to be generally not transferable.

Idem

- (3) Upon receiving satisfactory proof of the death of a member
- (a) who has filed a nomination pursuant to subsection (1); and
 - (b) whose shares, loan capital, deposits and other interest do not at the date of his death exceed in value a total of \$200, and

if no executor or administrator of the estate of such member is appointed within six months from the date of his death, the directors may either transfer such shares, loan capital, deposits and other interest in the manner directed by the nomination or, at their option, pay to the person entitled thereunder the full value of the same.

Death of member, no nomination or estate, transfer by directors

- (4) If a member of an association entitled at his death to an interest in the association of a total value of not more than \$200 in respect of shares, loan capital, deposits and other interest, died intestate and without having made a nomination under this Act which remains unrevoked at his death and if no administrator of the estate of such member is appointed within six months of his death, the directors may transfer such shares, loan capital, deposits and other interest or, at their option, pay the value thereof to or among the persons who appear to a majority of the directors, upon such evidence as they may consider satisfactory, to be entitled by law to receive the same.

Revocation of nomination by will

- (5) Where a member who has made a nomination under subsection (1) subsequently makes a will that is inconsistent with the nomination and is unrevoked at the time of his death, the will operates as a revocation of the nomination. *1976, c.7, s.26.*

27. Withdrawal from membership

- (1) A member may in the manner prescribed by the bylaws and with the approval of the board of directors withdraw from membership in the association, whereupon he shall, subject to the regulations and the bylaws, be entitled to a refund of any amount held to his credit in share capital or otherwise in the association and upon which the association has no charge or other lawful claim but
- (a) the board of directors may require notice not exceeding six months or any proposed withdrawal of a member's capital or other equity;
 - (b) if the value of the shares as determined by the directors is less than par, the board of directors shall have the right to refund to a withdrawing member only such proportion of the par value of his shares as may appear to it to be just and reasonable; and
 - (c) the association shall not be required to permit the withdrawal of a member's capital or other interest at any time when in the opinion of the board of directors such withdrawal would impair the financial stability of the association.

Exclusion of persons from membership

- (2) A member who fails in the observance of any of the regulations or the bylaws of the association may by resolution of the board of directors be excluded from membership in the association, whereupon, subject to clause (1)(c), he shall be entitled to a refund of any amount held to his credit in share capital or loan capital and deposits and upon which the association has no lien or other lawful claim but
- (a) notice shall be sent by the board of directors by registered mail to such member to his latest known address setting forth a date not sooner than one month after the date of mailing the notice upon which he is to be excluded from membership in the association and stating the reasons therefor;
 - (b) the member so notified, if he is not satisfied with the decision of the board, may at any time before the date upon which it is proposed that he is to be excluded from membership in the association request the board to place the matter on the agenda for consideration by the membership during the next special or general meeting of the members; and
 - (c) the member who has been notified that he is to be excluded from the association shall have the right to appear personally before the meeting to give reasons why he should not be excluded after which the question shall be submitted to a vote of the meeting and the decision of the meeting thereon shall be final. *1976, c.7, s.27; 2005,c.29,s.5; 2015,c.36,s.21(4).*

28. Organizational meeting

- (1) Every association shall hold an organizational meeting within four months from the date of incorporation, and thereafter an annual meeting of every association shall be held not later than six months after the end of each fiscal year.

Default in holding organizational meeting

- (2) When default has been made in holding an organizational meeting or an annual meeting of the association in accordance with this section, the inspector may call, or direct the calling of, a special meeting of the association.

Special meeting

- (3) A special meeting may be called at any time in the manner set forth in the bylaws of the association.

Notice, form & service

- (4) The notice calling an annual or special meeting of the association shall be in such form and given in such manner as may be set forth in the bylaws. *1976, c.7, s.28; 2009,s.67,s.1.*

29. Voting procedure

- (1) At all meetings of an association a member shall have one vote only on any question regardless of the number of shares held by him and, excepting where provision is made for representation by delegates, no member may vote by proxy.

Delegates of members appointed, effect

- (2) Whenever by virtue of the bylaws of an association provision has been made for the nomination and appointment of delegates to an annual or special meeting, the members who have so nominated or appointed delegates shall not thereafter so long as such nomination or appointment remains in force exercise the power of membership at any annual or special



meeting and any reference in this Act to members shall, with respect to the exercise of such power, be deemed to be a reference to delegates.

Directors, election of

- (3) Whenever by virtue of the bylaws of an association provision is made for the election of directors of the association by members or delegates voting by districts, directors so chosen shall be deemed elected by all the members or delegates attending the said meeting to the same extent as if all the members or delegates had been present at such meeting.

Delegate of association, appointment & powers

- (4) An association, if it is a member of another association formed under this Act, or of an association to which this Act or the *Canada Cooperatives Act* (Canada) applies, may in accordance with the provisions of its bylaws authorize such person as it thinks fit to act as its delegate at any meeting of such association or company, and a person so authorized shall be entitled to exercise the same powers on behalf of the association which it represents as that association could exercise if it were an individual member.

Minutes of proceedings at annual special meetings

- (5) Every association shall cause minutes of all proceedings of annual or special meetings to be entered in a book kept for that purpose and any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.

Place where books kept

- (6) The books containing the minutes of proceedings of any annual or special meeting of an association shall be kept at the registered office of the association and shall, during at least two hours in each business day, be open to the inspection of any member without charge.
1976, c.7, s.29; 2005, c.29, s.6.

30. Extraordinary resolutions, forwarded to inspector

- (1) A copy of every extraordinary resolution duly certified by the secretary of the association shall, within fifteen days from the passing thereof, be forwarded to the inspector.

Disapproval of resolution

- (2) Repealed by *1994, c.48, s.8.*

Filing resolution required

- (3) An extraordinary resolution shall not be valid unless and until it is filed with the registrar.
1976, c.7, s.30; 1994, c.48, s.8.

31. Number of provisional directors of association

- (1) The articles of incorporation of an association shall include or be accompanied by a list of the names and addresses of not fewer than three and not more than seven persons to be provisional directors of the association and the persons so named shall hold office until a board of directors is elected pursuant to subsection (2).

Board of directors, election

- (2) The members of every association shall within four months after the date of its incorporation elect a board of directors of such number of members and in such manner and for such term as are provided in the regulations, but in no case shall the board of directors be fewer than three duly qualified members.

Management of directors

- (3) Subject to the regulations and bylaws, the affairs of an association shall be managed by the board of directors.

Qualifications, powers & duties

- (4) The qualifications, powers and duties of the directors shall be as set forth in the regulations and bylaws.

Declaration that office vacant, where

- (5) If a director fails to qualify himself for the office of director in accordance with the regulations and bylaws within two months after the date of his election or if he fails in the discharge of any of the duties of his office, the board of directors may declare his office vacant and the vacancy so created shall be filled by appointment by the remaining directors until the date of the next annual meeting or until such other date as may be fixed by the bylaws.

Removal of a director at annual or special meeting

- (6) At any annual meeting or at a special meeting called for the purpose the members of the association by a vote of not less than two-thirds of the members who are present and entitled to vote may remove a director from office before his term of office has expired.

Vacancy on board from death, etc.

- (7) If a vacancy occurs in the board of directors by reason of death or resignation or other cause, the vacancy so created shall be filled by appointment by the remaining directors until the date of the next annual meeting or until such other date as may be fixed by the bylaws.

Defect in appointments, effect

- (8) No act of the board shall be invalid by reason only of a defect in the appointment or qualification of any director.

Minutes of directors' meetings

- (9) The board of directors shall cause minutes of all proceedings of directors' meetings to be entered in a book kept for that purpose and any such minutes if purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting shall be *prima facie* evidence of the proceedings.

Custody of minutes, inspection

- (10) The books containing the minutes of directors' meetings shall be kept in the custody of such officer of the association as is designated in the bylaws and shall at least during two hours in each business day be open to the inspection of any director without charge. 1976, c.7, s.31.

32. Contracts made by association, how

- (1) Contracts on behalf of an association may be made as follows:
- (a) any contract which if made between private persons would be by law required to be in writing and to be under seal may be made on behalf of the association in writing under the common seal of the association and may in the same manner be varied or discharged;
 - (b) any contract which if made between private persons would be by law required to be in writing, signed by the parties thereto, may be made on behalf of the association in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged;



- (c) any contract which if made between private persons would by law be valid, although made by parol only and not reduced into writing, may be made by parol on behalf of the association by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

Marketing contracts

- (2) The association may make marketing contracts with any of its members or any group or class or its members requiring them to sell for a period of time not over five years all or any part of their products specified in the contracts, exclusively to or through the association or any agency created or indicated by the association.

Failure of member to deliver under marketing contract, penalty

- (3) Where a member of an association having entered into a marketing contract with the association does not within twelve months of the date of a contract make delivery of the products or commodities which he is required by the contract to deliver, he may be excluded from membership in the association in accordance with subsection 27(2).

Payment of price of commodities to members

- (4) The board of directors shall have power by resolution to pay over to the members of the association such part of the price of the commodity or commodities so sold as it shall consider advisable, but such resolution shall not be deemed to create a debt due or payable by the association to the members or any of them. *1976, c.7, s.32; 2015, c.36, s.21(5).*

33. Borrowing from members

An association may by bylaw authorize the borrowing of money from its members for definite periods of time and at specific rates of interest. *1976, c.7, s.33.*

34. Net savings of association, paid to members

- (1) Subject to the other provisions of this section and sections 35 and 36, the net savings of the association or other amounts available for distribution by the association at the close of each fiscal year shall be paid or allocated in the manner set forth in the regulations and bylaws.

Reserves, set aside

- (2) An association
- (a) shall set aside reserves in accordance with the regulations; and
 - (b) may provide for payment of interest to shareholders at a rate not exceeding a rate specified in the bylaws.

Deficit, not to be created

- (3) An association shall not allocate or pay a patronage dividend which will create or increase a deficit.

Proportionate payment to members

- (4) Subject to the other provisions of this section and to the bylaws, the net savings arising from the business of an association in each fiscal year of the association shall be allocated, credited or paid to the members in proportion to the business done by each member with or through the association, at a rate in relation to the quantity, quality or value of the goods or products acquired, marketed, handled, dealt in or sold, or services rendered by the member or the association, from or on behalf of or to the member or to the association, whether as principal

or as agent of the member or otherwise, with the appropriate differences in the rate for different classes, grades or qualities thereof.

Different payments for patrons than members

- (5) An association may by bylaw provide that part of the savings referred to in subsection (1) may be allocated, credited or paid to patrons of the association at the same or at lesser rates than to members.

No patronage return allocated, where

- (6) An association may by bylaw provide that, where the value of the goods or products acquired, marketed, handled, dealt in or sold, or services rendered by the association from or on behalf of or to any member or patron in any year does not exceed such amount as is specified in the bylaws, no patronage return shall be allocated, credited or paid to such member or patron. *1976, c.7, s.34.*

35. Application of patronage payment to purchase of share

- (1) An association may by bylaw provide that the whole, or such part as the directors may determine, of the patronage return of each member in respect of each fiscal year shall be applied to the purchase for the member of shares in the capital stock of the association, and any such bylaw shall provide for the giving of notice to each member of the number of shares to be purchased for him thereunder.

Value of shares purchased under ss(1)

- (2) No member shall be required under this section to purchase shares in the capital stock of an association at a price in excess of the par value thereof.

Set-off against patronage shares

- (3) Where all or a portion of a member's patronage returns has been applied to the purchase for the member of shares in the capital stock of the association pursuant to subsection (1), the association is not required to set-off any amount of the purchased shares against any debt due from that member to the association. *1976, c.7, s.35; 1987, c.13, s.4.*

36. Lending patronage returns to directors

- (1) An association may enact bylaws requiring its members to lend to it the whole or such part as the directors may determine of the patronage returns to which they may become entitled in each fiscal year, upon such terms and at such rate of interest as the directors may determine but not exceeding such rate of interest as is provided in any such bylaw.

Insolvent, association is

- (2) Where an association is insolvent, no member shall be required under this section to lend its patronage return to the association and no member shall be required under section 35 to purchase shares in the capital stock of the association.

Payment of unloaned balance to member

- (3) Section 35 and this section shall not prevent a member of an association from receiving that portion of his patronage returns that has not been appropriated to loans to the association or to the purchase of shares of the association in accordance with its bylaws. *1976, c.7, s.36.*



37. Status of payments of net savings

- (1) Notwithstanding any other Act of this province, the allocation or payment by a co-operative association of its net savings or any other amount available for distribution or any part of the savings or other amount to or among its patrons does not constitute
 - (a) a payment or distribution of a premium, discount, fund, refund, rebate, interest or dividend;
 - (b) a failure to charge a fixed or prescribed price for any commodity; or
 - (c) a failure to maintain the price for any commodity

but does constitute the gains which are distributed among the members or patrons in proportion to the use they make of the co-operative services in their association.

Sale under marketing plan deemed sale to association, where

- (2) Where members of an association are required by a marketing plan established under an Act of the Legislature or the Parliament of Canada to sell or deliver goods or render services to or for a marketing board, for the purpose of distributing the net savings of the association to the members thereof in accordance with this Act, the members shall be deemed to have sold, delivered or rendered those goods or services to the association. *1976, c.7, s.37.*

38. Exemption from s.39, when

Where in a financial year at least two-thirds of the members of an association, present at an association meeting consent thereto upon a motion of which notice has been given the association is exempt from section 39 in respect of the year in which the consent is given. *1976, c.7, s.38; 1980, c.2, s.3; 1994, c.48, s.8; 2005, c.29, s.7.*

39. Auditors, appointment

- (1) The members or shareholders of every association shall at each annual membership meeting appoint an auditor, or auditors, to hold office until the next annual membership meeting.

Appointment of auditor by directors, when

- (2) If an appointment of an auditor is not made at an annual membership meeting or if a vacancy occurs in the office of auditor, the directors of the association shall appoint an auditor of the association to hold office until the next annual membership meeting.

Appointment of first auditor

- (3) The first auditors of the association may be appointed by the board of directors at any time before the first annual membership meeting and auditors so appointed shall hold office until that meeting.

Removal of auditor

- (4) The shareholders may, by special resolution passed by a majority of the votes cast at a special membership meeting duly called for the purpose, remove an auditor before the expiration of his term of office, and shall by a majority of the votes cast at that meeting appoint another auditor in his stead for the remainder of his term.

Notice of intent to remove auditor

- (5) Before calling a special membership meeting for the purpose specified in subsection (4), the association shall, fifteen days or more before the mailing of the notice of the meeting, give to the auditor

- (a) written notice of the intention to call the meeting, specifying therein the date on which the notice of the meeting is proposed to be mailed; and
- (b) a copy of all material proposed to be sent to shareholders in connection with the meeting.

Representations in writing by auditor

- (6) The auditor has the right to make to the association, three days or more before the mailing of the notice of the meeting, representations in writing concerning
 - (a) his proposed removal as auditor;
 - (b) the appointment or election of another person to fill the office of auditor; or
 - (c) his resignation as auditor,

and the association, at its expense, shall forward with the notice of the meeting a copy of such representations to each shareholder entitled to receive notice of the meeting.

Ineligible as auditor

- (7) None of the following persons shall be qualified for appointment as auditor of an association:
 - (a) a director, officer or employee of the same association;
 - (b) a person who is a partner of or in the employment of an officer or director of the association;
 - (c) the immediate families of those mentioned in clauses (a) and (b).

Disclosure of financial interest by auditor

- (8) An auditor who has any financial interest in an association shall disclose this interest to the inspector before accepting engagement as auditor of an association.

Auditors report

- (9) The auditors shall make a report to the members on the accounts examined by them and on every set of financial statements laid before the association in annual membership meeting during their tenure of office, and the report shall state
 - (a) whether or not they reviewed the accounting procedures and performed such tests of accounting records and other supporting evidence as was necessary in the circumstances to justify the expression of an opinion on the financial statements; and
 - (b) whether in their opinion the financial statements present fairly the financial position of the association and the results of its operations and the changes in its financial position for the period reported on, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Auditors right of access to books, accounts, vouchers, etc.

- (10) Every auditor of an association has a right of access at all times to the books and accounts and vouchers of the association and is entitled to require from the directors and officers of the association such information and explanation as may be necessary for the performance of the duties of the auditors, and they are entitled to attend any annual or special membership meeting of the association at which any accounts which have been examined or reported on by them are to be laid before the association and to make any statement or explanation they desire with respect to the accounts.

Examination of books, etc. by auditor report on irregularities

- (11) The auditor shall make such examination as will enable him to report to the members as required by subsection (9) and shall also report any event, action or happening not in accordance with law to the association and inspector.



Failure to report, penalty

- (12) Every auditor who wilfully fails to report on the accounts of an association as required by subsection (9) is liable to a penalty not exceeding \$100 for each failure.

Appointment of auditor by Minister

- (13) The Minister may at any time appoint an auditor to make an audit of the financial affairs of an association and to submit a report of the audit to the Minister.

Powers of Minister appointed auditor

- (14) An auditor appointed under subsection (13) has all the powers and privileges of an auditor appointed by the association or by the directors and may be paid by the Minister such fees and expenses as the Minister determines. *1976, c.7, s.39; 1980, c.2, s.3; 2005, c.29, s.8; 2015, c.36, s.21(6).*

40. Books of account to be kept by associations

- (1) Every association shall cause to be kept at its registered office or at such other place as the board of directors may direct proper books of account with respect to
- (a) all sums of money received and expended by the association and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchases of goods and services by the association;
 - (c) the assets and liabilities of the association;
 - (d) all other transactions affecting the financial position of the association; and
 - (e) such other matters as the bylaws may set forth.

Audited financial statements laid before annual meeting

- (2) The board of directors shall lay before the association at each annual membership meeting and at such other times as the bylaws may provide the audited financial statements and accompanying auditor's report for each fiscal year and such other periods as may be set forth in the bylaws. *1976, c.7, s.40.*

41. Annual general statement to inspector

- (1) Every association shall, within two weeks after the annual membership meeting, send to the inspector a general statement in such form and including such details as he may require of the affairs of the association accompanied by a copy of the audited financial statements for the preceding fiscal year.

Notice of all meetings to inspector

- (2) Every association shall provide the inspector with notice of all annual or special membership meetings accompanied by a copy of the agenda and, for those meetings where financial statements are to be discussed, a copy of those financial statements. *1976, c.7, s.41.*

42. Amalgamation of associations

- (1) Any two or more associations incorporated under this Act or to which this Act applies may amalgamate and continue as one association.

Amalgamation agreement

- (2) The associations proposing to amalgamate may enter into an amalgamation agreement which shall prescribe the terms and conditions of the amalgamation and the mode of carrying the amalgamation into effect.

Contents of amalgamation agreement

- (3) The amalgamation agreement shall further set out
- (a) the name of the amalgamated association determined in accordance with this Act;
 - (b) the objects for which the amalgamated association is to be established;
 - (c) whether the amalgamated association is an association limited by shares or limited by membership, and
 - (i) where the amalgamated association proposed to be established is an association limited by shares, the par value of the shares, or
 - (ii) the amount of membership fee which each member of the amalgamated association has contributed or undertakes to contribute to the association; and
 - (d) such other details as may be necessary to perfect the amalgamation and to provide for the subsequent management and working of the amalgamated company.

Adoption of amalgamation agreement, procedure

- (4) The amalgamation agreement shall be submitted to the inspector and the members of each amalgamating association at special meeting thereof called for the purpose of considering the agreement and, if the amalgamation agreement is approved by an extraordinary resolution of each association and by the inspector,
- (a) the secretary of each amalgamating association shall certify this fact under the seal of the association; and
 - (b) the amalgamation agreement shall be deemed to have been adopted by each of the amalgamating associations.

Certificate of amalgamation

- (5) On receipt of the amalgamation agreement, the approving order or any documents required, the registrar shall issue a certificate of amalgamation certifying that the amalgamating associations have amalgamated.

Date amalgamation effective, effect

- (6) On and from the date of the certificate of amalgamation, the amalgamating associations are amalgamated and are continued as one association, hereinafter called the “amalgamated association”, under the name and having the objects and share capital or membership fees specified in the amalgamation agreement.

Rights and liabilities of amalgamated association

- (7) The amalgamated association thereafter possesses all the property, rights, privileges and franchises, and is subject to all the liabilities, contracts and debts of each of the amalgamating associations, and all the provisions of the amalgamation agreement respecting the name of the amalgamated associations, its objects and share capital or membership fees shall be deemed to constitute the articles of incorporation of the amalgamated association.

Bylaws of amalgamated association

- (8) Subject to the right to make bylaws, the bylaws of the amalgamated association shall be the regulations. *1976, c.7, s.42.*

43. Dissolution of an association

- (1) Subject to the approval of the inspector, an association may be dissolved by a special resolution.



Resolution, contents of

- (2) The resolution shall set forth in detail the assets, liabilities, and members' equity as shown by the records of the association and an estimate of the realizable value of the assets and the claims of the creditors and members.

Statutory declaration of officers

- (3) A statutory declaration shall be made by the president and secretary of the association that this Act has been complied with, and shall be sent to the inspector with a copy of the resolution certified by the president and secretary to be a true copy.

Notice of dissolution

- (4) The inspector, if he approves the resolution, shall cause a notice of dissolution to be filed with the registrar and advertised at the expense of the association in the Gazette and in a newspaper circulating in the district in which the head office of the association is situated.

25% of total equity reflected in vote

- (5) Before approving the resolution, the inspector may require evidence that those voting for the resolution represent at least twenty-five per cent of the members' total equity in the association.

Special meeting of directors where resolution rejected

- (6) Where the inspector does not approve of the resolution on the ground that it did not receive the approval of those representing at least twenty-five per cent of the members' equity or on such other grounds as may to him appear reasonable, he may request the directors to call a special meeting of the members to reconsider the resolution.

Distribution of assets

- (7) Distribution of the assets of the association shall not be made until six weeks after publication of the latest advertisement of dissolution; if, in the meantime, any new valid claims have been discovered, the amount of those claims shall be deducted from the amount of undistributed surplus set forth in the resolution; if the new claims discovered amount to more than the amount of undistributed surplus, the whole matter shall then be referred to the inspector who may refuse dissolution proceedings under this section.

Annual or other returns

- (8) The inspector may require annual or other returns showing progress of dissolution, the distribution of any surplus, or the progress of the administration of any trust in accordance with this section.

Holders of claims cannot be discovered, deposit

- (9) When the holder of any claims against the association, whether for debt, share capital invested or otherwise, cannot be discovered after reasonable investigation, the directors may deposit the amount of those claims in a chartered bank or credit union and, unless claimed by the holder within a period of three years after the deposit, the directors may, with the approval of the inspector, pay such amounts with any interest accrued thereon to such organizations or associations or for such purposes as are prescribed by the regulations.

Statutory declarations re winding up

- (10) When the affairs of an association have been wound up, a statutory declaration to that effect shall be made by the liquidator of the association and forwarded to the inspector and the registrar; the declaration shall state that the affairs of the association have been wound up and

that the provisions of this Act with respect to the dissolution of the association and the winding up of its affairs have been complied with.

Liquidators appointment by members

- (11) Where an association is dissolved by a special resolution of the members, the members may appoint one or more liquidators approved by the inspector to wind up the affairs of the association in accordance with the resolution and this Act, and the costs and expenses incurred in connection with the winding up shall be paid out of the funds of the association.

Liquidators, appointment by inspector

- (12) If the members of an association do not appoint a liquidator at the time the special resolution to dissolve the association is passed, the inspector shall, upon approving the resolution, appoint a liquidator to wind up the affairs of the association in accordance with the resolution and this Act, and the costs and expenses incurred in connection with the winding up shall be paid out of the funds of the association.

Disposal of net proceeds

- (13) Any amount remaining after providing for all claims of creditors and members shall be paid out in accordance with the regulations. *1976, c.7, s.43.*

44. Association not carrying on business, inquiry from registrar

- (1) When the registrar has reasonable cause to believe that an association is not carrying on business or is not in operation, the registrar shall send to the secretary of the association, by post, a letter inquiring whether the association is carrying on business or is in operation.

Notice of intent to strike name off register

- (2) If the registrar receives an answer from the association to the effect that the association is not carrying on business or is not in operation, or does not within one month after sending the letter receive an answer thereto, the registrar may publish in the Gazette and send to the association a notice that, at the expiration of one month from the date of that notice, the name of the association mentioned therein will, unless cause is shown to the contrary, be struck off the register and the association shall be dissolved.

Publication in Gazette of notice of striking name off register

- (3) At the expiration of the time mentioned in the notice the registrar may, unless cause to the contrary is previously shown by the association, strike the name of the association off the register, and in such cases the registrar shall publish notice thereof in the Gazette, whereupon the association shall be dissolved.

Registrar strikes name off register

- (4) Notwithstanding subsections (1) through (3), when the registrar has received notice in a form approved by the registrar from an association that it is not carrying on business or is not in operation and the association requests that the association be struck off the register and dissolved, the registrar may strike the name of the association off the register, and in such cases the registrar shall publish notice thereof in the Gazette, whereupon the association shall be dissolved.

Application of ss.43(8), (9) & (10)

- (5) In case of dissolution under this section, subsections 43(8), (9) and (10) apply.



Distribution of undistributed surplus

- (6) Where an association is dissolved under this section, subsection 43(13) applies to the distribution of any undistributed surplus that remains after the claims of creditors, if any, and equities of members, including amounts paid on shares or membership certificates or loaned to the association through the retention of patronage refunds or otherwise, have been provided for. *1976, c.7, s.44; 2005, c.29, s.9.*

44.1 Application to restore dissolved association

- (1) Where an association is dissolved under section 44, any interested person may apply to the registrar to have the association restored to the register.

Restoration

- (2) The registrar shall, upon receipt of an application under subsection (1) and upon payment of the fees prescribed for that purpose, restore the association to the register and shall publish in the Gazette a notice that the name of the association has been restored to the register.

Deemed continuation

- (3) From the date of publication in the Gazette, the association shall be deemed to have continued in existence, and the association and all persons shall be in the same position as if the name of the association had never been struck. *2005, c.29, s.10.*

45. Direction by Minister to dissolve association, where

- (1) The Minister may direct the inspector to dissolve by order an association to which this Act applies if the Minister is satisfied that
- (a) the incorporation was obtained by fraud or mistake;
 - (b) the association exists for an illegal purpose;
 - (c) the association has wilfully, after notice by the inspector, violated any of the provisions of this Act or the regulations;
 - (d) the association is no longer operating on a co-operative basis; or
 - (e) the number of members of the association has been reduced below the minimum number required by this Act for the incorporation of the association.

Notice of proposed dissolution

- (2) The inspector shall give the association not less than three months notice of the proposed dissolution, specifying the reason therefor and stating that, unless cause is shown to the contrary within the said period, the name of the association shall be struck off the register and the association dissolved.

Striking name off register

- (3) At the expiration of the time mentioned in the notice, the inspector, may, unless cause is shown to the contrary, notify the registrar who shall strike the name of the association off the register and, in such case, the registrar shall publish notice thereof in the Gazette, whereupon the association shall be dissolved. *1976, c.7, s.45; 1980, c.2, s.3.*

46. Failure to maintain books of account etc.

- (1) If an association fails to maintain the books of account referred to in section 40, or to lay before the members the audited financial statement in accordance with that section or to send to the inspector the statement required by section 41, the inspector may require the directors

to call a special meeting of the association for the purpose of considering the business transacted during the preceding fiscal year and arrangements for furnishing to the members and to the inspector the information specified in sections 40 and 41.

Failure of directors to call special meeting *re* financial position

- (2) If the directors fail to call a special meeting of the association, the inspector may call a special meeting to review the financial position of the association and the members' interests therein, and to ascertain whether the members desire to continue the association in operation and to comply with sections 40 and 41.

Notice of intent to dissolve

- (3) If a quorum of members is not present at a special meeting called under subsection (2) or, if the members fail to pass a resolution to the effect that the association shall carry on business with an accounting to the members as provided in section 40, the inspector may notify the directors by registered mail that, unless the said section is complied with within one month from the date of the notice, the association will be struck off the register and dissolved.

Extension of time period striking name off register

- (4) The inspector may, at his discretion, extend the period mentioned in subsection (3) but, if the default is not remedied in accordance with the notice or within the extended time, as the case may be, the inspector shall notify the registrar who shall strike the name of the association off the register and, in such case, he shall publish notice thereof in the Gazette, whereupon the association shall be dissolved.

Subsequent compliance by association struck off

- (5) If an association that has been struck off the register in accordance with this section subsequently complies with section 40 by furnishing to the members the information prescribed for the period of default and the members pass a resolution requesting that the association be restored to the register, the inspector shall, if he receives a satisfactory return for the period of default, request the registrar to restore the association to the register upon payment of the fees prescribed for that purpose and publish in the Gazette a notice that the name of the association has been restored to the register and thereupon the association shall be deemed to have continued in existence, and the association and all persons shall be in the same position as if the name of the association had never been struck off.

Application s.43(8)-(10), s.44(6)

- (6) Where an association is dissolved under this section and has not been restored to the register pursuant to subsection (5), subsections 43(8), (9) and (10) and subsection 44(6) apply. *1976, c.7, s.46.*

47. Liquidator, appointment

Where an association is dissolved

- (a) pursuant to subsection 44(3) or (4) and the association is not within a reasonable time restored to the register pursuant to section 44.1;
- (a.1) pursuant to subsection 45(3); or
- (b) pursuant to subsection 46(4) and the association is not within a reasonable time restored to the register pursuant to subsection 46(5),

the inspector may appoint a liquidator to wind up the affairs of the association in accordance with this Act and the costs and expenses incurred in connection with the winding up shall be paid out of the funds of the association. *1976, c.7, s.47; 2005, c.29, s.11.*



48. Commencement of winding up

A winding up shall be deemed to commence at the time the special resolution for dissolution of the association is approved by the inspector under section 43, or at the time the name of the association is struck off the register under section 44, 45 or 46, as the case may be. *1976, c.7, s.48.*

49. Cessation of business from date of commencing winding up

An association shall, from the date of the commencement of the winding up, cease to carry on its business except insofar as may be required for the beneficial winding up thereof; and any transfers of shares except transfers made to or with the sanction of the liquidator, or any alteration in the status of the members of the association after the commencement of the winding up, are void. *1976, c.7, s.49.*

50. Two or more liquidators, references to

- (1) If two or more liquidators are appointed, all the provisions herein in reference to a liquidator apply to the liquidators.

Powers of directors re liquidators

- (2) Upon the appointment of a liquidator under subsection 43(11) or (12) or section 47, all the powers of the directors cease except insofar as the liquidator sanctions the continuance of those powers.

Individual powers of liquidators

- (3) Where several liquidators are appointed, every power hereby given may be exercised by such one or more of them as may be determined at the time of their appointment or, in default of such determination, by any number of the liquidators not less than two.

Direction to liquidators by members

- (4) The members of an association may, at the time they appoint a liquidator or at a subsequent special membership meeting pass a resolution or order directing the liquidator how to dispose of the property, real or personal, of the association; and, in default of their doing so, the liquidator shall be subject to the directions, orders and instructions of the inspector with regard to the mode, terms and conditions on which he may dispose of the whole or any part of the property of the association.

Vacancy in office of liquidator

- (5) If a vacancy in the office of liquidators occurs by reason of death, resignation or otherwise, the inspector may appoint another person to fill the vacancy.

Description of liquidator in proceedings

- (6) In all proceedings connected with the association, the liquidator shall be described as the liquidator of the (name of association) and not by his individual name only. *1976, c.7, s.50.*

51. Liquidator to take custody

- (1) The liquidator, upon his appointment, shall take into his custody or under his control all the property, effects and things in action to which the association is or appears to be entitled.

Statement of assets by liquidator

- (2) The liquidator shall, within sixty days after his appointment, prepare a statement of the assets, liabilities and members' equity as shown by the records of the association and an estimate of the realizable value of the assets and the claims of the creditors and members, and shall forthwith send a copy thereof to the inspector.

Powers of liquidator

- (3) The liquidator may
- (a) bring or defend any action or other legal proceeding in the name and on behalf of the association;
 - (b) carry on the business of the association so far as may be necessary for the beneficial winding up thereof;
 - (c) sell the real and personal property and things in action of the association by public auction or private contract, and transfer the whole thereof to any person or sell the same in parcels;
 - (d) employ an agent to do any business that the liquidator is unable to do himself;
 - (e) make any compromise or arrangement with any creditor or class of creditors, or any person claiming to be a creditor or having or alleging to have any claim, present or future, certain or contingent, ascertained or sounding only in damages against the association or whereby the association may be rendered liable;
 - (f) make any compromise or arrangement in respect of calls and liabilities and calls, debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the association and a contributory, or alleged contributory, or other debtor or person possibly involving liability to the association, and all questions in any way relating to or affecting the assets or the winding up of the association, on such terms as may be agreed upon, and may take any security for the discharge of such call, debt, liability or claim and give a complete discharge in respect thereof;
 - (g) do all acts, and execute, in the name and on behalf of the association, all deeds, receipts and other documents, and for that purpose use, when necessary, the seal of the association;
 - (h) draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the association with the same effect with respect to the liability of the association as if the bill or note had been drawn, accepted, made or endorsed by or on behalf of the association in the course of its business; or
 - (i) do such other things as are necessary for winding up the affairs of the association and distributing its assets.

Solicitor, employment of by liquidator

- (4) The liquidator shall not employ a solicitor without the consent of the members of the association or the approval in writing of the inspector.

Liquidator not to purchase

- (5) The liquidator shall not purchase, directly or indirectly, any part of the stock-in-trade, debts or assets of any description of the association.

Bank deposits

- (6) The liquidator shall deposit in a chartered bank or credit union all sums of money that he has in his hands belonging to the association whenever those sums amount to \$100.



Separate deposit account

- (7) Such deposits shall not be made in the name of the liquidator generally but a separate deposit account shall be kept for the association of the moneys belonging to the association, in the name of the liquidator as such.

Annual or other returns

- (8) The liquidator shall furnish to the inspector such annual or other returns as he may require showing the progress of the winding up, the distribution of any surplus and any other information he may require. *1976, c.7, s.51; 2015, c.36, s.21(3).*

52. Return date for claims

- (1) The liquidator may fix a certain day on or before which creditors of the association and others having claims thereon are to send in their claims.

Limitation on return date

- (2) Such day shall be not less than two months from the first publication of the notice thereof.

Distribution of assets by liquidator

- (3) Where the liquidator has given notice of such day by publication in an issue of a newspaper published at or nearest to the chief place of business of the association in each of the first four weeks of the said period of two months, the liquidator is, at the expiration of the time named for sending in such claims, at liberty to distribute the assets of the association, or any part thereof, among the parties entitled thereto, having regard to the claims of which the liquidator then has notice, and the liquidator is not liable for the assets or any part thereof so distributed to any person of whose claim the liquidator had not notice at the time of distribution; but nothing in this Act prejudices the right of any creditor or claimant to follow assets into the hands of any person who has received them. *1976, c.7, s.52.*

53. Priority of payments

In distributing the assets of an association, the liquidator shall pay, in priority to the claims of the ordinary or general creditors of the association, the wages or salary of all persons, other than directors, in the employment of the association at the time of the commencement of the winding up or within one month before, not exceeding three months wages or salary, and those persons are entitled to rank as ordinary or general creditors of the association for the residue, if any, of their claims. *1976, c.7, s.53.*

54. Winding up costs, charges etc.

All costs, charges and expenses properly incurred in the winding up of an association, including the remuneration of the liquidator, are payable out of the assets of the association in priority to all other claims. *1976, c.7, s.54.*

55. Remuneration of liquidator

- (1) Where there is no agreement or provision fixing the remuneration of the liquidator, he is entitled to a commission on the amount realized on the disposition of the assets of the association less any expenses incurred on their dispositions, such commission to be five per cent on any amount realized not exceeding \$1,000, the further sum of two and a half per cent on any amount realized in excess of \$1,000 and not exceeding \$5,000, and a further sum of

one and one-quarter per cent on any amount realized in excess of \$5,000, which commission is in lieu of all fees and charges for his services.

Increase in remuneration

- (2) Upon application to the inspector by the liquidator, the inspector may increase the fees and commissions set out in subsection (1). *1976, c.7, s.55.*

56. Declaration re winding up

- (1) When the affairs of an association have been wound up, a statutory declaration to that effect shall be made by the liquidator and forwarded to the inspector.

Contents of declaration

- (2) The declaration shall state that the affairs of the association have been wound up and that the provisions of this Act with respect to the winding up of the association have been complied with.

Statement of receipts & disbursements

- (3) The liquidator shall prepare and file with the inspector together with the said declaration a detailed statement showing all receipts and disbursements and such other information as the inspector may require. *1976, c.7, s.56.*

57. Association is subsisting re unsettled matters

In the case of a dissolution of an association under this Act, the association shall nevertheless be considered as subsisting and be in all respects subject to this Act so long and so far as any matter relating to it remains unsettled, to the intent that the association may do all things necessary to the winding up of the concerns thereof; and may sue and be sued under this Act in respect of all unsettled matters. *1976, c.7, s.57.*

58. Limitations on liability of liquidators, etc.

After the lapse of five years from the date of dissolution, no responsibility shall rest on the association or liquidators or anyone to whom the custody of such books, accounts and documents has been committed, by reason that the same or any of them are not forthcoming to any party claiming to be interested in them. *1976, c.7, s.58.*

59. Liability of members after dissolution & settling creditor's claims

In the event of an association being wound up,

- (a) no contribution shall be required from a member of an association limited by shares, exceeding the amount, if any, unpaid on the shares he has subscribed for;
- (b) no contribution shall be required from a member of an association limited by membership, exceeding the amount, if any, unpaid on the membership he has applied for;
- (c) nothing in this Act shall invalidate any provision contained in any contract whereby the liability of the individual members of the contract is restricted, or whereby the funds of the association are alone made liable in respect of the contract;
- (d) a sum due to any member of an association, in his character of a member, by way of an allocation or payment of his net earnings, or any other amount available for distribution or otherwise, shall not be deemed to be a debt of the association, payable to that member in a case of competition between himself and any other creditor not a



- member of the association; but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves;
- (e) the claims of all creditors shall be settled before any distribution of loan capital or share capital, and loan capital shall have preference over share capital;
 - (f) every shareholder shall have equal rights with every other shareholder, notwithstanding the fact that shares may be acquired by different means. 1976, c.7, s.59.

60. Incorporation of a federation

- (1) Subject to the other provisions of this section, any five or more associations that desire to associate themselves together as an incorporated association may be incorporated as a federation, with or without capital divided into shares, for the furtherance of their common interests and the benefit of their members and without limiting the generality of the foregoing, for the purpose of
 - (a) promoting, encouraging and assisting educational and supervisory work relating to co-operative associations;
 - (b) improving methods of management of co-operative associations;
 - (c) reducing operating costs of co-operative associations by arranging for group bonding, insuring and pensioning of co-operative association employees and purchasing bookkeeping and other supplies for sale to its members and other co-operative associations;
 - (d) accepting as members associations incorporated under this Act which are admitted by the directors of the federation to membership;
 - (e) rendering to its members any other services incidental to its objects;
 - (f) performing at a reasonable charge for co-operative associations not members of the federation such services as are set forth in clauses (a) to (e); or
 - (g) assisting prospective co-operatives in drawing up their applications for incorporation and their bylaws and recommending incorporation to the inspector.

Articles of incorporation to be filed

- (2) Two copies of articles of incorporation, signed in duplicate by one member of each co-operative association affected, who have been appointed to it for the purpose, shall be filed with the inspector.

Form & contents of articles

- (3) The articles shall be in such form as the inspector may require and shall state the name of the federation, the par value of the shares, if any, or the membership fee, if any, the objects of the federation, the place at which its registered office will be situated, the names and addresses of the subscribers to the application and the names of the co-operative associations which they respectively represent, and shall be accompanied by a copy of the bylaws by which the federation is to be governed and such other documentary evidence as the inspector may require.

Certificate of approval by inspector

- (4) Upon approval of the articles of incorporation and other documents, the inspector, if satisfied that the registration is economically advisable and that it is otherwise expedient to do so, shall endorse thereon a certificate of approval and transmit one copy of the articles and one copy of the bylaws to the registrar and sections 12 and 13 apply.

Establishment of federation effective date

- (5) Upon the issue of a certificate of incorporation, the co-operative associations mentioned in the articles of incorporation and such other co-operative associations as may thereafter become members of the federation shall thereupon become a body corporate and politic under the registered name of the federation, and the provisions of this Act shall, insofar as applicable, apply mutatis mutandis to the federation.

Bylaws of federation

- (6) A federation incorporated under this section may pass such bylaws as it deems advisable but no bylaws shall become operative until approved by the inspector and filed with the registrar. *1976, c.7, s.60; 2015, c.36, s.21(3).*

61. Offences

- (1) It shall be an offence against this Act if any association
- (a) fails to give notice, send any return or document, or do or allow to be done, any act or thing which the association is by this Act required to give, send, do or allow to be done;
 - (b) wilfully neglects or refuses to do any act, or to furnish any information required for the purposes of this Act by the inspector or registrar, or other person authorized under this Act, or does any act or thing forbidden by this Act; or
 - (c) wilfully makes any false return or wilfully furnishes any false information.

Idem

- (2) Every person who, or association which, violates any provision of this Act is guilty of an offence against this Act.

Motion or vote leading to offence, an offence

- (3) Every director or officer of an association who, having knowledge of the facts, moves, seconds, puts or supports by his vote any motion, resolution or proposal which if carried out would constitute an offence against this Act is guilty of an offence against this Act and every act or default constituting an offence under this Act shall, if continued, constitute a new offence in every week during which it continues.

Penalties, individual

- (4) Every person, not being an association or other corporation, guilty of an offence against this Act for which no penalty has been specifically provided is liable on summary conviction to a penalty of not more than \$2,500.

Penalties, corporate

- (5) Every association or other corporation guilty of an offence against this Act for which no penalty has been specifically provided is liable on summary conviction to a penalty of not more than \$5,000. *1976, c.7, s.61; 1994, c.58, s.6; 2015, c.36, s.21(3).*

62. Services requiring payment of fees

Repealed by *1995, c.32, s.1.*

63. Regulations

The Lieutenant Governor in Council may make regulations

- (a) defining expressions not already defined in the Act;
- (b) prescribing procedure and the fixing of a quorum;
- (c) respecting membership in an association;
- (d) respecting the qualifications, powers, duties and election of directors;
- (e) prescribing director zones;
- (f) providing for vacancies in offices of associations;
- (g) respecting meetings of directors;
- (h) respecting annual and special meetings;
- (i) respecting shares;
- (j) respecting the maintaining of reserves and the disposition of net savings;
- (k) prescribing notices and publication of them;
- (l) respecting borrowing;
- (m) defining fiscal year;
- (m.1) prescribing fees;
- (n) respecting the corporate seal;
- (o) providing for the withdrawal and expulsion of members;
- (p) defining the scope of business activities; and
- (q) generally for the better administration of this Act and the management and conduct of the affairs of associations. *1976, c.7, s.63; 1995, c.32, s.1.*

SCHEDULE A

Repealed by *2005, c.29, s.12.*

SCHEDULE B

Repealed by *1995, c.32, s.1.*

