



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.