



Prevention of Fraud (Investments) Act 1958

1958 CHAPTER 45

Provisions as to Industrial and Provident Societies, Building Societies and Unit Trusts

10 Provisions as to industrial and provident societies

- (1) A society shall not be registered under the Industrial and Provident Societies Act, 1893, unless it is shown to the satisfaction of the registrar—
- (a) that the society is a bona fide co-operative society, or
 - (b) that, in view of the fact that the business of the society is being, or is intended to be, conducted—
 - (i) mainly for the purpose of improving the conditions of living, or otherwise promoting the social well-being, of members of the working classes, or
 - (ii) otherwise for the benefit of the community, there are special reasons why the society should be registered under the said Act rather than as a company under the Companies Act, 1948.
- (2) The powers of the registrar under subsection (1) of section nine of the Industrial and Provident Societies Act, 1893, to cancel, with the approval of the Treasury, the registry of a society shall include power so to cancel the registry of a society if at any time it appears to him that neither of the conditions specified in paragraphs (a) and (b) of the preceding subsection is fulfilled in the case of that society:

Provided that—

- (a) the preceding provisions of this subsection shall not authorise the cancelling of the registry of any society registered under the said Act before the twenty-sixth day of July nineteen hundred and thirty-eight, if, neither in the period beginning with that day and ending with the passing of this Act nor since the passing of this Act, has any invitation to subscribe for, or to acquire or offer to acquire securities, or to lend or deposit money been made by or on behalf of the society, and

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- (b) before deciding to cancel under this subsection the registry of any society, the registrar shall consider any representations with respect to the proposed cancellation made to him by the society within the period which, by virtue of subsection (3) of section nine of the Industrial and Provident Societies Act, 1893, must elapse between the giving to the society of the notice required by that subsection and the cancelling of the registry, and, if the society so requests, afford it an opportunity of being heard by him within that period.
- (3) Where the registrar gives notice under subsection (3) of section nine of the Industrial and Provident Societies Act, 1893, of his intention to cancel the registry of a society in the exercise of his powers under this section, then, if it appears to him at any time after the expiration of one month from the date of the giving of the notice that there have not been taken the steps which, by that time, could reasonably have been taken for the purpose—
- (a) of converting the society into a company under the Companies Act, 1948, or amalgamating the society with, or transferring its engagements to, such a company, in accordance with section fifty-four of the said Act of 1893, or
 - (b) of dissolving the society in one of the ways mentioned in section fifty-eight of the said Act of 1893,

he may give such directions as he thinks fit for securing that the affairs of the society are wound up before the cancelling of the registry takes effect; and any person who contravenes or fails to comply with any such directions shall be liable, on summary conviction, to a fine not exceeding fifty pounds or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

- (4) Section seven, and subsection (4) of section nine, of the Industrial and Provident Societies Act, 1893 (which relate to appeals from a refusal to register a society under that Act and from the cancelling of the registry of a society under that Act) shall not apply in any case where the registry of a society is refused or cancelled by virtue of this section.
- (5) If, with respect to any industrial and provident society registered under the Industrial and Provident Societies Act, 1893, before the twenty-sixth day of July, nineteen hundred and thirty-eight, it appears to the registrar—
- (a) that neither of the conditions specified in paragraphs (a) and (b) of subsection (1) of this section is fulfilled in the case of that society, and
 - (b) that it would be in the interests of persons who have invested or deposited money with the society or any other person that the society should be wound up,

the registrar may present to the court a petition for the winding up of the society.

- (6) The registrar may at any time, by notice in writing served on an industrial and provident society or on any person who is or has been an officer of such a society, require that society or person to produce to the registrar such books, accounts and other documents relating to the business of the society, and to furnish to him such other information relating to that business, as he considers necessary for the exercise of any of the powers which he has by virtue of subsections (2), (3), and (5) of this section; and any such notice may contain a requirement that any information to be furnished in accordance with the notice shall be verified by a statutory declaration.

If any society or other person fails to comply with the requirements of a notice under this subsection, the society or person shall be liable, on summary conviction, to a fine

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not exceeding fifty pounds or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

- (7) The registrar may, if he considers it just, direct that all or any of the expenses incurred by him in exercising his powers under the last preceding subsection in relation to any society shall, either wholly or to such extent as he may determine, be defrayed out of the funds of the society or by the officers or former officers thereof or any of them; and any sum which any society or other person is required by such a direction to pay shall be a debt due to the registrar from that society or person.
- (8) In this section the expression " co-operative society " does not include a society which carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person; and the expressions " the registrar " and " officer " have the meanings respectively assigned to those expressions by section seventy-nine of the Industrial and Provident Societies Act, 1893.

11 Provisions as to building societies

- (1) If, with respect to any building society, the registrar considers it expedient so to do in the interests of persons who have invested or deposited or may invest or deposit money with the society, he may by an order made with the approval of the Treasury direct that, unless and until the order is revoked, no invitation to subscribe for, or to acquire or offer to acquire, securities or to lend or deposit money shall be made by or on behalf of the society; and if any invitation is made in contravention of such an order, the person by whom the invitation is so made shall be guilty of an offence and liable, on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine not exceeding five hundred pounds or to both such imprisonment and such fine or, on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding one hundred pounds or to both such imprisonment and such fine :

Provided that, before deciding to make an order under this subsection with respect to any society, the registrar shall serve on the society a written notice stating his intention to make the order, and shall consider any representations with respect to the proposed order made to him by the society within the period of one month from the date of the service of the notice, and, if the society so requests, afford it an opportunity of being heard by him within that period.

- (2) Any order under the preceding subsection may be revoked by a subsequent order of the registrar made with the approval of the Treasury.
- (3) The registrar may, at any time, by notice in writing served on a building society or on any person who is or has been an officer of such a society, require that society or person to produce to the registrar such books, accounts, deeds and other documents relating to the business of the society, and to furnish to him such other information relating to that business, as he considers necessary for the exercise of the powers which he has by virtue of subsections (1) and (2) of this section; and any such notice may contain a requirement that any information to be furnished in accordance with the notice shall be verified by a statutory declaration.

If any society or other person fails to comply with the requirements of a notice under this subsection, the society or person shall be liable, on summary conviction, to a fine not exceeding fifty pounds or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

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- (4) The registrar may, if he considers it just, direct that all or any of the expenses incurred by him under the last preceding subsection in relation to any society shall, either wholly or to such extent as he may determine, be defrayed out of the funds of the society, or by the officers or former officers thereof or any of them; and any sum which any society or other person is required by such a direction to pay shall be a debt due to the registrar from that society or person.
- (5) In this section the expression " the registrar " means the registrar of building societies for the purposes of the Building Societies Acts, 1874 to 1940.

12 Provisions as to unit trusts

- (1) The Board of Trade may appoint one or more competent inspectors to investigate and report on the administration of any unit trust scheme, if it appears to the Board—
 - (a) that it is in the interests of unit holders so to do ; and
 - (b) that the matter is one of public concern.
- (2) Section one hundred and sixty-seven of the Companies Act, 1948, subsection (1) of section one hundred and sixty-eight thereof and so much of subsection (2) of that section as relates to forwarding a copy of the inspector's report to the registered office of the company shall apply in relation to an inspector appointed under this section as they apply in relation to an inspector appointed under section one hundred and sixty-four of that Act, but with the substitution for references to the company or other body corporate and its affairs of references to the manager under the scheme and to the administration of the scheme.
- (3) The expenses of any investigation under this section shall be defrayed by the Board of Trade.