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THE SENATE

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STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION

REPORT ON THE PETITION ON THE LIQUIDATION OF MOI UNIVERSITY
SAVINGS AND CREDIT SOCIETY

CLERKS CHAMBER
PARLIAMENT BUILDINGS
NAIROBI

Approved
[Signature]
28/7/2021

Rt. Hon Speaker
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ABBREVIATIONS AND ACRONYMS

MUSCO	-	Moi University Savings and Credit Society
SASRA	-	Sacco Societies Regulatory Authority
IGTRC	-	Inter- Governmental Technical Relations Committee
KCB	-	Kenya Commercial Bank
CBD	-	Central Business District
KUSCO	-	Kenya Union of Savings & Credit Cooperatives
FOSA	-	Front Office Services Activities
PRDs	-	Payroll Deductions

FOREWORD BY THE CHAIRPERSON

1. The petition on the liquidation of the Moi University Savings and Credit Society (MUSCO) was tabled during a sitting of the Senate held on Wednesday, 11th March, 2020 by Sen. (Prof.) Margaret Kamar, MP, on behalf of the petitioners. The petition was presented pursuant to Standing Orders 226 (1) (a) and 230 (2) (b) of the Senate. Further, the right of Kenyan citizens to petition public authorities and Parliament is a right conferred by the Constitution under Article 37 and Article 119. The petition was committed to the Standing Committee on Tourism, Trade and Industrialization.
2. The Committee invited and received written submissions from petitioners, respondents and other persons of interest. The Committee conducted both virtual and physical sittings with various stakeholders on various dates. Some of the stakeholders include the Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperatives; the Sacco Societies Regulatory Authority (SASRA), the Commissioner of Cooperatives, the Cooperative Bank of Kenya, the Governor of Uasin Gishu County, petitioners, the sponsor of the Petition, Sen. (Prof.) Margaret Kamar, MP among others.
3. The Committee observed that the liquidation of MUSCO continues to impact negatively on its initial broad clientele and that the liquidity challenges can be linked to decisions made to overinvestment on non-core businesses, for instance the purchase of land and development of property. The Committee also noted that at the point of SASRA's issuance of a FOSA license in June 2014, MUSCO operated a back office. However, MUSCO did not meet the prescribed minimum prudential requirements as provided for under the Sacco Societies Act, 2008 and accompanying regulations hence the conditional licensing. As such, SASRA ought to have closely monitored the activities of the Sacco to ensure the standards are upheld and sustained.
4. In terms of the revocation of MUSCO's license on the 28th June, 2018 following MUSCO's failure to comply with the provisions of Section 27(1) (b) of the Sacco Societies Act, Regulations 2010 and the conditions imposed by SASRA in 2017, the Committee was of the opinion that this was hastily undertaken. Further, cognizant of the fact that cooperative societies is a devolved function pursuant to (Part 2) of the sixth schedule of the Constitution, adequate, exhaustive engagement and input from the IGTRC and the County Government of Uasin Gishu ought to have taken precedence. The Committee's consideration to recommend the reinstatement of MUSCO certification to allow for its operation however comes against some specific facts. For instance, MUSCO has an outstanding liability of Ksh. 1.4 billion, an existing non-performing loans portfolio of about Ksh. 310 million and an asset portfolio comprising of land and properties that lack title deeds

are considered public utility, charged as bank collateral or are valued at a figure not commensurate to their investment value.

5. The Committee observed that there exists a lacuna in law as regards processes that informed the decision by SASRA to place a cooperative society under statutory management. In this respect the Committee opined that SASRA should have undertaken a forensic audit of the financial and non-financial performance of the cooperative society prior to its decision. The committee therefore proposes to amend the SACCO Act to address this gap.
6. Further, the Committee noted the need for a review of policy and legal frameworks to enable SASRA address future insolvency issues. This includes the operationalization of Deposit Guarantee Fund (DGF) whose objective will be to compensate depositors in the event a licensed and regulated SACCO is incapable of undertaking the same. The establishment of a central liquidity fund to provide the industry with mechanisms for effective management of liquidity risks. Further, the establishment of a shared services legal framework for SACCOs to encourage the sharing of common services so as to reduce costs and the burden and cost of compliance. The Committee also noted the urgent need to fast track the legal framework for undertaking fit and proper suitability test to ensure only those fit, are elected or appointed to run the affairs of SACCOs, and that provisions for regulatory sanctions are reinforced and imposed on those deviating from the norm;
7. Taking into consideration petitioners' prayers, and the foregoing observations, **the Committee makes the following recommendations. THAT: -**

(a) The Commissioner of Cooperatives in consultation with SASRA, County Government of Uasin Gishu, Cooperative Bank and the Intergovernmental Relations Technical Committee reinstates MUSCO's certification of operations (back office) within 90 days;

(b) Cooperative Bank of Kenya within 90 days to present a comprehensive report on the way forward as regards the credit facility owed by MUSCO;

(c) The Directorate of Criminal Investigation (DCI) to institute investigations on malpractices and abuse of office by former MUSCO officials dating back to 2009 and prosecute those found culpable of financial impropriety and report back to the Senate in 90 days;

(d) The Office of the Auditor General undertakes a forensic audit on the liquidation process by MUSCO liquidators to determine any impropriety or otherwise and report to the Senate in 90 days;

(e) The County Government of Uasin Gishu provides the Senate within 30 days, a comprehensive report detailing the initiatives they intend to take following the reinstatement of certification of MUSCO's operations, with specifics on the financial commitments towards reducing MUSCO's liabilities; and

(e) The County Government of Uasin Gishu provides the Senate within 30 days, a comprehensive report detailing the initiatives they intend to take following the reinstatement of certification of MUSCO's operations, with specifics on the financial commitments towards reducing MUSCO's liabilities; and

(f) The State Department of Co-operatives, within 30 days, presents to the Senate the National Cooperative Policy for concurrence and subsequent implementation.

8. The Committee wishes to thank the Offices of the Speaker and the Clerk of the Senate for the support extended to the Committee in the execution of its mandate. The Committee, further, extends its appreciation to the parties to the petition for availing themselves before the Committee namely: - petitioners (MUSCO); The Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperatives; Representatives of SASRA; Commissioner of Cooperatives, County Government of Uasin Gishu; Co-operative Bank of Kenya, Liquidators, Vice- Chancellor, representatives of Moi University and the representatives of families affected by the collapse of the Sacco.
9. On behalf of the Senate Standing Committee on Trade, Tourism and Industrialization, it is now my pleasant duty pursuant to Standing Orders 226 (1) (a) and 230 (2) (b) of the Senate, It is now my pleasant duty and privilege to present to the House the report of the Standing Committee on Tourism, Trade and Industrialization on consideration of the petition regarding the liquidation of the Moi University Savings and Credit Society Ltd.

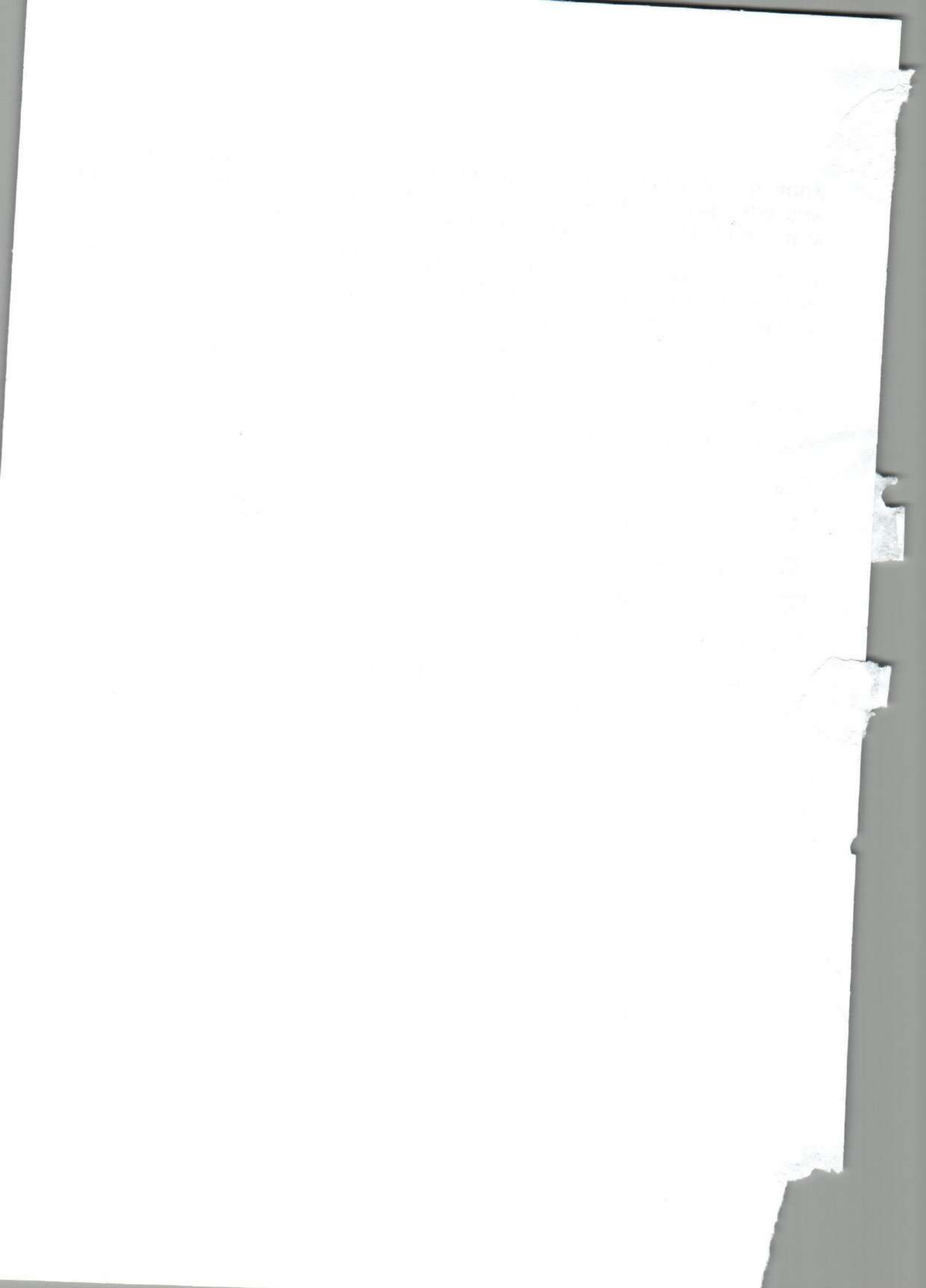
Signature  Date.....22nd July, 2021

Sen. (Dr.) Abdullahi Ibrahim Ali, CBS, MP
Chairperson, Standing Committee on Tourism, Trade and Industrialization

ADOPTION OF THE REPORT OF THE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION SENATE ON THE PETITION ON THE LIQUIDATION OF MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY LTD (MUSCO)

We, the undersigned Members of the Standing Committee on Tourism, Trade and Industrialization of the Senate, do hereby append our signatures to adopt the Report on the Petition on the liquidation of Moi University Savings and Credit Society (MUSCO)

Sen. (Dr.) Abdullahi Ibrahim Ali, CBS, MP	Chairperson	
Sen. (Dr.) Gertrude Musuruve Inimah, MP	Vice chairperson	
Sen. (CPA.) Farhiya Haji, MP	Member	
Sen. Wario Golich Juma, MP	Member	
Sen. Mercy Chebeni, MP	Member	
Sen. Mohamed Faki, MP	Member	
Sen. Philip Mpaayei, MP	Member	
Sen. (Prof.) Kithure Kindiki, EGH, MP	Member	
Sen. (Dr.) Agnes Zani, CBS MP	Member	



PREFACE

The Standing Committee on Tourism, Trade and Industrialization is established pursuant to Standing Order 218(3) of the Senate. As set out in the Second Schedule, the Committee is mandated to consider *all matters relating trade, industrialization, tourism, cooperatives, investment and divestiture policies.*

The Standing Committee on Tourism, Trade and Industrialization comprises of the following Members-

- | | |
|--|--------------------|
| 1) Sen. (Dr.) Abdullahi Ibrahim Ali, CBS, MP | - Chairperson |
| 2) Sen. (Dr.) Gertrude Musuruve Inimah, MP | - Vice Chairperson |
| 3) Sen. (CPA) Farhiya Haji, MP | - Member |
| 4) Sen. (Prof.) Kithure Kindiki, EGH, MP | - Member |
| 5) Sen. (Dr.) Agnes Zani, CBS MP | - Member |
| 6) Sen. Wario Golich Juma, MP | - Member |
| 7) Sen. Mercy Chebeni, MP | - Member |
| 8) Sen. Mohamed Faki, MP | - Member |
| 9) Sen. Philip Mpaayei, MP | - Member |

The right of Kenyan citizens to petition public authorities and Parliament is a right conferred by the Constitution under Article 37 and Article 119 of the Constitution. The right to petition is an essential citizen participation tool that allows for direct intervention by Parliament on issues relating to the promotion and protection of the rights of citizens. Further, the Petition to Parliament (Procedure) Act No. 22 of 2012 makes provisions for the procedure for the exercise of the right to petition and also defines the format of petitions to be addressed to the Parliament.

Pursuant to standing orders 226 (1)(a) and 230 (2) (b) of the Senate Standing Orders, at a Sitting of the Senate held on Wednesday, 11th March, 2020, Sen. (Prof.) Margaret Kamar, MP, presented a petition on behalf of the petitioners on liquidation of the Moi University Savings and Credit Society (MUSCO).

To enable a judicious disposal of the petition upon receipt, the Committee resolved to conduct an inquiry on the issues raised in the Petition. In this regard, the Committee

invited submissions from petitioners and respondents the Petitioner and further conducted online sittings with a view to seeking clarifications on the issues raised in the Petition and to respond to the prayers of the Petitioners.

However, owing to the COVID-19 pandemic, the Committee invited and received written submissions from petitioners, respondents and other persons of interest who included the Cabinet Secretary, Ministry of Agriculture, Livestock and Cooperatives; the Sacco Societies Regulatory Authority (SASRA), the Commissioner of Cooperatives, the Cooperative Bank of Kenya, the County Executive Member, Uasin Gishu County, petitioners and the sponsor of the Petition, Sen. (Prof.) Margaret Kamar, MP. The Committee held online sittings with a section of stakeholders and interrogated the issues under investigation and further undertook an inspection visit of MUSCO Towers in Eldoret, Uasin Gishu County.

The Committee held 12 Sittings and received submissions and evidence from the concerned stakeholders. The minutes of the said proceedings are attached to this report as *(Annex i)*.

CHAPTER ONE: INTRODUCTION

The Petition and the Prayers

Pursuant to Standing Orders 226 (1)(a) and 230 (2) (b) of the Senate, at a sitting of the Senate held on Wednesday, 11th March, 2020, Sen. (Prof.) Margaret Kamar, MP presented a petition on behalf of the petitioners concerning the liquidation of the MUSCO. The petition raised the following issues-

- (a) MUSCO is an established Sacco;
- (b) The Sacco commenced its operations in 1995 hence operational for thirty-five (35) years;
- (c) At the time of the presentation of the petition, the Sacco had a membership of over 3000 members in various institutions including Moi University, University of Eldoret, Maasai Mara University, University of Kabianga, University of Karatina, and Bomet University College. Some of the members have since joined government in various capacities;
- (d) The Sacco purchased 0.14 acre leasehold property known as Eldoret Municipality Block 43121 for a term of fifty (50) years with effect from 1st August 2009;
- (e) As per valuation report dated 2017, the property known as MUSCO Towers was valued at Ksh 650 million, Ksh 200 million of which was charged to the Cooperative Bank of Kenya;
- (f) MUSCO received an operating license in 2014 and further was authorized to operate as a deposit taking Sacco by the SASRA making it a very attractive investment;
- (g) The establishment of SASRA as a strong regulatory framework instilled confidence in the member as it provided the requisite regulatory and supervisory framework required to safeguard members investments;
- (h) Following the completion of the MUSCO Towers building, the Sacco began to experience liquidity problems which were further compounded by failure by Moi University to remit its members deductions between June 2015 to the time of the revocation of the license; and
- (i) SASRA sought to revoke the deposit taking license regardless of measures MUSCO had outlined with an objective of returning it to its viability status;

The prayers of the petitioners to the Committee are as follows and are attached (**Annex ii**)

- i. Summon the aforementioned parties to seek an explanation on why SASRA failed to perform their duties as state officers;
- ii. Stop the auctioning of the building because it is a hurried sale of an undervalued property since it is being sold for around Kshs.250 million yet it is worth over Kshs.650 million thereby causing irrevocable loss to the shareholders. There is a valuation report of 2017 of Kshs.650 million;
- iii. Uncover the possible canvassing involved by SASRA, the Commissioner of Cooperatives and the CS in charge of the Ministry Cooperatives, in breach of their fiduciary duties which includes failing to give any information concerning the process of liquidation;
- iv. Demand for the MUSCO financial documents concerning the amount of money currently being collected from MUSCO Towers as rent; how the money collected is spent and how loans taken by members are being recovered. This should include details of how the money was channeled through a Kenya Commercial Bank (KCB) account which has been quoted as Account Number 1235103706, Eldoret Branch; and
- v. Expedites the process of investigations and resolution in the interest of justice and public interest because they are bound to lose their hard-earned money which will set a terrible precedent.

CHAPTER TWO: CONSIDERATION OF THE PETITION

In considering the petition, the Committee resolved to conduct sessions with the petitioners and respondents to inquire into the issues raised. This section highlights the Committee proceedings with the various stakeholders on the various dates regarding the underlying issues and prayers raised in the petition. Further, on 16th October, 2020, the Committee undertook a fact-finding visit to Moi University Sacco in Eldoret with a view to seek first hand evidence and necessary clarifications on the issues raised in the petition including site visit of MUSCO Towers. During the site visit, the Committee held meetings with among others, Governor of the County of Uasin Gishu; representatives of SASRA, Commissioner of Cooperatives; Cooperative Bank of Kenya, liquidators; Vice- Chancellor of Moi University and representatives of families affected by the collapse of the Sacco.

2.0 MEETING WITH MUSCO STAKEHOLDERS

2.1.1 Submission by Petitioners, Moi University Savings and Credit Cooperative

The petitioners, through Prof. Jack Willis Okumu Abok on behalf of the interim officials of the MUSCO, submitted an affidavit in support of the petition. The Committee was informed of the background of Moi University Sacco as follows. **THAT:-**

- (a) MUSCO Limited, dating back to the inception of Moi University was established on 6th May, 1985 with an initial membership of 20 people.
- (b) In the 1990s, the Sacco grew exponentially attaining a membership of over 3500 persons in 2018 with membership spanning different cadres from the lowest (cleaner/ messenger) to the highest (professorial) levels. According the petitioners, the crux of the matter in the petition is the loss of lifetime savings by the members if the Sacco is not revived.
- (c) Geographically, members are spread beyond Moi University to its adjacent community, the Moi Teaching and Referral Hospital (MTRH), the University of Eldoret and the former constellation of constituent colleges of Moi University, that is, Maseno, Maasai Mara (Narok), Odera Akang'o (Yala), Kisii University, Kabianga University, Masinde Muliro University, Karatina university and even Mombasa county.
- (d) The Sacco's phenomenal growth in the initial phase is directly attributable to spectacular performance in the fulfilment of its core objectives namely;
 - (i) Mobilizing and providing safe custody for members' savings.
 - (ii) Offering, on specific terms, various categories of loans and advances to members who qualify for such facilities.
 - (iii) Undertaking training and sensitization of members in order to arouse and/or enhance economic literacy among members.

- (iv) Improving overall (especially economic) well-being and empowerment of the membership. Between 1985 & 2000 MUSCO benefited members immensely in terms of School fees, emergency and development loans and purchase of (EATEC) plots.
- (e) Real estate investments and purchase of other assets like cars, Public Service Vehicles, residential facilities, etc.
- (f) The Sacco's asset base primarily comprises members' savings and two plots. One of the plot lies on the Talai Farm contiguous to the Moi University Main Campus and another adjacent to Sirikwa Hotel in downtown Eldoret, both of which feature iconic storey buildings.
- (g) As of 2017, audited financial statements showed that the Sacco's asset base stood at Ksh. 1,390,783,046 and an annual turnover of Ksh. 28,476,349 with an actual membership of 2,918.
- (h) In terms of challenges, liquidity problems are linked to the departure from the Sacco's core business of saving & lending members finances. As such, by 2012 at the time of purchasing the Eldoret CBD plot and subsequent construction of the MUSCO Towers, the financial distress was at crisis proportions.
- (i) Unknown to members, elected officials at one point suspended construction works for MUSCO Towers for a period of 18-months upon which the Sacco is said to have paid the contractor Ksh. 20 million each month for no work done.
- (j) Besides, the petitioners are in possession of a list of debtors, including elected officials and Sacco employees, loan varied facilities from Ksh 2 million to 5 million or more, presumably unsecured.
- (k) In this lucrative "free for all", the elected officials and MUSCO staff conveniently converted MUSCO into a veritable cash cow and to date there are former officials said to be using MUSCO rubber stamps to rake in millions of Kenya shillings against EATEC plots purchased in 2000.
- (l) Apart from large scale embezzlement within the Sacco itself, Moi University's Finance Department starved MUSCO of regular financial injections, despite payroll deductions in the form of monthly savings and monthly loan repayment deductions from MUSCO members' salaries. The non-remittance crisis at Moi University began to pose a monumental problem from June-2015 and persisted right up to 2018, when the Commissioner of Cooperative Development placed MUSCO under liquidation.
- (m) As regards liquidation, petitioners have patently legitimate grounds for challenging liquidation as a suitable and legitimate solution to the financial challenges which slowed down activities at MUSCO.
- (n) The Sacco's financial challenges originated from a clear instance of kleptocracy among highly placed individuals enriching themselves at the expense of the institution and individuals for which they are supposed to provide efficient financial custody and overall stewardship.

- (o) In any case, senior officials seemed to have deliberately withheld the Sacco's dues, especially at Moi University during which Prof. Daniel Tarus is the Deputy Vice Chancellor in charge of Finance. At the point of its being put on liquidation, Moi University owed MUSCO Ksh. 56 Million, which obviously would have greatly scaled down the Sacco's liability to the Cooperative Bank.
- (p) The liquidation exercise failed to follow due process. SASRA which was supposed to engage members on the Sacco's situation and lead members in the search for strategies to salvage the Sacco failed to make effort.
- (q) The role played by the then Commissioner of Cooperatives who without making an inquiry into the nature and extent of MUSCO's problems, placed MUSCO under liquidation and ignored the high court order dated 4th July, 2018. The Court order restraining SASRA from revoking MUSCO license and deregistering MUSCO in disregard of interventions by the Uasin Gishu County government and the IGTRC.
- (r) Through the initiatives of the IGTRC, the petitioners were able to hold several meetings with various stakeholders including the current Commissioner of Cooperatives.
- (s) During the broad consultations, Cooperative Bank of Kenya assured cooperators of the bank's unreserved willingness to offer MUSCO an opportunity to and offset its obligation to the Bank.
- (t) Further, the County Government of Uasin Gishu pledged its unconditional interest in supporting MUSCO, financially in order for the Sacco to rejuvenate to its original level of vibrancy.
- (u) As regards the liquidation, following the appointment of the liquidators in mid-2018, there seem to be very insignificant improvement but instead the liquidator has aggravated financial misuse through rent collection (six (6) floors of MUSCO Towers hired by University of Eldoret, numerous other office units on four (4) additional floors and the collections from MUSCO Plaza in Kesses).
- (v) Without consulting the Sacco members, the liquidator interfered with the interior design of MUSCO Towers, through elaborate partitioning, creation of additional office units as a means, obviously of increasing rent revenue streams.
- (w) While at the point of MUSCO being placed under liquidation, Moi University had withheld Ksh. 56 million owed to the Sacco, which is reported to have been released to the liquidator MUSCO funds amounting to Ksh 131 million.
- (x) The liquidator has also placed a "FOR SALE" billboard on top of MUSCO Towers, which has a profoundly denigrating effect on the building and the identity of its owners. The billboard earns the liquidator Ksh. 20,000 per month.
- (y) The liquidator is said to have opened an account (with Account Number: 123513706 at KCB, Jomo Kenyatta Street, and Eldoret). This ought to be thoroughly probed and keenly scrutinized as part of the complete financial accounting.
- (z) Having collected approximately Ksh.1 billion from rents for offices at MUSCO Towers, alongside loan recoveries especially from Moi University, the liquidator should be in

possession of colossal sums of money belonging to MUSCO. The liquidator needs to surrender such funds so that they can be paid in to reduce the loan at Cooperative Bank.

- (aa) As of March 2020, it was estimated that MUSCO's total liability was Ksh. 441 million, of which the petitioners consider manageable;
- (bb) The petitioners further sought the intervention of the Senate into the MUSCO crisis as highlighted: -
 - (i) Have the revocation of the MUSCO license reversed so as reinstate MUSCO's productive processes in fulfillment of the Sacco's objectives;
 - (ii) Ensure, in the interim, that the Ministry concerned with cooperatives restrained from subjecting MUSCO to receivership, liquidation or such other adverse effected, particularly without exhausting all necessary due process;
 - (iii) Aggressively pursue asset recovery from the Sacco officials so as to retrieve massive financial resources fraudulently acquired by specific individuals;
 - (iv) Link the Sacco with law enforcement structures/ relevant authorities to investigate the roles played by various individuals in running down MUSCO, as documented herein below and having those found to be culpable held to account;
 - (v) Encourage supportive bodies, especially the Uasin Gishu County government to assist MUSCO in its revival efforts, at least up to the point the Sacco attains relative viability.

2.1.2 Submission by the Ministry of Agriculture Livestock Fisheries and Cooperatives

The Ministry of Agriculture Livestock Fisheries and Cooperatives appeared before the Committee on the 17th July 2020, 16th November 2020 and 17th March 2021 (during the Committee retreat in Mombasa). The Ministry was represented by Principal Secretary, State Department of Cooperatives and the Commissioner of Cooperatives. The Ministry also presented an additional submission on the 24th March 2021 clarifying on the following issues: - (i) whether due process was followed by SASRA in revocation of deposit taking license; (ii) the current status of the liquidation process; and the (iii) viability of reviving the SACCO. The following is a summary of the issues. **THAT:-**

- (a) MUSCO was licensed by SASRA to carry out deposit taking business in 2014 under License No. SS/0167/18 subject to the provisions of Sacco Societies Act No.14 of 2008 and the regulations issued thereunder. Despite the fact that the SACCO was already operating FOSA activity by the time the regulations became operational in 2010, the delay to license MUSCO was occasioned by the fact that the entity was struggling to meet the prescribed minimum prudential requirements. As such, the deposit taking license granted in 2014 was conditional and was subject to MUSCO meeting the aforementioned standards;
- (b) The unresolved issue at the point of licensing the Sacco in 2014 was that MUSCO had prior to 2014 borrowed extensively and further invested in the construction of

the MUSCO Towers. Unfortunately owing to insufficient returns arising from the building the Sacco was struggling to repay its loan facility resulting in use of members funds to undertake its obligation. The foregoing scenario resulting in apathy among members and subsequently mass withdrawals.

- (c) While it was apparent that the deposit taking license issued by SASRA to MUSCO ought to have been revoked from 2015 and every subsequent year thereafter given the prevailing circumstances, SASRA granted the Sacco an opportunity to rectify the issue in subsequent years to avoid the revocation of the license. However, the Sacco was unable to reverse the trend in subsequent years between 2015 and 2018;
- (d) At the point of non-revocation of the MUSCO license, SASRA was guided by Section 26 of the Sacco Societies Act which reads inter alia that- *“ where it appears to the Authority that there are reasonable grounds for the revocation of a license, but that the circumstance are such that the revocation would not be expedient or would be unjust to the members, the Authority may restrict the license in a accordance with subsection (3)”*
- (e) In terms of membership, the Sacco comprised of 2348 active members and 1,428 dormant members as at September 2017. However, the members were withdrawing *en-masse* and were only held back by the inability of MUSCO to refund the withdrawees deposits which stood at over Ksh. 345 million as at December 2017.
- (f) As per financial statements for the period ending 2017 the asset base stood at Ksh. 1,390,738,046 and a turnover of Ksh. 28,476,349. These figures show that more than 68 percent were not active and the members had lost confidence in the Sacco. As a result of declining membership, the society continued to experience unfavorable financial conditions; The argument fronted by the petitioners that MUSCO boasts over of 3,000 members is thus unsupported by any evidence.
- (g) While the addressing the issue of the MUSCO Towers, it was noted that the Sacco acquired ELDORET MUNICIPALITY BLOCK 4/321 at a cost of Ksh.12,000,000 upon which they constructed MUSCO Towers. The project was to be funded through members' contributions and an amount of Ksh.132, 813,063 was raised by 3,020 members by December 2014. Further that, the Sacco applied for an initial loan of Ksh. 200 million from Co-operative Bank with the said property as security for the loan. Ksh. 27.3 million was subsequently used to repay KUSSCO loan leaving a balance of Ksh. 157,700, 000 for the project.
- (h) The agreed contract price for construction of the building was Ksh. 464 million of which the society paid Ksh 368,135,131 and a balance of Ksh.100, 992,235. The contractor sued the Society and a decree of Ksh. 141 million was granted and continues to date to attract an interest at the rate of 14% per annum. There were several variations made to the initial cost of the building and its cost was reflected at Ksh. 764,442,904 as at December, 2015 as per the audited accounts.
- (i) The averment in paragraph 4 of the petition that the said building herein referred to as MUSCO Towers was charged in favor of Co-operative Bank for Ksh. 200 million does not give a complete financial implication of the funding from the bank since the loan balance inclusive of interest stood at Ksh.583 Million by June 2020.

- (j) Even if the value of the building were taken to be Ksh. 650 million as averred in paragraph 1.4 by the petitioner, this would not be sufficient to liquidate the debt of Co-operative Bank exercising the charge's right standing at Ksh. 583 million as at June 2020 plus the contractor's amount of Ksh. 141,153,863 million. Additionally, MUSCO towers can only be sold by the Bank in accordance with the law governing chargee's right of sale.
- (k) With regard to paragraph 2 of the petition that MUSCO was an attractive economic investment, this is not true. Inspection report from SASRA and external auditors' opinion on the MUSCO's financial statements for the period ended December 2017 revealed that the Society had over 87% of its loans as non-performing meaning that only 13% of the loan book was collectable. Thus, the Society was technically insolvent because its deposit liabilities exceeded Ksh. 800 million.
- (l) Though the issue of non-remittance of Sacco dues by Moi University may have contributed to the poor financial performance of the Sacco, the impact was not that big since the outstanding amount was Ksh. 64 million by 20th December 2018. The Sacco outstanding liabilities were more than Ksh. 1 billion comprising of refunds to members Ksh. 345 million, Cooperative Bank Loan Ksh. 583 million; Tax Ksh. 32 million; contractor Ksh. 141 million among other creditors.
- (m) Though the Society received operating license in 2014, it failed to maintain the prescribed minimum prudential standards, and consequently granted conditionally restricted license from 2015 to 2018.
- (n) SASRA published in its Annual Supervision Report for 2015, 2016 and 2017 that MUSCO SACCOs society Ltd was operating on a conditionally issued restricted license a fact that was known to the Board of Directors and the entire public as the status was the case before the revocation of the license.
- (o) Paragraph 2.3 of the petition expresses and acknowledges the fact by petitioners that MUSCO Towers Building was the cause of the financial woes at the society. Further, that one of the petitioner namely Mr. Michael Kangogo (Treasurer) was in office and the other petitioners continuously attended the society's general meetings as members where reports were shared and imprudent decision that subsequently led to the collapse of the society were taken.
- (p) As regards the revocation of the deposit taking license, SASRA being the regulator carried out an inspection in September 2017 and raised issues that required to be addressed by the Sacco. The Sacco responded to the issues unsatisfactorily. Among the issues that required responses were:-
 - (i) Non-disbursed loans to members of Ksh. 10 million;
 - (ii) Withdrawals had not been cleared from the system with a book value of Ksh. 354 million;
 - (iii) Deceased members had not been paid Ksh. 20 million compensation which were received from CIC; and

- (iv) Retirees were demanding Ksh. 35 million.
- (q) The Sacco responded to the issues on 10th November 2017. Further SASRA issued a notice of the intention to revoke the deposit taking license on 7th March 2018 and the society responded on 22nd March, 2018. However, on 28th June, 2018 SASRA made a dully considered response based on those correspondences and made the following determination: -
- (i) That the Sacco had failed to comply with the provisions of the Sacco Societies Act, Regulations and the conditions imposed by the Authority on the consecutive Deposit Taking License issued during the year 2017 contrary to section 27(1)(b) of the Sacco Societies Act;
 - (ii) That the Sacco society does not maintain and has on several occasions failed to maintain at least fifty percent (50%) of the prescribed minimum capital requirements contrary to Section 27(2) (c) of the Sacco Societies Act; and\
 - (iii) That the Sacco society failed to comply with the provisions of Sacco societies Act and the Regulations thereunder contrary to Section 27(2) (b) of the Sacco societies Act.
- (r) Consequently, the Authority found and determined that any further and/or continued undertaking of deposit taking business by the Sacco Society shall be:-
- (i) A violation and /or breach of the provisions of the Sacco societies Act and the Regulations, 2010 made thereunder;
 - (ii) Detrimental to and not being in the interest of the members of the Sacco society and the general public at large; and
 - (iii) A threat to the safety and security of members deposits therein and /or any further deposits which members of the Sacco society and / or members of the public may make or may be made in favor of the Sacco society.
- (s) According to SASRA, the reasons for revocation of the license through a letter dated 27th June 2018 and which informed the regulator to conclude that the society is technically insolvent thereby revoking its deposit taking license were as follows-
- (i) Failure to meet the prescribed minimum capital requirements and liquidity ratio;
 - ii) Failure to refund members savings and deposits amounting to Ksh.345 million leading to lack of confidence in the society thereby resulting in mass withdrawals;
 - iii) The society engagement in unsafe and unsound business practices by overstating its loans as key assets through under provisioning of the loan loss allowance Ksh. 14.2 million instead of Ksh. 275.2 million;

- iv) Its inability to meet its immediate financial obligations to members who were owed more than Ksh. 345 million; the tax obligations owed in excess of Ksh.13 million; financial lending institutions owed in excess of Ksh. 422 million; other party creditors owed in excess of Ksh.141 million among others as at December, 2017;
 - v) Continued deposit taking in the absence of a functional and compliant Management Information System, hence a breaching and violating the law and further enhancing the risk of loss and non- accountability of financial transactions;
 - vi) Deviation from the core business of savings and credit services to members by investing in buildings and purchasing of plots that were granted to members as loans thereby increasing the loan default rate that stood at Ksh. 275.2 million.
- (t) In exercising the powers conferred upon the regulator by the Sacco societies Act and in particular Sections 25,27,49,50 and 51 and all other enabling provisions, SASRA notified the Sacco that the deposit taking Sacco business License issued had been revoked. As such, SASRA revoked the deposit - taking business license vide the Kenya Gazette Notice No. 6391 dated 27th June, 2018. The license having been issued pursuant to section 27(3) of Sacco Act Cap 490B in exercise of the powers conferred upon section 27 as read with section 6 of the Sacco Societies (Deposit- Taking Sacco) Regulations 2010 and all other enabling laws.
- (u) The assertion that SASRA did not consider letter written by MUSCO dated 22nd March 2018 is incorrect in that the Authority responded on 27th June 2018 providing clear reasons why the license was to be revoked.
- (v) Following the revocation, the implication was that Board of directors and /or its officers or any other person whatsoever, individually and collectively were:-
- (i) Prohibited forthwith from taking Sacco society deposits from members and/or members of the public with effect from the date therein;
 - (ii) Directed to immediately cease and / or stop undertaking deposit taking Sacco business activity in Kenya with effect from the date of cancellation in default which the Sacco society and its Board of directors or any other officer thereof shall be jointly and severally liable to criminal prosecution under Section 23 of the aforesaid Sacco Society Act, in addition to any other supervisory enforcement action as provided in law;
 - (iii) Prohibited forthwith from participating in the affairs of any other Sacco Society in Kenya except with a prior written approval of the authority in accordance with Regulation 6(3) of the regulations 2010; and
 - (iv) The Society ought to be liquidated as per the provisions of section 62 of the Cooperative Societies Act.

- (w) Following revocation, SASRA on 29th June, 2018 published the revocation of deposit- taking business License vide Gazette notice no. 6391 dated 27th June, 2018. Consequently, SASRA preserved the assets of the society in accordance with the law pending its liquidation and deployed armed security to guard the society premises awaiting further legal orders from the Commissioner for Co-operative Development.
- (x) The revocation was followed by a liquidation or cancellation order issued for Moi University Sacco society ltd on 29th June, 2018 by the Commissioner for Co-operative Development. This superseded the appointed of Mr. Hesbon M. Kiura – Principal Cooperative Officer of Nairobi and Joel K. Barbengi – senior cooperative Auditor Elgeyo Markwet to be joint liquidators. The two were therefore authorized to take custody of all properties of the said society including books and documents as deemed necessary for the finalization of the liquidation process. The order was published in Kenya Gazette notice no.6971 on 13th July, 2013.
- (y) As regards the appeal, the Cabinet Secretary failed to hear the appeal by the MUSCO written by Francis B. Komen as the chairman of the SACCO. However, Mr. Francis B. Komen, the then chairman and Mr. Michael Kangogo the treasurer commenced proceedings in the judicial review proceedings in the high court MISC.CIVIL APPLICATION NO.7 of 2018 and MISC CIVIL APPLICATION NO.66 OF 2018 over the revocation order and cancellation /liquidation order.
- (z) On 4th July, 2018, the former Directors of MUSCO and the Uasin Gishu County Secretary as interested party moved to the High Court in Eldoret for judicial review and obtained ex-parte orders for stay of execution against SASRA. This situation threatened the liquidation process as the Directors using force went and ejected Lavington Security services from the premises by forcing their way breaking the main gate. However, they could not gain entry because the liquidators were having all the keys and the Administration Police came in and provided armed security for the society property at the headquarters in Moi university premises.
- (aa) The liquidators appointed the legal firm M/S Joseph C.K Cheptarus & Co. Advocates of Eldoret to represent them in all legal issues. They applied to be enjoined as interested parties in the matter when the case came up for inter-parties hearing, SASRA raised preliminary objections and the parties were ordered to make submissions;
- (bb) A ruling on the matter was made on 21st February, 2019 and the court upheld the preliminary objection dated 20th July, 2018 with costs. The applicant was accordingly directed, pursuant to section 9(3) of the Fair Administrative Action Act to first exhaust the alternative remedies available before seeking the remedy of judicial review;
- (cc) Therefore, any action by the Cabinet Secretary would have been *sub judice* on the matter of MUSCO. Thus, the applicants failed to allow the Cabinet Secretary to make the decision over the matter as the High Court was left with the jurisdiction had been determined;

- (dd) The assertion by the petitioners that the Cabinet Secretary failed to give audience is misleading and incorrect given the fact that the High Court had given direction over MUSCO issues over the court case;
- (ee) While responding to the prayers, the Ministry's position was that all the events leading to the revocation of the deposit taking license of the MUSCO Sacco Society Ltd and its subsequent cancellation/ liquidation were procedurally undertaken in accordance with the law governing Co-operatives and Savings and Credit Co-operatives Societies;
- (ff) On the second prayer to stop the auction of the events immediately after the taking over of MUSCO Sacco Society Ltd, MUSCO Towers had been used to secure the Cooperative Bank loan. And as such, by June, 2020 the outstanding loan balance was Ksh. 583 million and attracting an interest rate of 13 % p.a. In accordance with the provisions of section 99(2) of the Land Act, 2012 the bank exercised its statutory powers over the property after the expiry of notices unless the said debt is repaid. The liquidators have no powers over the stoppage of the sale of the property by the bank while exercising its statutory powers to recover its debt;
- (gg) Currently, there is a pending High court case in Nairobi MISCELENEOUS 301 OF 2017 –DINESH CONSTRUCTION CO. LTD VERSUS MOI UNIVERSITY SACCO (MUSCO) AND CO-OPERATIVE BANK OF KENYA (K) at Milimani Commercial court over the sale of Eldoret Municipality/Block No. 4/321 which allowed the sale pending the hearing of the substantive application;
- (hh) The Ministry had analyzed the findings and observations attached to the Revocation Order dated 27th June 2018. That MUSCO Sacco Society Ltd was incapable of meeting its financial obligations, and as such, its continued operations mores so by receiving further deposits from the public would not only have been contrary to the prescribed regulatory framework, but would equally have continued to put to risk such deposits. There is no provision in Co-operative legislation to undo what has been done procedurally in law;
- (ii) The Co-operative Societies Act and the Sacco Societies Act and the governing Regulations were procedurally followed during revocation by the Authority and subsequent cancellation/liquidation of MUSCO Sacco Society ltd. Further, that the process of liquidation is being conducted in line with the provisions of the Co-operative Societies Act and the latter being an appointee of the Commissioner of Cooperatives. The final liquidation account will be submitted to the Commissioner for Co-operatives for audit before the liquidators are discharged;
- (jj) Having been unable to refund depositors obligations to the tune of over Ksh. 345 million as at December 2017, it would have been contrary to public policy for SASRA as the sector regulator to allow MUSCO Sacco Society Ltd to mobilize further deposits from members, which it would further default on refunds ;
- (kk) With outstanding deposit liabilities owed to members which ranged between Ksh. 600 million and Ksh. 800 million as at September 2017, and cognizant that the only available substantial assets of MUSCO Sacco Society Ltd (other than the Tower) were the loan portfolio of about Ksh. 359 Million as at the same period and out of

which only about 13% was performing, it can be safely stated that MUSCO Sacco Society Ltd was technically insolvent. Further, it would have been a serious exposure to members of the public to allow it to continue with further deposit-taking business;

- (ll) Regarding whether SASRA followed due process in revoking the MUSCO license, the Ministry concurs with SASRA that due process as enshrined in SACCO Societies Act and the Regulation 2010. On the same breadth, it is important to note that upon cancellation of registration of a Co-operative Society in accordance with Section 62 of the Co-operative Societies Act, the Co-operative Society ceases to exist as a legal entity. Consequently, it can be safely concluded that MUSCO Sacco Society Ltd ceased to exist as legal entity with effect from 29th June 2018 upon the cancellation of its registration. It thus cannot purport to have any members nor officials;
- (mm) The Cabinet Secretary therefore submitted that the petition has no merit in so far as the revocation of the deposit-taking license of MUSCO Sacco Society Ltd, and the subsequent cancellation/ liquidation of its registration and appointment of liquidators are concerned. Further that both the revocation and cancellation of MUSCO were done in the best interest of members and in accordance with the law;
- (nn) As regards the the possibility of reviving MUSCO, the Ministry is of the opinion that the challenges facing MUSCO are entirely financial and have persisted over time and as such any attempt to revive the Sacco must include injection of sufficient funds to cover existing liabilities and subsequently provide fresh capital. However, such action are likely to be hindered by the following factors-
 - (i) Low membership following mass withdrawals as a result of the Sacco's inability to provide the requisite services;
 - (ii) Outstanding claims of refund from members totaling Ksh. 345million as at December 2017 which have to be refunded from the onset;
 - (iii) Out of loan portfolio of approximately Ksh.359 million, 87 percent of it non performing as at December 2017 meaning a paltry 13 percent of the loan was recoverable. Given that loan recovery remain a key asset of any Sacco, the implication for this is that MUSCO is technical without assets to guarantee sustainable operations. Quite notable is that the MUSCO Tower, a substantial asset is secured in favor of Co-operative Bank and further generates below expectation relative to the value of investment;
 - (iv) Inability to service bank loans and other lenders;
 - (v) Legal suits by members and other creditors including the MUSCO Towers contractor with a court decretal sum of Ksh. 141 million as at December 2017;
 - (vi) MUSCO being a cooperative, and the members being owners and depositors, mass withdrawals of members is clear sign of diminished

confidence in MUSCO as a Sacco hence the push refund by members and not necessarily revival of the Sacco; and

(vii) Taking into consideration that deposit taking financial institutions like MUSCO thrive on trust and confidence of depositors, any subsequent mistrust like is the case with MUSCO will be difficult to guarantee return of members and hence its viability.

(oo) Policy and legal frameworks be finalized to enable SASRA to address insolvency issues in the future. The following proposals, some of which are at an advanced stage of implementation include-

(i) Operationalization of Deposit Guarantee Fund (DGF) to enable its implementation during the FY 2021/22 with the objective of compensating depositors in the event a licensed and regulated SACCO is incapable of undertaking the same;

(ii) Establish a central liquidity fund to provide industry mechanisms for effective management of liquidity risks. The amendments on the foregoing are to be presented before Parliament by close of 2021;

(iii) Establishment of a shared services legal framework for SACCOs to encouraged the sharing of common services aimed at ensuring economies of scale, rescue competition and regulatory burden as well as the cost of compliance; and

(iv) Fast track the legal framework for undertaking fit and proper suitability test to ensure only those fit, are elected or appointed to run the affairs of SACCOs. Further, that appropriate regulatory sanctions are imposed on those deviating from the norm.

2.1.3 Submission by the Intergovernmental Relations Technical Committee (IGTRC)

The IGRTC made the following submissions. **THAT-**

- (a) The basis of Intergovernmental Relations (IGR) is Articles 6 and 189 of the Constitution. Whereas Article 6 provides that the governments at the national and county levels are distinct and inter-dependent and shall conduct their mutual relations on the basis of consultation and mutual cooperation, Article 189 (3) and (4) provides for resolution of intergovernmental disputes through alternative dispute resolution mechanisms such as negotiation, mediation and arbitration;
- (b) The IGRTC was established pursuant to Section 11 of the Intergovernmental Relations Act of 2012. IGRTC is mandated to facilitate the day -to- day administration of the Summit and Council of Governors in pursuance of dialogue and consultations between the two levels government;

- (c) The cooperative function according to the Fourth Schedule part two 7 (e) of the Constitution assigns cooperative societies to the county governments. Transition Authority further unbundled the function and transferred it to the county governments via legal Notice No 116 dated 9th August, 2013. It also issued an advisory for the national government to review all laws and policies to align them with the Constitution;
- (d) On the declaration of the Intergovernmental dispute by the County Government of Uasin Gishu, it declared a dispute to IGRTC on the 6th February, 2019 on a matter regarding the revocation of the license of the MUSCO. As such, it reported that SASRA issued a notice to revoke the license of the MUSCO to operate Front Office Services Activities (FOSA);
- (e) Further, the County Government of Uasin Gishu expressed that MUSCO moved to court seeking to have the revocation notice repressed, allowing it to operate, since SASRA did not follow the procedure in revoking its license;
- (f) The letter also indicated that MUSCO had appealed to the Cabinet Secretary in charge of Co-operatives. As such, the County Executive Committee Member made a follow-up on the matter through the Principal Secretary in charge of Cooperatives, where a report was submitted on the status of the society including a proposed recovery strategy;
- (g) The County also presented a report submitted to the Commissioner's office showing the cash flow and the University's commitment to remit the payroll deduction arrears. The county also reported that it had initiated an appeal hearing to the Cabinet Secretary but received no response;
- (h) The First IGRTC consultative meeting held on 24th May, 2019 was a culmination of filling of the dispute between the two levels of government in accordance with Section 34 of the Intergovernmental Relation Act, 2012. The IGRTC convened a consultative meeting held between IGRTC and the county government of Uasin Gishu; and representatives from MUSCO at Uasin Gishu county offices;
- (i) The meeting aimed at providing IGRTC with an opportunity to understand the context of the dispute and appreciate the mitigation measures taken by MUSCO to save the Sacco;
- (j) The Second IGRTC consultative meeting held on 18th June, 2019 at IGRTC offices between IGRTC and the Principal Secretary, State Department of Industry, Trade & Cooperatives, Mr. Ali Noor Ismail and SASRA underscored the contents of the brief submitted by the Ministry. The meeting resolved as follows-
 - (i) The State Department for Cooperatives provides IGRTC with an updated report on the MUSCO issue;
 - (ii) The National Government develop a prudent regulatory framework on the Sacco. Further, On the 25th June, 2019, the Ministry of Industry, Trade and

Cooperatives provided IGRTC with an additional summary of the statement of affairs of MUSCO as follows with the following key indicators-

a.	Assets amounting to cash and equipment	- Ksh	298,504
b.	Receivables non-members	- Ksh	72,744,167
c.	Members	- Ksh	240,658,732
d.	Investments	- Ksh	19,065,748
e.	Non-current assets property, plant & equipment	- Ksh	385,663,831
f.	Total assets	- Ksh	718,430,982
g.	Liabilities statutory claims	- Ksh	32,624,153
h.	Members deposits	- Ksh.	1,010,389,665
i.	Trade creditors	- Ksh	708,758,636
j.	Share capital	- Ksh	28,759,317
k.	Total liabilities	- Ksh.	1,751,772,464
l.	Deficit	- Ksh.	1,062,100,789

(iii) Given the foregoing statement, it is evident that the society is insolvent with a net deficit of Ks. 1,062,100,789, which means that the members as unsecured creditors are not likely to receive any refunds;

(iv) The outstanding members loans of Ksh.240,658,732 are not performing and may not be realized bearing in mind that the same require provisioning for loss at 100%;

(v) The society documents available in the construction of MUSCO Towers indicated that the plot was purchased at Ksh.12, 000,000, while the transfer documents show that the value declared and stamp duty paid amounted to Ksh. 5,900,000. This implied some irregularities;

(vi) MUSCO Towers was financed by member's contribution which stood at Ksh.175, 428,095. However, the cost escalated to over Ksh.700,000,000 further to which more money was borrowed from Cooperative Bank for Ksh.200,000,000 and later accumulated to an outstanding loan of Ksh. 482,000,000;

(k) The 3rd consultative meeting held on 18th July 2019 at IGRTC offices between IGRTC, the State Department of Co-operatives, Uasin Gishu County, MUSCO and SASRA officials was the first meeting where the two parties deliberated on the dispute;

(l) IGRTC was interested in establishing from the two levels of government, the following, (i) whether they understood that cooperatives is a devolved function; (ii) the Ministry had taken steps to align the cooperatives policy and law to the

Constitution of Kenya; (iii) the two levels of governments and SASRA had consulted before the cancelation of the MUSCO license; (iv) whether the county government was aware that MUSCO was facing liquidity problems and what it did about the situation;

(m) Following extensive deliberations the following resolutions were agreed to. THAT:-

(i) The Principal Secretary takes up the matter with the Cabinet Secretary with a view to initiating a hearing of the appeal to review the issues before the final ruling;

(ii) The State department for Cooperatives proceeds to conclude formulation of the cooperatives policy and align the supporting legislation governing the sector to the Constitution;

(iii) The Judiciary reviews matter with the judge holding on to the opinion that the County has an option of petitioning the Minister;

(n) Further, the county government proposed as follows:-

(i) The Sacco be allowed to continue providing services pending negotiations with its stakeholders;

(ii) The county to renegotiate MUSCO's liabilities and repayment period with the Cooperative Bank of Kenya;

(iii) The loan book and building to be appreciated as assets so as to contribute in renegotiating payment;

(iv) The county government to be allowed to undertake audit to confirm the financials as provided in the report by SASRA;

(v) Liquidators to allow the county auditors to access documents at the Sacco; and

(vi) Parties to prepare position papers on way forward, highlighting the implication of every decision made.

(o) IGRTC held the Fourth consultative meeting on the 26th August 2019 with the State Department of Co-operatives, Uasin Gishu County, Moi University Sacco and SASRA following consensus on further consultations;.

(p) Following intense deliberations, the meeting resolved that IGRTC writes to the Cabinet Secretary Ministry of Industry, Trade and Cooperatives, on the matter seeking further intervention.

(q) Subsequently, IGRTC received a submission from the Principal Secretary, Ministry of Industry, Trade and Cooperatives stating that MUSCO was facing financial difficulties with its main asset and security, the MUSCO Plaza already on the market for disposal; Further, given the foregoing, the Ministry of Industry, Trade and Cooperatives concluded

that MUSCO was nonexistent following its deregistration with the distribution of assets and payment of liabilities the only pending issue.

- (r) As such the scheme of distribution has been approved by the Commissioner with non-remittance of members share by the employer being addressed by the liquidators and the Commissioner.
- (s) There exist no provision under the law that provides for revival of a society once it has been deregistered.

2.1.4 Submission by the Cooperative Bank of Kenya

Cooperative Bank of Kenya, following the Senate summons vide Senate letter Ref: SEN/SCTTI/CORR/2020/15 dated 30th July, 2020, made the following submissions. THAT:-

- (a) The Co-operative Bank of Kenya was incorporated in 1966 to solely serve the unique co-operative sector as a vital component of growth and provision of financial services to the Co-operative movement and opened its doors in 1968. At the time of incorporation, the Societies were not able to get banking/ financing services from other banks, and thus the need for a bank that could assure them of their needs;
- (b) The Co-operative movement has thus grown significantly over the last 50 years playing a significant and vital role in rural finance and uplifting the standards of living of members of the co-operative movement in Kenya;
- (c) The relationship between MUSCO and the Bank commenced in 2003 and has been very cordial leading to the bank advancing various banking and credit facilities between the years 2008 and 2016 as outlined in Schedule 1 (*attached*):-
- (d) The Sacco was granted a credit facility of Ksh 200,000,000 vide an Offer Letter dated 14th December 2009 for purposes of developing and constructing a commercial building in Eldoret town over their property known as Eldoret Municipality Block 4/321 (the "Property") (*Appendix I*);
- (e) The Sacco offered as part of the securities a legal charge over the Property. A legal charge dated 18th March 2010 was created over the Property and duly registered in the favor of the bank to secure the sum of Ksh 200,000,000 at the land registry in Eldoret and at the Office of the Commissioner for Co-operatives Development. The Charge provided inter alia the following pertinent terms:-
- (f) Failure by the Sacco to pay the stipulated monthly installments by the due date would be considered an event of default. As such, in the event of default, the bank would have the right to exercise its statutory power of sale over the suit property as legally provided for in law (*a copy of the Legal Charge, Certificate of Registration of a Mortgage and a copy of the title over the Property for your ease of reference. (Appendix ii)*);
- (g) The Sacco applied for an additional sum of Ksh 80,000,000 and vide an Offer Letter dated 14th March, 2011 advanced a further credit facility of Ksh 80,000,000 for purposes of further development and construction on the property (*copy of the Letter of offer dated 14 March 2011 Appendix iii*);

- (h) The Sacco applied for the consolidation of the various existing facilities and a new working capital facility of Ksh 30,000,000. This request was similarly approved and the existing facilities were restructured and enhanced as requested by the Sacco as per the duly accepted offer letter dated 31st March, 2012 (*copy of the Offer Letter of offer dated 31st March, 2012 for your ease of reference. Appendix iv*);
- (i) The Sacco sought for a further restructuring of the existing debt into a term loan of Ksh 391,866,074. At the time of this application, the facility was non- performing. The Bank, with a view of supporting the Sacco acquiesced to the application and restructured the loan vide a letter of offer dated 4th October 2016 (*copy of the Letter of Offer dated 4th October 2016 for your ease of reference. Appendix v*);
- (j) Despite having afforded the Sacco all possible avenues and concessions to service the loan facilities and, the Sacco having failed to do so as per the terms of the offer Letter, the bank was left with no other option other than to issue appropriate statutory notices as provided for by section 90 and Section 96 of the Land Act. Act No.6 of 2012, in order to protect its interests (*copies of the 90 days and 40 days statutory notices dated 31st August, 2017 and 3rd August, 2018 respectively and their respective certificates of postage (Appendix vi)*);
- (k) Unbeknownst to the Bank, at the time of issuance the 40 days' Statutory Note, the Sacco had been placed under liquidation by the Commissioner for Co-operatives Development on 29th June, 2018, through Gazette Notice Number 6971 (*extract of the Kenya Gazette dated 12th July, 2018. Appendix vii*);
- (l) Upon receipt of the legal statutory notices, the appointed liquidators instituted a suit against the bank in Eldoret HCCC Number 40 of 2018, Hesbon M. Kuria & Joel Kipsanai (S/ A Joint Liquidators of Moi University Savings and Credit Co-Operative Society Ltd [Under Liquidation]) -vs- Co-operative Bank of Kenya Limited & 4 Others challenging the validity of statutory notices. When the matter came up for hearing on 16 May 2019, the parties to the suit recorded a consent in the following terms-
- a) That the bank shall re-issue the 40 Days' statutory Notice to dispose the property;
 - b) That the bank shall be at liberty to proceed with sale of the Property upon lapse of the 40 days' Notice in the event of default in clearing of the full arrears;
 - c) That the matter be and is hereby marked as settled in its entirety upon filing of this consent; and
 - d) Please find enclosed a copy of the Consent Order recorded and filed in the High Court at Eldoret on 5th September 2020 (*Appendix viii*).
- (m) Pursuant to the terms of the said consent order, the bank re-issued another 40 days' statutory notice dated 29th May 2019 and served it to the joint liquidators (copy of the 40 days statutory notice dated 29 May 2019. (*Appendix ix*);
- (n) Further, the Sacco failed to make any payments to the bank as expected and hence the Bank in conformity with the Court Order and the Auctioneers Act instructed M/S Antique Auctioneers to issue the Sacco with a Notification of Sale and Redemption notice (Auctioneer's Notices) pursuant to Section 15 of the Auctioneers Act;

- (o) Upon service of the appropriate notices, the Bank instructed M/S Antique Auctioneers and M/S Nguru Auctioneers to advertise for sale of the property by way of public auction on three separate occasions as listed below. All auctions were unsuccessful as prospective bidders expressed what they perceived to be hostility on the ground (*copies of newspaper extracts dated 28th October 2019, 17th February 2020 and 1 5th June 2010 advertising the property for sale (Appendix xi).*

Date	Auctioneer Name	Venue	Outcome
31 st October 2019	Antique Auctioneers	Nairobi	Unsuccessful
4 th March 2020	Antique Auctioneers	Eldoret	Unsuccessful
30 th June 2020	Nguru Auctioneers	Eldoret	Unsuccessful

- (p) On 27th September 2018, a party by the name of Dinesh Construction Limited made an application to be enjoined to the HCCC Number 40 of 2018, however, the High Court dismissed noting that the suit had been compromised and for that reason, the 2nd could not be enjoined as an interested party (*copy of the ruling dated 6th November 2020, dismissing the interested Party's application to be enjoined. Appendix xii).*
- (q) Dinesh Construction Limited being dissatisfied with the decision of the High Court instituted a Miscellaneous Civil Case Number 301 of 2018 in Nairobi High Court and sought for and obtained an order attaching the property in satisfaction of an arbitral award. The bank has filed a Notice of Objection and the matter is coming up for a mention on 21st September 2020 to confirm filing of submissions (*copy a copy of the ruling granting the Dinesh Construction Limited leave to attach the property dated 15th April 2020, and a copy of the Bank's Notice of Objection to the same. Appendix xiii).*
- (r) Part of the membership of the Sacco has instituted a suit against the Bank notably Eldoret HCCC No. 42 of 2019, Dr. John Ayieko & 49 Others -Vs- Co-operative Bank & Another, seeking to restrain the bank from realizing its security in the suit property. The High Court of Kenya sitting at Eldoret, having listened to the application dismissed the same in favor of the bank. As such the bank is at liberty to institute the realization process of its security (*copy of the ruling of the ruling dismissing the member's application dated 31st January 2020. Appendix xiv).*
- (s) The Sacco's outstanding liabilities with the bank as at 6th August, 2020 stood at Ksh. 590,955,427.14 and continues to accrue interest at contractual rates until repayment in full.

2.2 FACT-FINDING VISIT OF MOI UNIVERSITY SAVINGS AND CREDIT COOPERATIVE

On 16th October, 2020, the Senate Standing Committee on Tourism Trade and Industrialization undertook a fact finding visit to MUSCO. During the visit, the following stakeholders appeared before the Committee and subsequently made presentation as summarized in the excerpts below.

2.2.1 Submission by the Governor, Uasin Gishu County

The Governor, Jackson Mandago made his submission before the Committee. The following are the highlights-

- (a) While briefing the Committee on the state of cooperatives in the county, the governor enumerated some of the challenges facing the cooperative sector in the county as staffing and capacity of the cooperative staff, the sharing of the cooperative function between the national and county government. Observing that whereas the cooperative function was devolved, the current regime vested the powers and functions in the office of the Commissioner of Co-operatives at the national level, and the fact that often times audits by the Commissioner of Cooperatives and SASRA resulted in liquidation of Sacco's;
- (b) The foregoing led to the cooperative sector remaining unattractive to the investor;
- (c) As regards MUSCO, the Governor raised concerns on the circumstances under which the Sacco was put under liquidation without the input of stakeholders in the county and further why Moi University management failed to explain the failure to remit payroll deductions to the Sacco;
- (d) He therefore appealed to the Senate to-
 - (i) Amend the Cooperative Act to align with the devolved system of government and further to allow county governments to undertake inquiries and surcharge the concerned individuals. Emphasis was on the role of SASRA *vis- a- vis* that of the county government with regards to licensing and revocation of deposit taking arguing that the County boasts of about 400 cooperatives which would not effectively be supervised by SASRA;
 - (ii) Review and amend the Co-operatives policy on how the cooperative movement can be re-engineered and strengthened;
 - (iii) Facilitate the revival of MUSCO given its enormous potential;
 - (iv) Establish why particular liquidators operated in Uasin Gishu County and further how the recoveries from Moi University were utilized by the liquidators; and
 - (v) Scrutinize funding of national universities and establish the criteria for capitation as majority of universities including Moi University continue to experience financial challenges.

2.2.2 Submission by the County Executive Committee Member for Cooperatives, Uasin Gishu County – Ms. Esther C. Mutai,

In her presentation before the Committee, the County Executive Committee Member for Cooperatives, Uasin Gishu County made the following observations regarding the liquidation of MUSCO:-

- (a) As regards engagement with the state department for co-operatives, the Sacco appealed to the Cabinet Secretary for Agriculture, Livestock, Fisheries and Cooperatives to lift the order for deregistration and reinstate the Sacco pursuant to powers bestowed to the office under the Section 92 and 93 of the Co-operative Societies Act;
- (b) Whereas co-operatives is a devolved function under the Constitution, the Commissioner of Cooperatives failed to consider the views of the county government of Uasin Gishu as regards cancellation of registration of the society and its placement under liquidation;
- (c) The MUSCO made an appeal to SASRA in writing in line with Section 27 (2) against the revocation of its license without success. A further appeal to the Cabinet Secretary within the stipulated times according to Section 61 (2) was equally unsuccessful;
- (d) In terms of intervention the county government of Uasin Gishu, through H. E. the governor expressed willingness to assist MUSCO both technically and financially before and after liquidation. However, these did not yield success;
- (e) Following the submission, the Committee agreed with the County government of Uasin Gishu, that there exist **compelling** reasons for MUSCO's including humanitarian considerations. THAT:-
 - i. MUSCO has a strong membership of over 3,000 and are likely to suffer immeasurable damage following the liquidation;
 - ii. FOSA boasts of 7,000 customers thereby serving the entire university community;
 - iii. The members and their dependents will be subsequently disenfranchised and as such will lack a financial intermediary; and
 - iv. Possible increase in household poverty following the inability to access financial credit for use to pay school fees, meet hospital bills or undertake development projects and investment.

2.2.3 Submission by Dr. Susan K. Chebet, Petitioner.

Dr. Susan Chebet on behalf of the petitioners stated that the position as canvassed in the petition remained true and appealed to the Committee as follows. THAT:-

- (a) MUSCO be revived for the benefit of over 3000 members and dependents some of whom are orphans and widows, widowers, retirees and are languishing in poverty with the affected likely to lose their lifetime savings.

- (b) Given the value of MUSCO and its assets, for example MUSCO Plaza in Main Campus worth Ksh. 50 million, MUSCO towers located in Eldoret CBD worth Ksh. 1.2 billion, twenty-one (21) parcels of land located at Kaplimo valued at Ksh. 6 million, two (2) blocks of plots in EATEC at Ngeria Zone, monies collected from rented premises amounting to over Ksh. 3 million per a month, loans taken by members yet to be paid to the Sacco is Ksh. 500 million, with defaulters yet to pay Ksh. 36,438,644.12. As such, liquidation should therefore not be an option.
- (c) Goodwill by Cooperative bank, and the County government of Uasin Gishu.
- (d) The Commissioner of Cooperatives placed MUSCO under liquidation without considering the county government of Uasin Gishu's willingness to inject some money into MUSCO and before the lapsing of the Cooperative Bank's moratorium of one year and a six month extension.
- (e) The plea of the members is that the Sacco be revived for the benefit of its members and their benefactors as has been the case for other Sacco's for example Hekima Sacco in Nandi, Egesa Sacco in Nairobi and Green Sacco in Kericho among others.
- (f) The 90% non-viability of MUSCO and subsequent liquidation as alleged by the commissioner is untrue given the assets portfolio and the cheque book.
- (g) There exist other Sacco's with similar challenges like Harambee Sacco in Nairobi and Teachers Sacco in Baringo and currently BORESHA Sacco, yet they have not been liquidated.

2.2.4 Submission by Prof. Jack Willis Okumu Abok, Petitioner

Prof. Jack Willis Okumu Abok, presented a synopsis of the pertinent issues as follows. THAT:-

- (a) The mission to curtail operations at the Moi University Savings Credit Society (MUSCO) started with the appointment of two liquidators: Hesbon Kiura & Joel Kipsanal Barbengt on 29th June, 2018.
- (b) From the onset, the liquidation process was anchored on a litany of falsehoods especially the myth that MUSCO had collapsed due to mass withdrawal of members from the Sacco.
- (c) The resolution to petition the Senate Committee was made by Sacco members, elected by MUSCO members at a Sacco SGM held at the Moi University, Main Campus on Thursday, 13th June 2019.
- (d) Presently, the Sacco owns various assets registered directly under its name. Properties Act 2012 does not provide discretion for properties such as MUSCO Towers or MUSCO Plaza to exist without explicit ownership. If government

records recognize the existence of MUSCO, who are liquidators to challenge the Sacco's existence.

- (e) Closely related to the fallacy of MUSCO having collapsed is the aberration to the effect that liquidation automatically transfers custody and monopoly of MUSCO's assets into the hands of the liquidators. However, wide consultation reveals that the law allows Sacco members to seek a buyer, if they (may) consider this option more favorable to them. All the hubris so far dramatized by liquidators and the Commissioner of Cooperative is, therefore probably meant to intimidate Sacco members.
- (f) There is the notion trumped up by the Commissioner of Cooperatives that once a Sacco is placed under receivership, it cannot be salvaged. However, investigation reveal that in the not too distant past, several other Saccos: Kericho Green, Baringo Teachers (Boresha), Hekima and Egesa all having occupied the position MUSCO has found itself in, have all been restored to viable entities and are manifestly viable today.
- (g) These and other aberrations would appear to have been as strategies meant to harass, intimidate, frustrate and disillusion members, presumably so that they lapse into despair and lamentation instead of seeking sustainable solutions to the challenges confronting MUSCO.
- (h) Also supremely contentious is the hurried manner in which liquidation was embarked upon. By June 2018, when MUSCO license was being revoked by SASRA, the Sacco had been evidently experiencing liquidity problems, of course with the full knowledge of the national Commissioner of Cooperatives. Instead of taking the appropriate step of making efforts to rescue MUSCO, the Commissioner of Cooperatives acted with the speed of one on a mission to place the Sacco promptly under liquidation.
- (i) Even if liquidation was so urgent, the Cooperative Act provides that due diligence be embarked upon before liquidation can be considered. Paradoxically the Commissioner, supposed to be presumably the custodian of the Cooperative Act conveniently disregarded the law and hurriedly appointed liquidators to dispose of MUSCO assets.
- (j) Had careful exhaustive scrutiny been conducted, the Commissioner of Cooperatives would have confirmed that MUSCO continued to enjoy solid membership.
- (k) As the state Department of Cooperatives hastened to put MUSCO under liquidation, the Sacco had manifestly come to terms with its cash flow problems and sought a moratorium from the main creditor, Cooperative Bank of Kenya. As liquidation came into effect, the life cycle of the moratorium had not been exhausted yet the Cooperative ACT that established SASRA provides that before liquidation can be executed, Commissioner institutes an Inquiry. The findings are tabled and presented to members. In practice the Commissioner usually appoints a reviver manager to revive the Sacco. If that fails, then liquidation is instituted. These steps were not followed at MUSCO.

- (l) Very sadly and tragically indeed, while the Cooperatives Sector is a devolved function, the State Department of Cooperatives overlooked and by-passed the County government as they hurried to have MUSCO put under liquidation, an act of gross transgression and one that should be condemned and challenged.
- (m) It was the view of the petitioners and that as a public servant the Commissioner of Cooperatives would have done well to observe more decorum, deliberate deference and conscious civility in the handling public issues.
- (n) The petitioners sought Senate's intervention because of the consequences which would be spelt by liquidation. Moi University, because of its rural setting, essentially "uproots" staff from town. To all intents and purposes, MUSCO has always been the principal (if not sole) repository of savings executed so far, liquidation would seem to be predatory: structured and executed in such a manner that it "robs Peter to pay Paul", which results in misery.
- (o) At Moi University, as well as University of Eldoret, the result of liquidation is palpable air of disaster hanging on campus and beyond. Among the major casualties in this large-scale rip-off are retirees, orphans, widows and widowers, some of them currently languishing in abject poverty, having lost a life-time's savings because of this hurried liquidation process. Perhaps the feeling of calamity would be avoided if some creativity could be tried out to salvage and revive the Sacco.
- (p) Mismanagement may have caused the initial hemorrhage which gave rise to initial cash flow challenges. But having recently seen the liquidators' financial/ accounting document, one is left with little option but to conjecture that liquidation essentially refers to "official", executive pilferage, sanctioned by senior personages.
- (q) Elsewhere, an elaborate analysis of the liquidators' financial statement (1st July 2018 — 30th August 2020.) shows that MUSCO has lost a whopping Ksh. 87,686,146.90 through dubious and/or imaginary expenses which have done nothing beneficial to members or our financiers.
- (r) However, looking at the accounting statement (1 /7/2018 to 30/8/2020) side by side with an earlier statement prepared on 31 /5/2019, it is abundantly evident that the 2018-2020 document is heavily doctored and insincere. One item, illustrates that the Payroll Deductions (PRDs) from Moi University in the June 2018 - May 2019 was Ksh. 48,084,635.00. One year later, PRDs covering 2018-2020 is listed as Ksh. 65,319,365.55 which translates to only Ksh 17,234,730.55 having been realized in the form of PRDs in the one financial year (15 months) covering the 2019-2020 season. This discrepancy raises eyebrows. In that same period, we have a Moi University declaring a remittance to the liquidators of Ksh.131, 111,653. The discrepancy was revealing.
- (s) A number of other items in the financial statement (2018-2020) raise justified suspicion. The petitioners also got feedback from former MUSCO Staff to the effect that contrary to claims made by liquidators, they had not been paid anything, let alone the Ksh. 750,000.00 claimed to have been paid out to them by the liquidators.

- (t) Unless the liquidators can provide documentary evidence in their defense the petitioners would consider all items listed as expenses as fraudulent. Further, Petitioners in particular, challenge the liquidators to produce KRA Certificate of Compliance to vindicate them in their claim to have surrendered Ksh. 17,609,353 to the tax collector.
- (u) The petitioners would be most grateful if forensic audit would be instituted to validate the veracity of the financial transactions covering MUSCO liquidation is a public interest issue. There was information to the effect that recently funds had been withdrawn from the liquidators' MUSCO Kenya Commercial Bank of Kenya, A/C 1235103706. All this vigorous transaction needs to be urgently and thoroughly scrutinized.
- (v) The other consideration has to do with the Sacco's assets, which include MUSCO Towers (Approx. Ksh. 1.2 billion) MUSCO Plaza (valued at Ksh. 50,000,000/=), 21 plots at Sambu Kaplimo, with Title Deeds; 2 Blocks in Ngeria area; former Ngeria area. The records were available at the MUSCO inventory at Moi University Main Campus.
- (w) Further, there was also additional revenue collected from University of Eldoret approximately Ksh. 100,000,000 annually.

2.2.5 Submission by Persons Affected by the Liquidation of the MUSCO

The Committee also received submissions from persons affected by the liquidation of the Sacco who included retirees and dependents of deceased members as follows-

2.2.6 Ms. Clementina Menjo

Ms. Clementina Menjo on behalf of retirees affected by the liquidation of MUSCO narrated the agony and suffering that had been occasioned by the loss of lifetime savings at the Sacco. Together with the representative of widows to former members, they appealed to the Committee to intervene on behalf of the affected persons and their dependents.

2.2.7 Mr. Cornelius Kipkosgei

Mr. Cornelius Kipkosgei explained that he had been forced out of schooling due to lack of school fees following the death of his father whose savings have been retained since 2011. He prayed that the Ksh. 400,000 savings by the late father be paid to enable the siblings meet their education needs.

2.2.8 Submission by the Vice- Chancellor, Moi University, Prof. Isaac S. Kosgey

The Vice -Chancellor, Moi University, made his presentations. The following are highlights. THAT:-

- (a) MUSCO was established on 6th May, 1985 as a Cooperative Society, and its membership was drawn from Moi University and Satellite campuses, University of Eldoret and Moi Teaching and Referral Hospital (MTRH) staff. MUSCO was run by a Board of Directors on behalf of the members;
- (b) In June, 2018, SASRA revoked MUSCO's license and the Commissioner for Co-operative Development subsequently cancelled the society's registration and appointed two (2) liquidators to take control of the Sacco;
- (c) The University was remitting the monthly deductions recovered from staff on time until 2018 when there were some delays occasioned by the financial challenges experienced at the University. In December, 2018, the liquidators issued agency notice to the University Bankers to collect and recover debts owed to MUSCO;
- (d) The University Management engaged the liquidators on the repayment plan and entered an agreement on 9th January, 2019 and the agency notices were revoked. The payments already made to the liquidators to date are as follows:

CHEQUE NO.	DATE PAID	AMOUNT(Ksh)
084403	3 rd January, 2019	10,276,739.69
084521	29 th January, 2019	5,393,181.81
084879	4 th April-, 2019	5,098,174.67
085284	27 th June, 2019	10,425,205.70
17263	27 th June, 2019	5,011,789.30
08551 1	4 th July, 2019	10,367,755.94
086063	15 th October, 2019	2,282,064.80
086304	27 th November, 2019	1,518,869.22
086322	3 rd December, 2019	3,576,920.11
086801	10 th March, 2020	1,365,788.32
086819	10 th March, 2020	774,923.45
TOTAL		56,091,413.01

- (e) The amount recovered and yet to be paid is Ksh. 14,231,499.36; and
- (f) The university had received communication through the office of the County Government of Uasin Gishu requiring the university to stop remittances to the liquidator pending resolution of certain matters and the university had complied with this communication. This was the reason why the balance of the PRDs had not been remitted to the liquidator;
- (g) Following the appointment of the new Vice Chancellor in March, 2020, discussions on PRD remittances with the State Department of Cooperatives have been ongoing. Further, follow ups with IGTRC were also ongoing and therefore awaiting direction as regards the balances of the PRDs remittances;

2.2.9 Submission by the SASRA Representative, Mr. Peter Owira

The representative of the SASRA stated as follows- **That;**

- (a) The SASRA was in receipt of the Senate petition on the liquidation of MUSCO and that the substance of the petition had already been addressed arguing that some of the issues raised by the petitioners and affected persons were not contained in the petition;
- (b) MUSCO applied for the license in 2011 and was subsequently issued conditionally in 2014 and as such the process of liquidation was above board;
- (c) It was not in the interest of the SASRA to place any Sacco and in the current matter MUSCO under liquidation. Further, indicating that the Sacco began experiencing financial stress as early as 2012 hence requiring the intervention of SASRA particularly as regards refunds to retiring members amounting to Ksh. 345 million; and
- (d) There were issues of non-disclosure of the reporting of assets and liabilities by MUSCO and as such SASRA stands by past submission made by the State Department of Cooperatives.

2.2.1.0 Submission by the Liquidators

The liquidators explained that the liquidation process was duly done and that previous submissions by the State Department to the Committee stand.

2.2.1.1 Sen. (Prof.) Margaret Kamar, MP

Sen. (Prof.) Margaret Kamar, the sponsor of the petition in the Senate explained that she was a member of MUSCO with a registration number 334. Further that membership of the Sacco was widespread across several institutions including Parliament of Kenya. She confirmed that the Sacco boasts of other investments and property aside from the MUSCO Towers. She therefore appealed to the Senate Committee to intervene and ensure its operations are revived for the sake of its members and their dependents.

CHAPTER THREE: FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

3.0 Committee Findings and Observations

The Committee, having engaged the various stakeholders and cognisant of the evidence adduced by all parties, makes the following findings and observations-

1. THAT, MUSCO's existence dates back to the inception of Moi University, having been established on 6th May 1985 with an initial membership of 20 people and whose membership in the 1990s grew exponentially to comprise of different cadres. The growth was attributed to the fulfilment of its core objectives and as such Sacco's services spread beyond Moi University to adjacent communities like MTRH, the University of Eldoret and the former constituent colleges of Moi University among others. The Committee however noted that in terms of membership this may vary at the time of liquidation as the Sacco was said to comprise of 2348 active members and 1,428 dormant members as at September 2017. Further that its membership was shrinking following mass withdrawals arising from unmet needs. The latter has however been disputed by some petitioners with the County government further asserting that at least 500 members are willing to be incorporated back into the Sacco.
2. THAT, the collapse of MUSCO continues to impact negatively and is causing untold suffering to members and their beneficiaries who include retirees, orphans, widows and widowers.
3. THAT, MUSCO's liquidity challenges are linked to the shift of focus from the Sacco's core business of savings and offering credit to its members to investment in non-core businesses like purchase of plots, construction of the MUSCO Towers among other non-essential activities. Further, that the affected members and petitioners acknowledge this position pointing out that MUSCO Towers was among the causes of the financial woes at the society.
4. THAT, MUSCO was operating a FOSA prior to SASRA's issuance of the conditional license in June 2014, However, this was subject to its meeting the prescribed minimum prudential requirements as provided for under the Sacco Societies Act, 2008 and accompanying regulations. Further, that as at the point of issuance of the license, MUSCO was already struggling financially having borrowed extensively from Cooperative Bank and further invested in the construction of the MUSCO Towers. The Committee therefore notes that MUSCO never met the threshold to operate a FOSA and as such it was bound to default in the long term especially if the prerequisite measures in financial prudence were not sustained.
5. THAT, MUSCO liquidity challenges date back to 2009 following its initial credit facility from the Cooperative Bank. Further, that prior to the conditional licensing in June 2014,

MUSCO had a credit facility worth Ksh.310 million having acquired between December 2009 and March 2012. Further that as at October 2016, the restructuring of the non-performing loan worth Ksh. 391,866,074 was undertaken by Co-operative Bank on the request of MUSCO. The Committee therefore noted that as at 6th August 2020, MUSCO's liability with Cooperative Bank stood at Ksh. 590,955,427 and continue to accrue interest until paid in full.

6. THAT, SASRA having been guided by Section 26 of the Sacco Societies would have revoked MUSCO's license between 2015 and 2017 but instead provided MUSCO with an opportunity to address and rectify the prevailing financial circumstances at that time.
7. THAT, even though arguments arose that non-remittance of Sacco dues by Moi University may have contributed to the poor financial performance of the Sacco, the Committee observed that the impact may not have been substantial since the outstanding amount of Ksh. 64 million as at 20th December 2018 was modest compared to the overall outstanding liabilities of more than Ksh.1billion. Following the submissions on the financials accounts as at 31st March 2021, the Committee noted total liabilities amounting to Ksh 1.4 billion, an asset portfolio of Ksh 566million, and hence a deficit of Ksh 820 million.
8. THAT, MUSCO's outstanding liability of Ksh. 1.4 billion and an only available substantial asset (other than the MUSCO Tower) being a loan portfolio of about Ksh. 359 Million out of which only about 13% was performing possess a great risk to the stability of the Sacco.
9. THAT, there was some degree of financial impropriety and abuse of office on the part of the MUSCO officials dating back to 2008. For example, the Committee raised concerns regarding management decisions following an annual general meeting in 2008 to finance the construction of MUSCO towers with members' deposits. Further, of greater concern to the Committee is that the initial cost of the building was Ksh. 230 million but escalated to over Ksh. 800 million due to increased interest rates compared to the real value as per valuation report of Ksh.764 million. The Committee further noted that the valuation of the tower as at 2021 is Ksh 450 million.
10. THAT, possible lapses either intentionally or otherwise by the officials of the Sacco on payments for work not done was unacceptable. For instance, evidence presented before the Committee indicates that in 2012, the construction of the MUSCO Towers was suspended for eighteen (18) months yet the said contractor was paid a monthly fee of Ksh. 20 million. The Committee also noted the haphazard change of plan in the course of construction of the building where the initial eight (8) floors were increased to twelve (12) floors. A scenario that may have also contributed to the financial strain the Sacco experienced in subsequent years.

11. THAT, following SASRA's inspection in September 2017 where issues were raised with the management of MUSCO and which SASRA was of the opinion that they were not satisfactorily addressed in their response on 10th November 2017, the latter issued MUSCO with a notice of the intention to revoke the deposit taking license on 7th March 2018. A scenario the Committee opines was hastily undertaken with very minimal engagement and input from the IGTRC and the County Government of Uasin Gishu. According to the Committee, cooperative societies as a function is devolved pursuant to (Part 2) of the sixth schedule of the Constitution and as such extensive consultations ought to have been exhausted. However, following the County Government's submission, the Committee noted that the county government was willing to offer technical and necessary support to MUSCO including its ability to access a loan facility through the County Enterprise Development Fund in line with the CDF Act. However, the Committee raised concerns on the possibility of MUSCO taking up additional credit at this point given its financial woes.
12. THAT, SASRA revoked MUSCO's license on the 28th June, 2018 arguing that MUSCO had failed to comply with the provisions of Section 27(1)(b) of the Sacco Societies Act, Regulations 2010 and the conditions imposed by the Authority on consecutive Deposit Taking License issued during the year 2017. Specifically, following SASRA presentation, the Committee noted that MUSCO:-
- (a) failed to maintain at least fifty percent (50%) of the prescribed minimum capital requirements contrary to Section 27(2) (c) of the Sacco Societies Act;
 - (b) failed to meet the prescribed minimum capital requirements and liquidity ratio;
 - (c) failed to refund members savings and deposits amounting to Ksh. 345 million leading to lack of confidence in the society thereby resulting in mass withdrawals;
 - (d) engaged in unsafe and unsound business practices by overstating its loans as key assets through under provisioning of the loan loss allowance of Ksh. 14.2 million instead of Ksh. 275.2 million; (e) the inability to meet its immediate financial obligations to members who were owed more than Ksh. 345 million; the tax obligations owed in excess of Ksh.13 million; financial lending institutions owed in excess of Ksh. 422 million; other party creditors owed in excess of Ksh.141 million among others as at December, 2017; and
 - (f) its deviation from the core business of savings and credit services to members by investing in buildings and purchasing of plots that were granted to members as loans thereby increasing the loan default rate that stood at Ksh. 275.2 million.
13. THAT, from the time of SASRA's inspection of MUSCO in 2017 to the point of revocation of its license in June 2018 and subsequently its liquidation, there seemed to be back and forth communication and consultation between the management of MUSCO, SASRA, the Ministry of Agriculture, Livestock and Cooperatives, IGTRC and the County of Uasin Gishu. However the Committee was of the opinion that powers

conferred upon it by Sections 25, 27, 49, 50 and 51 and other enabling provisions of the Sacco Societies Act notwithstanding, SASRA failed to extensively engage with the stakeholders before its decision to revoke MUSCO's license. As such, the Committee was concerned that there exist no provision in the Co-operative laws that provide for a revision of both a revocation of license and a procedurally ongoing liquidation process.

14. THAT, taking into consideration the evidence presented by the State Department of Cooperatives and the Commissioner of Cooperatives Development as regards the revocation of the license, the Committee appreciates the systematic events leading to the revocation and subsequent liquidation. However, the Committee noted specific missteps for example the inability for the Cabinet Secretary to consider an appeal by MUSCO. Actions that border on 'bad faith' on the part of SASRA and the Commissioner of Cooperatives. According to the Committee, the liquidation process seemed predetermined and lacked the input, involvement and concurrence of all the key stakeholders.
15. THAT, following the revocation of the deposit taking license and the subsequent issue of the order to liquidate MUSCO on 29th June, 2018 the Commissioner for Co-operative Development appointed joint liquidators. Based on the evidence presented, the Committee noted a myriad of complains from members and other stakeholders regarding their operations. The Committee was informed that the liquidators failed to account for rent collected from MUSCO Tower and MUSCO Plaza. Further during the site visit, the Committee observed that the liquidator has altered the interior design of MUSCO towers by creating additional office units through elaborate partitioning in an effort to increase rent revenue streams. The Committee also took issue with the liquidator for failure to provide it with a paper trail on specific transactions including but not limited to payments of loan arrears by various universities. The Committee however could not verify these allegations as the liquidation accounts were unavailable as the process is ongoing and hence yet to be audited.
16. THAT, MUSCO Tower was used to secure the initial Cooperative Bank loan with an outstanding loan balance of Ksh. 583 million as at June 2020 at an interest rate of 13 % p.a. Further, there exists a pending high court case in Nairobi, Dinesh Construction Co. Ltd versus MUSCO and Co-operative Bank of Kenya at Milimani Commercial court over the sale of the Tower. Nevertheless, the Committee observed that in accordance with the provisions of section 99(2) of the Land Act, 2012, the bank exercised its statutory powers over the property after the expiry of notices following an unpaid debt. However, the Committee noted that the bank was willing and open to discuss further restructuring of the loans with MUSCO.
17. THAT, the possibility of reviving MUSCO will depend on whether MUSCO's financial problems are addressed by specific solutions as injection of substantial amounts of funds to cover existing liabilities and capital. The Committee also found out that such seemingly straight forward solution may be hindered by low membership.

The Committee also noted the possibility of the foregoing being influenced by the diminished confidence by members in MUSCO as a Sacco. This was however refuted by the County government of Uasin who indicated that at least 500 members are willing to rejoin the Sacco.

18. THAT, as per SASRA's presentation, the regulator seems to focus on only two of MUSCO's assets: MUSCO Tower in Eldoret CBD worth Ksh. 1.2 billion and the loan portfolio of about Ksh. 359 Million. However, the Committee noted that the petitioners and members of the Sacco hold a contrary position as regards the value of the Sacco. The Committee noted allegations of existing assets like MUSCO Plaza in Main Campus worth Ksh. 50 million, twenty-one (21) parcels of land located at Sambu Kaplomo valued at Ksh. 6 million and all with title deeds, two (2) blocks of plots in EATEC at Ngeria Zone among others. The Committee was however able to confirm that MUSCO's asset portfolio amounts to Ksh 566million with property contributing the largest amount of Ksh 486 million.
19. THAT, all MUSCO's property assets have questionable outcomes. The Committee observed that two parcels of land in Sambu area and the land where MUSCO plaza is located lack title deeds with the former also considered public utility. This is in addition to the fact that MUSCO Towers has a charge by Cooperative Bank.
20. THAT, there exists a lacuna in law as regards processes that informed the decision by SASRA to place a cooperative society under statutory management. In this respect the Committee opined that SASRA should have undertaken a forensic audit of the financial and non-financial performance of the cooperative society prior to its decision. The committee therefore proposes to amend the SACCO Act to address this gap.
21. THAT, there is need for a review of policy and legal frameworks to enable SASRA address future insolvency issues. This includes the operationalization of Deposit Guarantee Fund (DGF) with the objective of compensating depositors in the event a licensed and regulated SACCO is incapable of undertaking the same; establishment of a central liquidity fund to provide industry mechanisms for effective management of liquidity risks. Further, the establishment of a shared services legal framework for SACCOs to encourage the sharing of common services so as to reduce costs and the burden and cost of compliance. The Committee noted the urgency to specifically fast tracking the legal framework for undertaking fit and proper suitability test to ensure only those fit are elected or appointed to run the affairs of SACCOs, and that provisions for regulatory sanctions are reinforced and imposed on those deviating from the norm;

3.1 Committee Recommendations

With the foregoing observations and findings, taking into consideration the petitioners' prayers-

Prayer 1: Summon the aforementioned parties to seek an explanation on why SASRA failed to perform their duties as state officers;

Prayer 2: Stop the auctioning of the building because it is a hurried sale of an undervalued property since it is being sold for around Kshs250 million yet it is worth over Kshs650 million thereby causing irrevocable loss to the shareholders. There is a valuation report of 2017 of Kshs650 million;

Prayer 3: Uncover the possible canvassing involved by SASRA, the Commissioner of Cooperatives and the CS in charge of the Ministry Cooperatives, in breach of their fiduciary duties which includes failing to give any information concerning the process of liquidation;

Prayer 4: Demand for the MUSCO financial documents concerning the amount of money currently being collected from MUSCO Towers as rent; how the money collected is spent and how loans taken by members are being recovered. This should include details of how the money was channeled through a Kenya Commercial Bank (KCB) account which has been quoted as Account Number 1235103706, Eldoret Branch; and

Prayer 5: Expedites the process of investigations and resolution in the interest of justice and public interest because they are bound to lose their hard-earned money which will set a terrible precedent.

The Committee makes the following recommendations. THAT:-

- 1. The Commissioner of Cooperatives in consultation with SASRA, County Government of Uasin Gishu, Cooperative Bank and the Intergovernmental Relations Technical Committee reinstates MUSCO's certification of operations (back office) within 90 days;**
- 2. The Cooperative Bank of Kenya within 90 days to present a comprehensive report on the way forward as regards the credit facility owed by MUSCO;**
- 3. The Directorate of Criminal Investigation (DCI) to institute investigations on malpractices and abuse of office by former MUSCO officials dating back to 2009 and prosecute those found culpable of financial impropriety and report back to the Senate in 90 days;**
- 4. The Office of the Auditor General undertake a forensic audit on the liquidation process by MUSCO liquidators to determine any impropriety or otherwise and report to the Senate in 90 days;**
- 5. The County Government of Uasin Gishu provide the Senate, within 30 days a comprehensive report detailing the initiatives they intend to take following the reinstatement of certification of MUSCO's operations, with specifics on the financial commitments towards reducing MUSCO's liabilities;**

6. The State Department of Co-operatives within 30 days present to the Senate the National Cooperative Policy for concurrence and subsequent implementation.

ANNEXURES

- a) Minutes of the proceedings of the Committee**
- b) The petition**
- c) Submissions by Cooperative Bank of Kenya**
- d) Submissions by Inter-governmental Relations Technical Committee (IGTRC)**
- e) Submissions by the County Government of Uasin Gishu**
- f) Submissions by Moi University**
- g) Submissions by University of Eldoret**
- h) Submissions by the Commissioner of Cooperatives**
- i) Submissions by the Sacco Societies Regulatory Authority**
- j) Submissions by Petitioners**

**MINUTES OF THE 23RD SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON WEDNESDAY 9TH
SEPTEMBER, 2020 AT 11.00AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS-Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve, MP- Vice- Chairperson
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Mohamed Faki, MP
- 5) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

- 1) Sen. Wario Golich, MP
- 2) Sen. (Prof.) Kithure Kindiki
- 3) Sen. Philip Mpaayei, MP
- 4) Sen. Agnes Zani, MP

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Ms. Njeri Manga- Media Relations Officer
- 4) Milicent Ratemo- Audio Officer
- 5) Ms. Brenda Michira- Pupilage

MIN. NO.092/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 11.06 am and there followed a word of Prayer.

MIN. NO.093/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. Mercy Chebeni and Seconded by Sen. (Dr) Getrude Musuruve Inimah, MP as follows-

- 1) Prayer
- 2) Consideration of the Statement on the Liquidation Account for the Moi University Sacco
- 3) Any Other Business
- 4) Adjournment and Date of Next Meeting

MIN. NO.094/2020:

**CONSIDERATION OF THE STATEMENT ON THE
LIQUIDATION ACCOUNT FOR THE MOI
UNIVERSITY SACCO**

The Chairperson informed the sitting that the Commissioner of Cooperative Development had submitted the statement of the liquidation Account for the Moi University Sacco and invited the Committee to consider it.

The Committee was taken through the statement of the liquidation Account of the Moi University Savings and Credit Society (MUSCO) (Under Liquidation) for the period 1st July, 2018 to 30th August, 2020.

Observations by the Committee

The Committee made the following observations-

- 1) There was lack of clarity on most of the expenditure items and curiously it was noted that some expenditures were incurred on similar or related items.
- 2) Further it was noted that the expenditures had been lumped together as general expenses and it was difficult to interrogate and reconcile the income and expenditure.

Resolution of the Committee

From the presentations, the Committee resolved to invite the Commissioner of Cooperatives and the Liquidator to respond to the concerns that were raised by Senators on the Moi University Sacco Ltd (Under Liquidation) liquidation account from 1st July, 2018 to 30th August, 2020. The Meeting was scheduled for Thursday, 17th September, 2020 at 11.00am via Zoom.

It was recommended that Sen. (Prof.) Margaret Kamar, MP, the sponsor of the Petition be informed and also be invited to the said meeting.

MIN. NO.095/2020: ANY OTHER BUSINESS

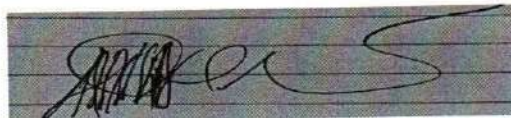
The Committee was informed that there was a scheduled meeting with Kenya Association of Manufacturers to deliberate on the Manufacturing Priority Agenda, 2020 and the impact of COVID-19 on manufacturing sector in Kenya on Thursday, 10th September, 2020 via zoom.

It was reported that the Kenya Association of Manufacturers had not confirmed availability.

It was resolved that the meeting be differed to a later date pending the confirmation by the Kenya Association of Manufacturers (KAM).

MIN. NO.096/2020: ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business, the meeting adjourned at 12.58 pm and the next meeting was scheduled for Wednesday, 16th September, 2020 at 11.00 am.



SIGNATURE: _____

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 14th October, 2020

MINUTES OF THE 25TH SITTING OF THE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY 17TH SEPTEMBER, 2020 AT 11.00AM VIA ZOOM

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS-Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve, MP- Vice- Chairperson
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Wario Golich, MP
- 5) Sen. Mohamed Faki, MP
- 6) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

- 1) Sen. (Prof.) Kithure Kindiki
- 2) Sen. Philip Mpaayei
- 3) Sen. Agnes Zani

IN ATTENDANCE

Sen. (Prof.) Margaret Kamar, MP

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES

- 1) Mr. Geoffrey Njeru Njang'ombe- Commissioner of Cooperative Development
- 2) Mr. Hesbon Kiora- Liquidator
- 3) Mr. Joel Barthengi- Liquidator

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Lucy Radoli- Legal Counsel
- 3) Milicent Ratemo- Audio Officer

MIN. NO.101/2020

PRELIMINARIES

The Chairperson called the meeting to order at 11.10 am and there followed a word of Prayer.

MIN. NO. 102/2020

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. (Dr) Gertrude Musuruve Inimah , MP and Seconded by Sen. Juma Wario Golich, MP as follows-

- 1) Prayer
- 2) Consideration of the liquidation Account for Moi University Sacco (Under Liquidation)
- 3) Any Other Business
- 4) Adjournment and Date of Next Meeting

MIN. NO.103/2020:

CONSIDERATION OF THE LIQUIDATION ACCOUNT FOR MOI UNIVERSITY SACCO

**(UNDER LIQUIDATION) FROM 31ST JULY 2018 TO
30TH AUGUST, 2020**

The Chairperson welcomed the Commissioner of Cooperative Development for appearing before the Committee for the Second time. He explained that the Committee had considered the liquidation account of the Moi University Sacco during its meeting that was held on Wednesday, 9th September, 2020.

The Committee had raised concern on the expenditure items by the liquidator as per the statements that were submitted to the Committee by the Commissioner of Cooperatives.

He stated that the purpose of the meeting was to seek clarifications from the liquidator on the basis of the total income to the Sacco and the expenditures incurred since being put under liquidation.

He then invited the Commissioner of Cooperatives to introduce his delegation and make his representations.

Mr. Geoffrey Njeru Njang'ombe, the Commissioner of Cooperative Development thanked the Committee for the invitation to appear before the Committee. He informed the committee that he was accompanied by the two liquidators to the meeting and assured the Committee that all areas of concern on the operation of the liquidation account would be clarified.

He proceeded to make his presentation on the income and expenditure on the statement of the liquidation account for Moi University Sacco (under liquidation) from 31st July 2018 to 30th August, 2020.

Reactions by the Committee

The Committee made the following observations-

- 1) That there was lack of clarity as the statement indicated general expenditure items and that some expenditure was incurred on similar or related items such as security and the guard services. There were also un- defined payments such as legal and professional fees paid by the liquidator;
- 2) The statement did not clearly bring out all the assets and revenue streams for the Sacco with regard to the total number of rooms under occupancy, total number of clients and the tenancy agreements before and during the liquidation;
- 3) The rationale for the liquidator to partition the offices at a cost of Ksh. 1, 020,396.00 and if these expenses were factored and recovered from the rent and if the partitioning had any effect on the rent collections thereafter;
- 4) There was no disclosure on other assets owned by the Sacco besides the Musco Towers and whether or not the item on investment income reflected the Saccos viability and which investments they were;
- 5) Under which circumstances the electricity Bill of Ksh. 3,104,040 was accumulated and which electrical activities were undertaken inside the MUSCO Towers. Further, what was the average monthly electricity Bill for the building;
- 6) Why the Water pump was repaired at Ksh. 912,500.00 when the cost of a new water pump was KSh. 400,000.00;

- 7) The total liabilities for the Sacco before the liquidation and the measures taken to clear outstanding loans;
- 8) Whether Moi university was remitting payroll deductions to the liquidator on monthly basis;
- 9) Details of the liquidators account at the Kenya Commercial Bank, Eldoret Branch when the Sacco Account was at the Cooperative Bank of Kenya, Eldoret Branch and which money was transacted through the KCB Account;
- 10) Whether the lawyer to the liquidator who occupied a whole floor on the Building was paying rent for the occupation and if there was a tenancy agreement; and
- 11) the justification for the daily subsistence allowance of Ksh.1,781,100 and the liquidation expenses of Ksh. 894,000.000, respectively; and
- 12) the relationship between the liquidator and the County Government of Uasin Gishu noting that cooperatives was a devolved function.

Recommendation of the Committee

From the deliberations that ensued, it was resolved as follows-


- 1) that the liquidator responds in writing on all the issues of concern and which had emerged during the presentation;
- 2) the Committee to undertake a fact-finding visit to Moi University Sacco from 8th - 10th October, 2020 during which the liquidator would provide more clarifications.

The Committee thanked the Commissioner of Cooperatives and his team for the elaborate information and for the cooperation they had extended to the Committee on the matter.

MIN. NO.104/2020:

ADJOURNMENT AND DATE OF THE NEXT MEETING

Having exhausted all the issues set out in the agenda, the meeting adjourned at 12.58 pm.



SIGNATURE:

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 14th October, 2020

MINUTES OF THE 30TH MEETING OF THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION HELD ON WEDNESDAY, 7TH OCTOBER, 2020 AT 11:00 AM, VIA ZOOM ONLINE PLATFORM.

PRESENT

- | | |
|---|---------------------|
| 1. Sen. (Dr.) Abdulahi Ibrahim Ali, CBS | - Chairperson |
| 2. Sen. (Dr.) Gertrude Musuruve, MP | - Vice- Chairperson |
| 3. Sen. CPA. Farhiya Haji, MP | - Member |
| 4. Sen. Mohamed Faki, MP | - Member |
| 5. Sen. Wario Golich, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|-------------------------------------|----------|
| 1. Sen. (Prof.) Kithure Kindiki, MP | - Member |
| 2. Sen. Philip Mpaayei, MP | - Member |
| 3. Sen. Mercy Chebeni, MP | - Member |
| 4. Sen. (Dr.) Agnes Zani, MP | - Member |

STATE DEPARTMENT OF COOPERATIVE DEVELOPMENT

- | | |
|----------------------------------|--------------------------------|
| 1) Mr. Ali Noor | - Principal Secretary |
| 2) Mr. Geoffrey Njeru Njang'ombe | - Commissioner of Cooperatives |

SECRETARIAT

- | | |
|-------------------------|---------------------------|
| 1) Mr. Peter Mulesi | - Clerk Assistant |
| 2) Ms. Lucy Radoli | - Legal Counsel |
| 3) Mr. Stephen Maru | - Sergeant-At-Arms |
| 4) Ms. Millicent Ratemo | - Audio Officer |
| 5) Ms. Njeri Atibu | - Media Relations Officer |
| 6) Mr. Said Osman | - Research Officer |

MIN. NO. 121/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 11.18 am and thereafter followed a word of prayer.

MIN.NO. 122/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Wario Juma Golich, MP, and seconded by Sen. CPA. Farhiya Haji, MP as follows-

- 1) Preliminaries
- 2) Submissions on by the State Department of Cooperative Development on the -
 - a. The Sacco Societies (Amendment) Bill (National Assembly Bill No.1 of 2018)
 - b. Petition on the Liquidation of Moi University Sacco
- 3) Any Other Business
- 4) Adjournment and Date of Next Meeting

MIN.NO. 123/2020:

**SUBMISSIONS ON BY THE STATE DEPARTMENT
OF COOPERATIVE DEVELOPMENT**

The Chairperson welcomed the delegation from the State Department for Cooperative Development to the sitting of the Committee. He then invited the Principal Secretary to introduce his team and proceed to make his representations on the Sacco Societies (Amendment) Bill (National Assembly Bill No.1 of 2018) and the Petition on the Liquidation of Moi University Sacco, respectively.

Mr. Ali Noor, Principal Secretary, introduced his team and explained the background information on the reforms that had been undertaken with a view to streamlining the cooperative sector in Kenya. He informed the Committee that due to these reforms, the sector had achieved a respectable ranking not only in the African continent but also globally.

Submissions on the Sacco Societies (Amendment) Bill (National Assembly Bill No.1 of 2018)

The Principal Secretary made his submissions on the Sacco Societies (Amendment) Bill (National Assembly Bill No.1 of 2018) as follows-

Principal Act	Amendment in the Bill	Comments
SECTION 27 A	use of word 'DT' SACCO	<ul style="list-style-type: none">• It will distinguish clearly the deposit taking business of the Sacco from non-deposit taking Saccos
SECTION 27 B	Registration and Licensing	<ul style="list-style-type: none">• Licensing of DT Saccos will protect the innocent members of the public from engaging with a Sacco not allowed to carry out the business of deposit taking.• The law will deter Saccos designed as a pyramid or ponzi Scheme
SECTION 48 A	Determination of Suitability	<ul style="list-style-type: none">• Determination of suitability will ensure board and the staff hold positions they are suitably qualified for.• We shall enhance professionalism and integrity in the

		management of DT Saccos
SECTION 50	Imposition of Minimum Standards	<ul style="list-style-type: none"> • The minimum standard will ensure the board and the staff have knowledge to mitigate risks and other emerging issues
SECTION 54	Disclosure on non-performing loans	<ul style="list-style-type: none"> • The sharing of information relating to performing and non-performing loans will safeguard the Saccos' cash flow • The sharing of loans information will enable potential investors make informed decisions • The sharing of non-performing loans with Credit Reference Bureau and with other financial service providers will discourage perpetual defaulters

Reactions by the Committee

The Committee thanked the Principal Secretary for appearing before it on his own volition to make clarification on the legislative business that was before the Committee and for the highlights on the state of the cooperative sector in Kenya.

However, with regard to the submissions on the Sacco Societies (Amendment) Bill, 2018 the Committee sought the following clarifications-

- 1) An assessment of the scorecard for the Sacco Regulatory Authority (SASRA) in the overall management of the Saccos in the Country;
- 2) The scope and ability of SASRA to serve the purposes for which it had been established and intended to mitigate risks among Saccos and if SASRA could be effectively enhanced through Amendments to the Sacco Act and which specific amendments;
- 3) Measures put in place by the State Department of Cooperatives to curb the spread of pyramid schemes within the cooperative sector and the operations of the Sacco Fraud Investigation Unit; and
- 4) The right or adequate qualifications for the Board members and Chief Executive Officers of the Saccos noting that the capacity of the Saccos was not the same and that some were more established than others.

Submission on the Petition on the Liquidation of Moi University Sacco

Regarding the Petition on the liquidation of the Moi University Sacco, the Principal Secretary explained that the Office of the Commissioner of Cooperatives had been in close contact with the Committee and that most of the issues had already been canvassed.

He made his brief remarks on the salient issues raised in the petition as follows-

1. Introduction

Moi University Sacco society ltd (under liquidation) was established on 6th may, 1985. The membership was drawn from employees of Moi University, University of Eldoret and Moi University and Teaching Referral Hospital. In 1999 MUSCO started to operate the Front Office Savings Activity (FOSA).

2. Licensing

MUSCO was licensed by SASRA to carry out deposit taking business in 2014 under License No. SS/0167/18 subject to the provisions of Sacco Societies Act No. 14 of 2008 and the regulations issued thereunder. Despite the fact that the SACCO was already operating FOSA activity by the time the regulations became operational in 2010, it was struggling financially and was therefore not able to meet the prescribed prudential requirements until 2014.

Upon licensing, the Sacco was regulated and supervised by SASRA until June 2018 pursuant to section 24 of the SACCO Societies Act as read with part 11 of the Sacco societies (Deposit –taking Sacco Business) regulations, 2010.

During the years 2015, 2016 and 2017 the Sacco was incapable of maintaining the prescribed minimum prudential standards resulting in MUSCO SACCO Society being granted conditionally restricted license from 2015 to 2018.

3. Membership

MUSCO SACCO Society ltd membership as at September, 2017 was comprised of 2,348 active members and 1,428 dormant members. The members were withdrawing *en-masse* and were only held back by the inability of MUSCO SACCO Society ltd to refund the withdrawees deposits which stood at over **KES.345 Million** as at December, 2017.

As per financial statements for the period ending 2017 the asset base stood at **KES. 1,390,738,046** and a turnover of **KES. 28,476,349**. These figures show that more than 68 % were not active and the members had lost confidence in the Sacco. The condition of declining membership made the society to experience unfavorable financial conditions.

The averment by the petitioners that MUSCO boasts over of 3,000 members is thus unsupported by any evidence as MUSCO SACCO Society ltd as an entity ceased to exist from 29th June 2018 upon cancellation of its registration by the Commissioner for Co-operative Development.

4. MUSCO Towers

- a. The Sacco acquired ELDORET MUNICIPALITY BLOCK 4/321 at a cost of **KES 12,000,000** on which they constructed Musco Towers. The project was to be funded through members' contributions and an amount of **KES. 132,813,063** was raised by 3,020 members by December 2014. The Sacco applied for an initial loan of **KES. 200 Million** from Co-operative Bank and the property was given as security for the loan out of which **KES. 27.3 million** was used to repay KUSCO loan leaving a balance of **KES. 157, 700,000** for the project.
- b. The agreed contract price for construction of the building was **KES.464 million** of which the society paid **KES. 368,135,131** leaving a balance of **KES. 100,992,235**. The contractor sued the Society and a decree of **KES. 141,153,863 million** was granted and continues to attract interest at the rate of 14% p.a to date. There were several variations made to the initial cost of the building and its cost was reflected at **KES. 764,442,904** at December,2015 as per the audited accounts.
- c. The averment **I para 4** of the petition that the said building herein referred to as MUSCO Towers was charged in favour of Co-operative bank for ksh.200 Million does not give a complete financial implication of the funding from the bank since the loan balance inclusive of interest stood at **Ksh.583 Million** by June 2020.
- d. Even if the value of the building were taken to be **KES.650 million** as averred in **1 para 4** by the petitioner, this would not be sufficient to

liquidate the debt of Co-operative Bank exercising the chargee's right standing at **KES.583** million as at June 2020 plus the contractor's amount of **KES 141,153,863 million**. Additionally, MUSCO towers can only be sold by the Bank in accordance with the law governing chargee's right of sale.

- e. With regard to **paragraph 2 of the petitioner** that MUSCO was an attractive economic investment, this is not true. Inspection report from SASRA and external auditors' opinion on the MUSCO's financial statements for the period ended December 2017 revealed that the Society had over 87% of its loans as non-performing meaning that only 13% of the loan book was collectable. Thus the Society was technically insolvent because its deposit liabilities was over **KES.800 Million**.
- f. Though the issue of non-remittance of Sacco dues by Moi university may have contributed to the poor financial performance of the Sacco, the impact was not that big since the outstanding amount was **KES 64** million by 20th December 2018. The Sacco's outstanding liabilities were more than **KES 1 Billion** comprising of refunds to members **KES 345 million**, Cooperative Bank Loan **KES 583** million; Tax **KES 32** million; contractor **KES 141,153,863 million** among other creditors.
- g. Though the society received operating license in 2014, the Society was not able to maintain the prescribed minimum prudential standards, and consequently was being granted conditionally restricted license from 2015 to 2018.
- h. According to **section 26 of the Sacco Societies Act**, a conditional license is given where it appears to the authority that there are reasonable grounds for revocation of the license, but the circumstances are such that the revocation may not be expedient.
- i. SASRA published in its Annual Supervision Report for 2015,2016 and 2017 that MUSCO SACCO Society ltd was operating on a conditionally issued restricted license a fact that was known to the Board of Directors and the entire public as the circumstance that existed before the revocation of the license.

5 Appeal to the Cabinet Secretary

- a) The Cabinet Secretary failed to hear the appeal by the MUSCO written by Francis B. Komen as the chairman of the SACCO. However, Mr. Francis B. Komen the then chairman and Mr. Michael Kangogo the treasurer commenced proceedings in the judicial review proceedings in the high court MISC.CIVIL APPLICATION NO.7 of 2018 and MISC CIVIL APPLICATION NO.66 OF 2018 over the revocation order and cancellation /liquidation order.
- b) On 4th July, 2018, the former Directors of Musco and the Uasin Gishu County Secretary as interested party moved to the High Court in Eldoret for judicial review and obtained ex-parte orders for stay of execution against SASRA. This situation threatened the liquidation process as the Directors using force went and ejected Lavington Security services from the premises by forcing their way breaking the main gate. However, they could not gain entry because the liquidators were having all the keys and the Administration Police came in and provided armed security for the society property at the headquarters in Moi university premises.
- c) The liquidators appointed the legal firm M/S Joseph C.K Cheptarus & Co. Advocates of Eldoret to represent them in all legal issues. They applied to be enjoined as interested parties in the matter when the case came up for inter-parties hearing, SASRA raised preliminary objections and the parties were ordered to make submissions.
- d) A ruling on the matter was made on 21st February, 2019 and the court upheld the preliminary objection dated 20th July, 2018 with costs. The applicant was accordingly directed, pursuant to section 9(3) of the Fair Administrative Action Act to first exhaust the alternative remedies available before seeking the remedy of judicial review.
- e) Therefore, any action by the Cabinet Secretary would have been *sub judice* on the matter of MUSCO. Thus, the applicants failed to allow the Cabinet Secretary to make the decision over the matter as the High Court was left with the jurisdiction to determine the matter.
- f) The assertion by the petitioners that the Cabinet Secretary failed to give audience is misleading and incorrect given the fact that the High Court had given direction over MUSCO issues in the court case.

6 Response to Prayers Contained in the Petition

1. In response to the prayers sought by the Petitioners in this Petition, it is the Ministry's position that all the events leading to the revocation of the deposit taking license of the MUSCO SACCO Society Ltd and its subsequent cancellation/ liquidation were procedurally done in accordance with the law governing Co-operatives and Savings and Credit Co-operatives Societies.
2. On the second prayer of stopping the auction of the events immediately after the taking over of MUSCO SACCO Society Ltd. MUSCO Tower had been used to secure the Cooperative Bank loan. By June, 2020 the outstanding Loan balance was KES 583 Million attracting an interest rate of 13 % p.a. In accordance with the provisions of section 99(2) of the Land Act ,2012 the bank exercised its statutory powers over the property after the expiry of notices unless the said debt is repaid. The liquidators have no powers over the stoppage of the sale of the property by the Bank while exercising its statutory powers to recover its debt.
3. Currently there is a pending High court case in Nairobi MISCELENEOUS 301 OF 2017 –DINESH CONSTRUCTION CO. LTD VERSUS MOI UNIVERSITY SACCO (MUSCO) AND COOPERATIVE BANK OF KENYA (K) at Milimani Commercial court over the sale of Eldoret Municipality/Block No. 4/321 which allowed the sale pending the hearing of the substantive application.
4. Musco financial operations relating to the incomes and expenditures are channeled through Liquidation Account in KCB Account number 1235103706 Eldoret Branch. The Account was opened when the liquidators could not access the Account in National Bank because of the Eldoret High Court Case filed by the officials in July 2018. Financial records have been properly maintained in support of the Incomes and Expenditure. The total receipts for the period 1st July 2018 to 30th August,2020 amounts to **Ksh. 92,502,264.45.** the expenses for the period amounts to **Ksh. 87,686,678.90.** leaving a balance of **KSH. 4,816,117.55.** The liquidation account will be audited by an independent Auditor in accordance with the provisions of the Co-operative Societies Act and a final liquidation report will be prepared and be submitted accordingly.

7. Conclusion

1. The ministry has analyzed the Findings and Observations attached to the Revocation Order dated 27th June 2018, MUSCO SACCO Society Ltd was

incapable of meeting its financial obligations, and its continued operations particularly by receiving further deposits from the public would not only have been contrary to the prescribed regulatory framework, but would equally have continued to put to risk such deposits. There is no provision in Co-operative legislation to undo what has been done procedurally in law.

2. The Co-operative Societies Act and the Sacco societies Act and the governing Regulations were procedurally followed during revocation by the Authority and subsequent Cancellation/Liquidation of MUSCO SACCO Society Ltd. The process of liquidation is almost being concluded once the building is sold. The final liquidation account will be submitted to the Commissioner for Co-operatives for audit before the liquidators are discharged.
3. Having been unable to refund depositors obligations to the tune of over **KES 345 Million** as at December 2017, it would have been contrary to public policy for SASRA as the sector regulator to allow MUSCO SACCO Society Ltd to mobilise further deposits from members, which it would then default to refund again.
4. With outstanding deposit liabilities owed to members which ranged between **KES 600 Million** and **KES 800 Million** as at September 2017, and being cognizant of the fact that the only available substantial assets of MUSCO SACCO Society Ltd (other than the Tower) were the loan portfolio which was about **KES 359 Million** as at the same period and out of which only about 13% was performing, it can be safely stated that MUSCO SACCO Society Ltd was technically insolvent and it would have been a serious exposure to members of the public to allow it to continue with further deposit-taking business.
5. The members of the society were participating in the running of the affairs of their society as recorded in their annual and special general meeting discussions and the committee was bound by their deliberations and resolutions. Therefore, members including the petitioners cannot claim ignorance of the fate of the problems faced by their society from time to time in its lifetime.
6. On the same breadth, it is important to note that upon cancellation of registration of a Co-operative Society in accordance with Section 62 of the Co-operative Societies Act, the Co-operative Society ceases to exist as a legal entity. Consequently, it can be safely concluded that MUSCO SACCO Society Ltd

ceased to exist as legal entity with effect from 29th June 2018 upon the cancellation of its registration. It thus cannot have any members or even officials.

He submitted that the Petition herein has no merit in so far as the revocation of the deposit-taking license of MUSCO SACCO Society Ltd, and the subsequent cancellation/Liquidation of its registration and appointment of liquidators are concerned.

Reactions by the Committee

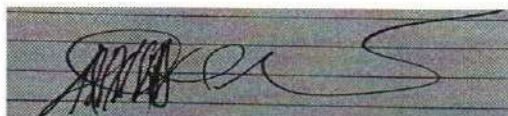
The Committee thanked the Principal Secretary, State Department for Cooperative Development for the presentation on the Moi University Sacco and informed him that already the Committee had interacted with his office on the matter through the Commissioner of Cooperatives, who had appeared whenever he had been called upon by the Committee. The following clarifications were sought from the Principal Secretary-

- 1) Whether there was any conspiracy by SASRA to hurriedly liquidate the Sacco;
- 2) How the matter of non-remittances by institutions had been addressed by the Commissioner of Cooperatives and if the Ministry could seek the collaboration of the Central Bank of Kenya in cases of non-compliance by institutions including banks and county governments;
- 3) Why the Cabinet Secretary responsible for cooperatives had not granted Moi University Sacco, the County Government of Uasin Gishu the opportunity to be heard as per the recommendations of the Intergovernmental Relations Technical Committee; and
- 4) Why SASRA did not pursue personal culpability on the officials of the Moi University Sacco and undertake an inquiry before the liquidation and if the Ministry had followed the right procedure in the liquidation of the Moi University Sacco;

MIN. NO.124/2020:

ADJOURNMENT AND THE DATE FOR THE NEXT MEETING

Having exhausted the agenda of the day, the meeting adjourned at 12.52 pm and the Next meeting scheduled for Thursday, 1st October, 2020 at 11.00 am.



SIGNATURE: _____
(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 14th October, 2020

MINUTES OF THE 33RD VIRTUAL MEETING OF THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION HELD ON WEDNESDAY, 14TH OCTOBER, 2020, AT 11:00 AM VIA ZOOM.

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS -Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve Inimah, MP - Vice – Chairperson
- 3) Sen Mohamed Faki, MP
- 4) Sen. (CPA) Farhiya Haji, MP

ABSENT WITH APOLOGY

1. Sen. (Prof.) Kithure Kindiki, EGH, MP
2. Sen. Mercy Chebeni, MP
3. Sen. Wario Golich Juma, MP
4. Sen. Philip Mpaayei, MP
5. Sen. (Dr.) Agnes Zani, CBS MP

SECRETARIAT

- | | |
|------------------------|--------------------|
| 1) Mr. Peter Mulesi | - Clerk Assistant |
| 2) Mr. Stephen Maru | - Sergeant-At-Arms |
| 3) Ms. Milicent Ratemo | - Audio Officer |
| 4) Mr. Said Osman | - Research Officer |

MIN. NO. 134/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 11.23 am and there followed a word of prayer.

MIN.NO. 135/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. CPA. Farhiya Ali, MP and seconded by Sen. (Dr.) Gertrude Musuruve, MP as follows-

1. Preliminaries and Prayer
2. Updates on the Visit to Moi University Sacco (15th -17th October,2020)
3. Confirmation and Adoption of Previous Minutes
4. Adjournment and Date of Next Meeting

MIN.NO. 135/2020:

UPDATES ON THE VISIT TO MOI UNIVERSITY SACCO (15TH -17TH OCTOBER,2020)

The Committee was informed that all logistics related to the fact-finding visit to Moi University Sacco in Eldoret, Uasin Gishu County had been finalized. The Chairperson urged the secretariat to reach out to all other Members to ensure maximum attendance by the Committee. The travel dates remained unchanged from Thursday, 15th – Saturday, 17th October, 2020.

The secretariat was requested to provide Members with all documentation related to Moi University Sacco and further identify areas of interest to the Committee during the scheduled engagements with stakeholders.

MIN.NO. 136/2020: CONFIRMATION AND ADOPTION OF PREVIOUS MINUTES

The Chairperson invited the Secretariat to present to the Committee Minutes of the previous meetings for confirmation. The Minutes were considered and confirmed as follows-

- 1) Minutes of the 32nd Sitting held on Tuesday 13th October, 2020 were confirmed after having been proposed by Sen. Farhiya Haji, MP and seconded by Sen. (Dr.) Getrude Musuruve, MP.
- 2) Minutes of the 18th Virtual Sitting held on 20th August, 2020 between the Committee and the Kenya Bureau of Standards on Standards and Quality Infrastructure Reforms in Kenya were confirmed after having been proposed by Sen. (Dr.) Getrude Musuruve, MP and seconded by Sen. Farhiya Haji, MP.
- 3) Minutes of the 19th Virtual Sitting held on 26th August, 2020 to consider submissions from Cooperative Bank of Kenya on the Moi University Sacco, were confirmed after having been proposed by Sen. CPA. Farhiya Ali, MP and seconded by Sen. Mercy Chebeni, MP.
- 4) Minutes of the 20th Virtual Sitting held on 2nd September, 2020 to consider the Moi University Sacco Annual General Meeting (AGM) and Financial reporting for the period preceding liquidation, were confirmed after having been proposed by Sen. (Dr.) Getrude Musuruve, MP and seconded by Sen. Mohamed Faki, MP.
- 5) Minutes of the 21st Virtual Sitting held on Monday, 7th September, 2020 to consider response by the Commissioner of Cooperative Development on the issues that had been raised by the Committee during a meeting that was held on Wednesday, 12th August, 2020 regarding the procedure followed in the liquidation of Moi University Sacco, were confirmed after having been proposed by Sen. Mohamed Faki, MP and seconded by Sen. (Dr.) Getrude Musuruve, MP.

Matters Arising from the 21st Virtual Meeting

It was resolved that the all the concerns that had been raised by the Committee to the Commissioner of Cooperatives be the basis for interrogation during the scheduled fact-finding engagement on the Sacco on 16th October, 2020.

In addition, the Committee would seek clarification on whether the county government of Uasin Gishu had been involved in the liquidation process and finally, the practical road-map by the County Government to rescue the Sacco.

- 6) Minutes of the 22nd virtual sitting held on 9th September, 2020 during the Consideration of Moi University Sacco Liquidation Account statement, were confirmed after having been proposed by Sen. (Dr.) Getrude Musuruve, MP and seconded by Sen. Mohamed Faki, MP.
- 7) Minutes of the 23rd virtual sitting held on 16th September, 2020 to consider Amendments to the Sacco Societies (Amendment) National Assembly Bill No. 1 of 2018, were confirmed after having been proposed by Sen. Sen. CPA. Farhiya Ali, MP and seconded by Sen. (Dr.) Getrude Musuruve, MP.
- 8) Minutes of the 24th virtual sitting held on Thursday, 17th September, 2020 during a meeting with the Commissioner of Cooperative Development on the and the Liquidators on the liquidation Account of Moi University Sacco, were confirmed after having been proposed by Sen. Mohamed Faki, MP and seconded by Sen. Farhiya Haji, MP.

Matters Arising

From the minutes it was observed that the Committee required more clarifications on-

- 1) the measures taken by the liquidators to recover outstanding loans by former members of Moi University Sacco and who had moved to other Saccos; and
- 2) Information on the additional loans to the Sacco by Cooperative Bank of Kenya besides the construction of the MUSCO Towers building.

MIN.NO. 137/2020:

ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business the meeting adjourned at 12.38pm and the next meeting to be held in Eldoret, Uasin Gishu county during the fact-finding visit to Moi University Sacco.



SIGNATURE:

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 14th October, 2020

MINUTES OF THE 35TH MEETING OF THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY, 16TH OCTOBER, 2020, AT THE GOVERNOR'S BOARDROOM, UASIN GISHU COUNTY AT 9:00 AM.

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS -Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve Inimah, MP - Vice – Chairperson
- 3) Sen Mohamed Faki, MP
- 4) Sen. (CPA) Farhiya Haji, MP
- 5) Sen. Wario Golich Juma, MP
- 6) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

1. Sen. (Prof.) Kithure Kindiki, EGH, MP
2. Sen. Philip Mpaayei, MP
3. Sen. (Dr.) Agnes Zani, CBS MP

IN ATTENDANCE

Sen. (Prof.) Margaret Kamar, MP

UASIN GISHU COUNTY EXECUTIVE

- 1) H.E. Jackson Mandago- Governor, Uasin Gishu County
- 2) Ms. Esther C. Mutai-CECM for Cooperatives
- 3) Dr. Emily Kogos-CECM, Trade
- 4) Ms. Mary Njogu-CECM- Water and Tourism
- 5) Mr.Pius K. Kigen- Chief officer Cooperatives
- 6) Malaki K. Tenai- County Cooperatives Committee
- 7) Ms. Roselyne K. Rae- Assistant Commissioner Cooperatives
- 8) Ms. Geogina C. Bor- Cooperative Officer 1

SECRETARIAT

- | | |
|-------------------------|--------------------|
| 1) Mr. Peter Mulesi | - Clerk Assistant |
| 2) Mr. Stephen Maru | - Sergeant-At-Arms |
| 3) Ms. Lucy Radoli | - Legal Counsel |
| 4) Mr. Said Osman | - Research Officer |
| 5) Ms. Millicent Ratemo | - Audio Officer |
| 6) Mr. Collins Lukhale | - Accountant |

MIN. NO. 142/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 9.15 am and there followed a word of prayer.

The Chairperson acknowledged the warm reception and thanked H.E Gov. Jackson Mandago, Uasin Gishu County for the welcome.

He explained that the purpose of the visit by the Senate Standing Committee on Tourism, Trade and Industrialization was in consideration of a petition which had been reported at the Senate by Sen. (Prof.) Margaret Kamar, MP, regarding the liquidation of Moi University Savings and Credit Society.

The Chairperson briefed the Governor on previous engagements with petitioners and respondents and therefore resolve by the Committee to undertake a fact-finding to the Sacco and also hold engagements other affected persons or institutions of interest to the petition.

He then invited the Governor to make his representations before the Committee proceeds to meet other scheduled stakeholders.

**MIN. NO. 143/2020: SUBMISSIONS BY THE COUNTY EXECUTIVE,
USAIN GISHU COUNTY**

H.E, Jackson Mandago, Governor, Uasin Gishu County made his representations as follows-

He welcomed the Senate Standing Committee on Tourism, Trade and Industrialization to Uasin Gishu County and thanked the Committee for prioritizing the consideration of the petition.

1. He briefed the Committee on the state of cooperatives in the county and enumerated some of the challenges that faced the cooperative sector in the county as follows-
 - i. Staffing and capacity of the cooperative staff at the County
 - ii. Separation of the cooperative function between the national and County Government. It was observed that whereas the cooperative function was devolved, the current regime vested the powers and functions in the office of the Commissioner of Cooperatives, at the national level; and
 - iii. Expressed concern that most of the audits by the Commissioner of Cooperatives and the Sacco Societies Regulatory Authority (SASRA) had amounted to the liquidation of these Saccos. As a result of the manner operations and management of cooperatives by the National government, it was very hard for the county to attract investors in the cooperative sector;
2. On the Moi University Sacco, he raised concerns on the circumstances under which the Sacco was put under liquidation without the input of stakeholders in the county and further why Moi University management had not explained why Payroll deductions had not been remitted to the Sacco;
3. He appealed to the Senate as follows-
 - a) To amend the Cooperative Act to align with the devolved system of government and further to allow county governments to undertake inquiries and surcharge the concerned individuals. Emphasis was on the role of SASRA vis- a- vis that of the County Government with regard to licencing and revocation of deposit taking. That the County had about 400 cooperatives which would not effectively be supervised by SASRA;
 - b) To review and amend the Co-operatives policy on how the cooperative movement can be re-engineered and strengthened;

- c) The Committee to facilitate the revival of Moi University Sacco as there was the potential for the Sacco to be given a new lease of life and be brought back to operation;
- d) The Committee to establish why only particular liquidators were in Uasin Gishu County and further how the recoveries from Moi University were spent by the liquidators; and
- e) The Senate to scrutinize the funding of National Universities and establish the criteria for their funding since most universities including Moi University were experiencing capitulation challenges. This will help ensure that universities did not spend the payroll deductions.

He assured the Committee that the County Government was determined to rescue the Moi University Sacco and that there was need for the Committee to compel institutions that withheld Payroll deductions to submit and be surcharged;

Response by the Committee

The Committee responded as follows-

- 1) That the Committee had been engaging with the Council of Governors (CoG) as a key stakeholder whenever Bills touching on Counties were considered. It was however, observed that the submissions by the CoG on the Bills were not representative of the unique circumstances by the counties.
- 2) That the Committee was currently considering the Sacco Societies (Amendment) Bill, 2018 and the Cooperative Societies (Amendment) Bill, 2020. He urged the County government to send their memoranda.
- 3) He advised the County Government to petition the Senate on the state of the Saccos in Uasin Gishu County;
- 4) Requested the County Government to submit to the Committee, formal undertaking on how the County Government intended to revive the Moi University Sacco including a proposal on whether the County Could Pay the Cooperative Bank loan and ultimately take over the MUSCO Towers and other assets;

MIN.NO. 144/2020:

ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business the meeting adjourned at 9.58 am.



SIGNATURE:

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 4th November, 2020

MINUTES OF THE 35TH MEETING OF THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY, 16TH OCTOBER, 2020, AT THE TOWN HALL, UASIN GISHU COUNTY HEADQUARTERS AT 10:00 AM.

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS -Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve Inimah, MP - Vice – Chairperson
- 3) Sen. (CPA.) Farhiya Haji, MP
- 4) Sen Mohamed Faki, MP
- 5) Sen. Wario Golich Juma, MP
- 6) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

1. Sen. (Prof.) Kithure Kindiki, EGH, MP
2. Sen. Philip Mpaayei, MP
3. Sen. (Dr.) Agnes Zani, CBS MP

IN ATTENDANCE

Sen. (Prof.) Margaret Kamar, MP

STAKEHOLDERS (See attendance list attached)

SECRETARIAT

- | | |
|-------------------------|--------------------|
| 1) Mr. Peter Mulesi | - Clerk Assistant |
| 2) Mr. Stephen Maru | - Sergeant-At-Arms |
| 3) Ms. Lucy Radoli | - Legal Counsel |
| 4) Mr. Said Osman | - Research Officer |
| 5) Ms. Millicent Ratemo | - Audio Officer |
| 6) Mr. Collins Lukhale | - Accountant |

MIN. NO. 145/2020:

PRELIMINARIES

The meeting was called to order at 10.12am and there followed a word of prayer.

The Chairperson called for self -introduction

MIN. NO. 146/2020:

ADOPTION OF THE AGENDA

The agenda was adopted after having been proposed by Sen. Mohamed Faki and seconded by Sen. (Dr) Getrude Musuruve, MP.

MIN. NO. 147/2020:

SUBMISSIONS BY THE STAKEHOLDERS ON MOI UNIVERSITY SACCO

The Chairperson welcomed all the stakeholders present and explained that the purpose of the engagements was in response to a petition which was reported by Sen. (Prof.) Margaret Kamar regarding the liquidation of Moi University Sacco.

He explained that upon receipt of the petition, the Senate Standing committee on Tourism Trade and Industrialization had engaged with various respondents and was in Eldoret for a fact-finding mission with regard to issues that had emerged from the stakeholders who had previously appeared before the committee.

He thanked the Governor for Uasin Gishu County, Mr. Jackson Mandago for appearing before the Committee and making his submissions.

He called for brief submissions as most of the facts had been submitted to the Committee.

a) Sen. (Prof.) Margaret Kamar, MP

She informed the sitting that she was the sponsor of the petition on the liquidation of Moi University Sacco which was reported at the Senate in March, 2020;

She explained that she was a member of MUSCO, number 334 and that the Membership of the Sacco was spread in many institutions including Parliament of Kenya besides the universities.

She states that the Sacco had other investments and property beyond the MUSCO Towers and appealed to the Senate Committee to intervene and bring the Sacco back to operation for the sake of its members and their families.

b) County Executive Committee Member (CECM) for Cooperatives

Ms. Esther C. Mutai, County Executive Committee Member (CECM) for Cooperatives informed the Committee that the County Government of Uasin Gishu has been involved with the Sacco before, during and after the liquidation.

Before the liquidation, the County Government had had intervened to save the Sacco from the omissions of the Commissioner of Cooperatives and SASRA;

Whereas Moi University Sacco had been liquidated as per section 27 of the Cooperatives Act, the views of the County Government had been ignored even after giving assurances.

Since the registration had been cancelled in October 2019, the County Government had tried to save the Sacco, including recourse to the court process;

Raised concern on lack of transparency by the liquidators with regard to income and expenditure on the liquidation account (**Tabled copy of detailed presentation**)

c) Mr. Jack Willis Abok

Mr. Jack Willis Abok, on behalf of the petitioners and persons affected by the liquidation, raised the following -

Details of the liquidators account at Kenya Commercial Bank

Questioned the expenditure of the liquidation account especially in payment of electricity Bills worth Kshs. 3million and which had been incurred by tenants.

Details of the money in the Cooperative Bank of Kenya Account;

He justified the revival of the Sacco based on the land parcels, Musco Towers and other revenues at the University of Eldoret and estimated the value of the total assets at 2.5 billion. **(He enumerated the Sacco Assets and Property)**

The petitioners were not sanitizing corruption in the Sacco management and informed the Committee that the Sacco management was indeed opaque and did not provide any indications of problems in the Sacco to members besides failing to protect them.

That the Members of the Sacco were innocent in the foregoing and that the revival of the Sacco would allow members to pursue individuals who defrauded the Sacco.

d) Ms. Clementina Menjo

Ms. Clementina Menjo on behalf of retirees affected by the liquidation of MUSCO narrated the agony and suffering that had been occasioned by the loss of lifetime savings at the Sacco. Together with the representative of widows to former members, they appealed to the Committee to intervene on behalf of the suffering affected persons and their dependents.

e) Mr. Cornelius Kipkosgei

Explained that he had been forced out of schooling due to lack of school fees following the death of his father whose savings had been affected since 2011. He prayed that the Ksh.400,000 savings by the late father be paid to enable the siblings meet their education needs and desires.

f) Vice- Chancellor- Moi University

He stated that since March, 2020 when the new Vice- Chancellor was appointed, he initiated discussions on PRD remittances with the State Department of Cooperatives. The university management had also been following up with the Intergovernmental Relations Technical Committee (IGTRC) and was still waiting for direction to proceed with the remaining balance of the PRDs remittances (Submitted detailed presentations).

He observed that in the foregoing, the Sacco Societies Regulatory Authority should not have been in a hurry to revoke the license leading to the of Sacco.

g) Mr. Peter Owira- SASRA

Confirmed that the Sacco Societies Regulatory Authority (SASRA) was in receipt of the Senate Petition on the liquidation of Moi University Sacco and that the substance of the petition had already been responded to.

He however, explained that some of the issues that had been raised by the petitioners and affected persons were not contained in the petition.

He explained that despite the Sacco having applied for the licence in 2011, it was issued conditionally in 2014 and therefore the process of liquidation was above board.

He stated that it was not in the interest of the SASRA to put any Sacco and for this matter Moi University under liquidation and further explained that from the testimonies of persons affected by the Sacco, the Sacco experienced challenges from 2012, long before the liquidation was effected. It was in response to these liquidity challenges that SASRA intervened especially on the matter of complications on refunds to retiring members amounting to ksh.345 million.

He observed that there were issues of non-disclosure of the Assets and Liabilities by MUSCO in their reporting;

He informed the Committee that the previous submission by the State Department of Cooperatives stood.

h) Liquidators

The liquidators explained that the liquidation process was duly done and that previous submissions to the Committee stood.

Reactions by the Committee

From the representations made, the Committee made the following observations-

Clarification by the Sacco on membership of the Sacco and if the petitioners and other affected persons had raised their complaints with the management of the Sacco;

That the Liquidators had submitted to the Committee a shallow liquidation statement whereas the Committee had required a balance sheet from the bank;

The expenditures from the liquidation account statement did not appear to safeguard the interest of the Members;

Why SASRA had revoked the license and ignored the request by the County Government.

Why the liquidation was undertaken without an inquiry as per the provisions of the Cooperative Act and that the revocation of the deposit taking license by SASRA was not the most appropriate intervention;

Why the liquidators were not cooperating with the County Government of Uasin Gishu in resolving the matter;

What were some of the interventions by the liquidators and SASRA for the sake of Widows, orphans and suffering retirees;

The time frame that the management of Moi University would pay the remaining balance of Ksh. 14 million and if the remittances would attract interest;

Clarification on how much money was received from other universities if the liquidation Account only accounted for Ksh.65million of which Ksh.56million had been paid by the Moi University.

The rationale for the payment of FOSA and LOSA when the affected persons were not benefiting and details of payments made to former employees

Why SASRA was in hurry to liquidate the Sacco when consultations were still ongoing;

The Committee was not satisfied with the submissions by the liquidators with regard to expenditures incurred on repairs and which was not within their mandate.

Whether Cooperative Bank of Kenya was ready to sit with the members and the County Government of Uasin Gishu to restructure the outstanding loans in the event that the Ministry was to rescue the Sacco;

Why the County Government had only written to Moi University stopping the PRD remittances and not to other universities and institutions and if there was a blue print of the roadmap to bring the Sacco into operation.

What the liquidators were doing with Sacco defaulters;

Recommendations

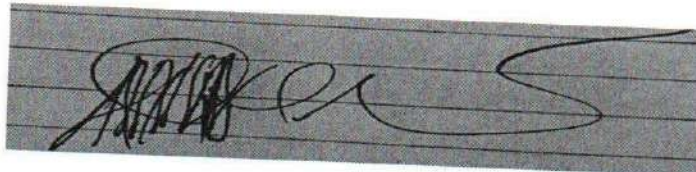
The Committee resolved to invite the following respondents to provide clarifications on some of the issues that emerged during the fact-finding visit to the Sacco-

- 1) The State Department of Cooperatives
- 2) The Commissioner of Cooperatives;
- 3) Cooperative Bank of Kenya; and
- 4) the Liquidator to provide a list of those Members who had been paid off during the Liquidation.

The Committee then proceeded to the site inspection of MUSCO Towers.

MIN.NO. 148/2020: **ADJOURNMENT AND THE DATE OF THE NEXT MEETING**

There being no other business the meeting adjourned at 13.22 pm and the Committee proceeded for site inspection of the Moi University Towers



SIGNATURE: _____
(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 4th November, 2020

**MINUTES OF THE 66TH SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON WEDNESDAY 3RD
MARCH, 2021 IN COMMITTEE ROOM 4, MAIN PARLIAMENT AT 10.00AM**

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS-Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve, MP- Vice- Chairperson
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Wario Golich, MP
- 5) Sen. Agnes Zani, MP

ABSENT WITH APOLOGY

- 1) Sen. (Prof.) Kithure Kindiki
- 2) Sen. Philip Mpaayei, MP
- 3) Sen. Mohamed Faki, MP
- 4) Sen. Mercy Chebeni, MP

STATE DEPARTMENT FOR COOPERATIVES

1. Mr. Ali Noor Ismail- Principal Secretary
2. Mr. Fondo Nzovu-
3. Mr.David Obonyo
4. Mr. Fayo Hussein
5. Mr. Geoffrey Njang'ombe- Commissioner of Cooperatives
6. Mr. John Mwaka-CEO, Sacco Societies Regulatory Authority (SASRA)

IN ATTENDANCE

- 1) Mr. George Ototo, MBS, General Manager, KUSCCO
- 2) Mr.Daniel Marube, CEO, CAK
- 3) Ms. Martin Oloo- KUSCCO
- 4) Ms. Mercy Njeru- KUSCCO
- 5) Ms.Linda Karimi-KUSCCO

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Milicent Ratemo- Audio Officer
- 4) Ms. Sande Marale- Research Officer
- 5) Ms. Farhiya Ali- Sergeant-At-Arms
- 6) Ms. Njeri Manga- Media Relations Officer

MIN. NO.170/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 10.21 am and there followed a word of Prayer.

The agenda of the meeting was adopted after having been proposed by Sen. (Dr.) Gertrude Musuruve, MP and seconded by Sen. CPA. Farhiya Haji, MP as follows-

1. Preliminaries

- i. *Prayer*
- ii. *Introduction and Remarks by the Chairperson*

2. Submissions on the Cooperative Societies (Amendment) Bill (Senate Bills. No. 11 of 2020):

- i. The Cabinet Secretary/ State Department of Cooperative Development
- ii. Commissioner for Cooperative Development
- iii. Kenya Union of Saccos and Credit Cooperatives (KUSCCO)
- iv. Cooperatives Alliance of Kenya

3. Any other Business**4. Adjournment and Date of Next Meeting****MIN. NO.172/2021: SUBMISSIONS ON THE COOPERATIVE SOCIETIES (AMENDMENT) BILL, 2020**

The Chairperson welcomed the Principal Secretary, State Department of Cooperative Development, Mr. Ali Noor Ismail to make his submissions. The Principal Secretary stated as follows-

He thanked the Committee for the invitation presented apologies from the Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperatives who could not appear before the Committee due to other urgent official engagements.

The Committee was informed that the Cabinet Secretary was willing to appear before the Committee any other time to engage on the Bill and any other matter, whenever called upon. He proceeded to make his comments on the Bill as follows-

- a. That the Ministry appreciates the initiative by the Sen. (Dr.) Agnes Zani, MP in sponsoring the Co-operative Societies (Amendment) Bill, 2020 which seeks to change the country's legislative framework on Co-operatives.
- b. The Ministry had in its previous submissions observed the Bill takes into consideration its submissions as proposed and the National Co-operative Policy which is the outcome of extensive public participation and hence the justification of leveraging on it in reviewing the Co-operative Societies Act CAP 490.
- c. Further that the Ministry had submitted that the proposed amendments in the Bill were inadequate to address the challenges in the Co-operatives sector which inter-alia include weak governance structure, lack of affordable credit, limited access to markets, limited participation in value addition and limited use of technology;
- d. He stated that the National Co-operative Policy provides a holistic approach in addressing the challenges as opposed to the piecemeal approach that has been adopted by the proposed Bill. This meant that even if these amendments were carried out as proposed in the Bill, further amendments would be inevitable.

- e. The Principal Secretary pointed out that the Bill seeks to amend the Co-operative Societies Act CAP 490 by introducing the County Executive Committee Member (CEC) alongside the Commissioner for Co-operative Development in the administration of the Act. However, it is to be noted that CECs are State Officers appointed politically while the Act should be administered by Technical Officers in the Public Service;
- f. Besides the inadequacy, the Bill has provisions which are inconsistent and in certain instances contradictory with the National Co-operative Policy. Other than acknowledging the need for the devolved nature of Co-operatives, the Bill does not fully legislate on the various roles agreed to between the two levels of government in delivering services to the Co-operative Movement.
- g. On registration of co-operatives the amendment Bill envisages 48 registries (one in each county and one at the national level) for Co-operatives in the Country while the policy provides for one single registry with the aim of achieving standardization. Thus, there would be one single registry for Co-operatives just as in registration of companies.
- h. In addition, the Bill proposes to create a three-tier structure of primary societies, unions and apex in the Co-operative Movement. In this sense, it omits the federations which form a critical level of co-operatives as provided for in the National Co-operative Policy.

Specifically, the Principal Secretary submitted as follows-

Clause 2 which proposes to amend section 2 of No. 12 of 1997 -Interpretation

Proposal: Amend as per the Bill; and delete section 2(a) on inclusion of the words 'provisionally registered co-operative society' and amend by inserting the following new definitions in their proper alphabetical sequence the following the additions;

"County Director of Co-operative"- Means the County Director of Co-operatives appointed by respective county public service board to oversee co-operative development

"Co-operative Federations" Means third tier Co-operatives formed by union co-operatives in different value chains

"Holding Co-operatives" means co-operative societies formed for the sole purpose of holding investments /stocks on behalf of other co-operatives. Such co-operatives do not produce goods or services.

"Co-operative Companies" means Limited Companies in which co-operative societies control more than fifty percent of the share capital

Rationale: Provisionally registered co-operatives are recognized as co-operative societies that will also be supervised like the rest of the co-operatives for smooth transition. Further, the new additions on definitions are meant to be in tandem with the provisions of the National Co-operative Policy.

Clause 3 which proposes to Insert a new section 2A - Guiding principles of co-operative societies

Proposed Amendment. Amend section 2A to include

(i) the seven (7) co-operative principles only

(ii) nine (9) co-operative values as follows; Honesty, Self-help, Self-responsibility, democracy, Equality, Equity, Openness, Social responsibility, and Solidarity

Justification: All co-operative societies are guided by seven (7) universal co-operative principles and the same can only be reviewed by the International Co-operative Alliance after 30 years. The last review was done in 1995 and the next review will be done in 2025 by the said ICA.

Clause 4 Proposes to Insert a new Part IA— Functions of the National and County Governments.

Proposed amendment: Amend Part IA to replace the proposed functions in Bill with functions of both levels of government as stipulated in the National Co-operative Policy.

Justification: These functions as stipulated in the National Co-operative Policy have been agreed upon by all stakeholders in the co-operative movement.

Clause 5 Proposes to amend section 4 of Principal Act- Registration of co-operative societies

Proposed amendment: Retain as per the Principal Act but amend by deleting the words 'or without' appearing before the words limited liability;

Justification: In order to guarantee standardization and effective controls, there is need to retain one centralized register of co-operative societies maintained at the national government under the Commissioner. Having one central register will prevent confusion that may result from primary co-operatives sharing names. Limited liability is meant to protect members' other properties beyond their investment in the societies.

Further proposes to amend section 5 of the Principal Act - Essentials for registration of a co-operative society by introducing the following

5 (c). In case of a federation has at least two registered co-operative unions as its members.

Clause 6: Proposes to amend section 6 of the Principal Act -Procedure for registration be retained as per the principal Act

Justification: In order to guarantee standardization and effective controls, there is need to retain one centralized register of co-operative societies maintained at the national government under the Commissioner.

Clause 7: Proposes to Insert a new section 6A in the Principal Act- Refusal to register a co-operative society

Proposed amendment: Amend the first paragraph of section 6A and section 6A (2) to retain the Commissioner as the sole authority in matters concerning registration of all co-operatives.

Justification: In order to guarantee standardization and effective regulation.

Clause 8: Proposes to amend section 7 of the Principal Act -Provisional registration

Proposed amendment:

Amend Section 7 of the Principal Act by restricting provisional registration to primary co-operatives by County Director of Co-operatives. The new Section 7 to read as follows

7 (1) All primary Co-operative Societies shall first be registered provisionally by the County Director of Co-operatives for a period not exceeding one year

7(2) A provisional registration shall, subject to this section, and to any terms or conditions prescribed by the rules entitle the society to operate as a co-operative society, and such society whilst so entitled to operate shall be deemed to be a body corporate with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose for which it is constituted; and, subject to the provisions of this Act, any reference in any written law to a co-operative society shall, unless the context otherwise requires, include a reference to a society which is provisionally registered.

7(3). At any time during the period of provisional registration of a primary co-operative society, the County Director of Co-operatives, if he is satisfied that the society has complied with this Act and any rules made thereunder and that its by-laws conform with the requirements of this Act and rules made thereunder, may recommend for full registration to the Commissioner and thereupon such society shall be deemed to have been so registered on the date of its provisional registration.

7(4) A society which is provisionally registered shall cause the fact that it is provisionally registered to be stated in legible Roman letters in all billheads, letter, papers, notices, advertisements and other official publications of the society, and on a sign board in a conspicuous position outside any premises in which it operates

7(6) Where a society which has been provisionally registered under this section contravenes subsection (4), the society and every officer, or person who purports to act as an officer, of the society shall be guilty of an offence and shall be liable to a fine not exceeding ten thousand shillings, or in the case of a continuing offence to a fine not exceeding one thousand shillings for each day during which the offence continues.

Justification: Primary Co-operatives shall be registered first provisionally by the County Director of Co-operatives and later fully by the Commissioner as provided for by the National Co-operative Policy.

All other co-operatives shall not be registered provisionally. This is because secondary, federations and apex co-operatives will be promoted and registered by

existing co-operatives which presumably are expected to be managed by competent persons

Clause 9: Proposes to Insert a new section 7A- Suspension or cancellation of registration

Proposed Amendment: Retain per the Principal Act section 62

Justification: This is an aspect of dissolution which should be placed at the end and remains the responsibility of the commissioner.

Clause 10: Proposes to amend section 8 of Principal Act Amendments of by-laws

Proposed amendments: Retain as per Principal Act

Justification: All matters pertaining to registration to be centrally undertaken by the commissioner for standardization and having one national registry for co-operative societies.

Clause 14: Proposes to amend section 14 of Principal Act: Qualification for membership

Proposed amendments: Amend as proposed in the Bill and delete 14 (c)

Justification: In concurrence with the Bill proposals on additional requirements. However, Section 14 (c) should be not retained as it is since the emerging co-operative membership are not limited by area of physical residence.

Further, Amend the Principal Act by inserting section **24 B** to read-Every society shall put in place risk management system. This is to mitigate risks and wastage of resources in co-operative societies.

Clause 15: Proposes to amend section 25 of Principal Act- Account and audit

Proposed amendment: 1. Amend 6 (b) to read as follows; include the following statements-

- (i)statement of financial position;
- (ii) statement of profit or loss and other comprehensive income;
- (iii)statement of cash flows
- (iv)-statement of changes in equity;
- (v)notes and accounting policies

2. Amend subsection (7) of the Principal Act by substituting the word “submitted to” with the words “approved by” and deleting the words “as such form as may be prescribed”.

Justification: The County governments are involved in the actual auditing of co-operative societies and hence counties cannot independently verify and register their own work. In addition, the Commissioner is expected to be responsible for issuance and enforcement of accounting standards and liaising with ICPAK and other professional bodies on matters pertaining to co-operative accounting and auditing

Clause 17: Proposes to amend section 27 of CAP 490- General meetings

Proposed amendment: Amend Section 27 by substituting the following sub sections with:

(5) (b) consider any reports of the Committee, the County Director of Co-operatives or the Commissioner;

(8) The Commissioner may convene a special general meeting of any co-operative society at which he may direct the matters to be discussed at the meeting. Notwithstanding the above, the County Director of Co-operative may convene a special general meeting of a primary co-operative which he may direct the matter to be discussed in the meeting

Justification: This is in line with concurrent supervisory role of both the commissioner and the County Director of Co-operatives.

Section 19 Proposes to amend section 29 of Principal Act: Amalgamation of co-operative societies.

Proposed Amendments: Retain as per Principal Act

Justification: As clearly stipulated in the National Co-operative Policy, amalgamation of co-operatives shall be undertaken by the national government.

This is so because the amalgamating co-operatives may be domiciled in two or more counties and again, it is the commissioner who will eventually issue the certificate of registration to the amalgamated co-operative society in line with Sec 29 of the Principal Act.

Clause 20: Proposes to amend section 30 of the Principal Act: Division of co-operative societies

Proposed Amendment: Retain as per Principal Act

Justification: Since the splinter (new) co-operatives will seek fresh registration, it is the commissioner who will issue the separate certificates of registration. In practice, however, division of co-operatives undermines the economic viability of the existing co-operatives and should as much as possible be discouraged.

Clause 21: Proposes to amend section 32 of Principal Act: Fines for violation of by-laws

Proposed Amendment: Amended section 32(1) of the Principal Act (1) by deleting the word "twenty" appearing immediately after the words "not exceeding" and substituting with the word "hundred".

Justification: This deterrent measure of Kshs 100,000 is in order

Clause 22: Proposes to amend section 35 of Principal Act- Failure to remit the sum deducted

Proposed amendment: Retain as per Principal Act

Justification: The issue of enforcement of remittances to co-operative societies is a thorny issue given that the biggest defaulters are state corporations and county governments. This should be retained under the office of the Commissioner and even the enforcement be strengthened further.

Clauses 23-26: Proposes to amend section 51 of Principal Act:

Charges to be registered with the Commissioner

Proposed amendment: Retain as per the principal Act

Justification: Co-operative societies borrow beyond their counties and even beyond the country. In addition, most of financial institutions are also controlled centrally with one board despite having branches in other counties. There is therefore a need to retain a central registry of charges

Clause 28: Proposes to amend section 58 of Principal Act-Inquiry by Commissioner

Proposed Amendment: Retain as per Principal Act apart from sub section one which should read

(1) The Commissioner may, of his own accord, and shall on the direction of the Cabinet Secretary or request by County Executive Committee Member or on the application of not less than one-third of the members present and voting at a meeting of the society which has been duly advertised, hold an inquiry, or direct any person authorized by him in writing

to hold an inquiry, into the by-laws, working and financial conditions of any co-operative society.

Justification: This is in line with the National Co-operative Policy. For uniformity and given some co-operatives cut across more than one county, it is only appropriate that the inquiry exercise be centralized while taking into account the concurrent nature of regulation of co-operatives

Clause 31: Proposes to amend section 60A of Principal Act-Routine inspection.

Proposed amendment: Amend Section 60 A to read:

Notwithstanding the provisions of sections 58 and 59:

(1) the Commissioner may from time to time carry out impromptu inspection into the affairs of secondary co-operatives, co-operative federations, and the Apex body

(2) the County Director of Co-operatives may from time to time carry out impromptu inspections into the affairs of primary co-operatives and union co-operative societies.

Justification: This is in line with the functions recommended by the National Co-operative Policy and thus proposed by State Department for Co-operatives in this document

Clause 36-41: Proposes to amend section 65 of Principal Act -on the Liquidation of a cooperative.

Proposed amendment: Retain as per the Principal Act

Justification: This is a function of national government as provided for in the National Co-operative Policy.

Reactions by the Committee.

From the presentation the Committee flagged out the following issues for further follow-up-

- (a) Whether the County Director of co-operatives should-
 - (i) register primary co-operatives as contemplated in the Bill in its present form;
 - (ii) conduct provisional registration of primary co-operatives and final registration to be granted by the Commissioner for co-operatives; and
 - (iii) carry out what the Commissioner termed as promotion of co-operatives which included pre-registration procedures such as education, economic viability, preparation and verification of application instruments, supervision of elections and day-to-day supervision of co-operatives (this is the resolution of the Committee);
- (b) whether the co-operatives principles proposed in the Bill should mirror the internationally recognized principles or a combination of both (maintain the 7 international principles);
- (c) Whether the penalties proposed in the Bill should be reduced from 100,000 to 50,000 (Maintain the penalties at 100K);
- (d) Whether term limits should be set for management committee officials (delete the clause);
- (e) Whether the audited accounts should be "submitted" or "approved" by the Commissioner before presentation to the membership of the society. Further, whether the audited accounts of primary co-operatives should be submitted to the County Director of Co-operatives (resolved submission to both officials); and
- (f) Whether charges should be registered by the Commissioner or the County Director of Co-operatives in the case of primary co-operatives (maintain a central register of charges).

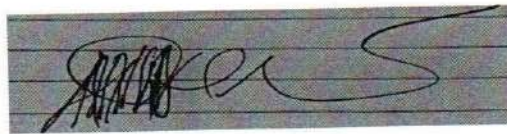
MIN. NO.173/2021: ANY OTHER BUSINESS

Petition on the liquidation of Moi University Sacco: The Chairperson informed the State Department of Cooperatives, that the Committee had considered all facets of the

petition and was in the process of tabling its report in the Senate. However, the Committee had resolved to schedule a special Sitting with the Ministry responsible for Cooperatives, the state Department of Cooperatives to deliberate on some of the findings in the petition. During the said meeting, the Committee would invite Kenya Union of Saccos and Credit Cooperatives and the Cooperative Alliance of Kenya. The Meeting was set for Wednesday 17th March, 2021 at 11.00 am via Zoom.

MIN. NO.174/2020: ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business, the meeting adjourned at 12.20 pm and the next meeting was scheduled for 12.30 pm at the same venue to receive submissions from Kenya Union of Sacco and Credit Societies (KUSCCO) and the Cooperative Alliance of Kenya (CAK).



SIGNATURE:

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 24th March, 2021

**MINUTES OF THE 71ST SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON WEDNESDAY 17TH
MARCH, 2021 AT 11.00AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Gertrude Musuruve, MP- Vice- Chairperson (Chairing)
- 2) Sen. (CPA.) Farhiya Haji, MP
- 3) Sen. Mohamed Faki, MP
- 4) Sen. Mercy Chebeni, MP
- 5) Sen. Wario Golich, MP
- 6) Sen. Philip Mpaayei, MP

ABSENT WITH APOLOGY

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS-Chairperson
- 2) Sen. (Prof.) Kithure Kindiki
- 3) Sen. Agnes Zani, MP

STATE DEPARTMENT FOR COOPERATIVES

1. Mr. Ali Noor Ismail- Principal Secretary
2. Mr. Geoffrey Njang'ombe- Commissioner of Cooperatives
3. Mr. John Mwaka-CEO, Sacco Societies Regulatory Authority (SASRA)
4. The Liquidators
5. Mr. Jeremiah Were- SASRA

IN -ATTENDANCE

- 1) Mr. George Ototo, MBS, General Manager, KUSCCO
- 2) Mr. Daniel Marube, CEO, CAK
- 3) Ms. Mercy Njeru- KUSCCO
- 4) Ms. Linda Karimi-KUSCCO

SECRETARIAT

- 1) Peter Mulesi - Clerk Assistant
- 2) Ms. Lucy Radoli - Legal Counsel
- 3) Millicent Ratemo - Audio Officer
- 4) Ms. Njeri Manga - Media Relations Officer
- 5) Mr. Stephen Maru - Sergeant-At-Arms
- 6) Mr. Victor Bett - Clerk Assistant
- 7) Mr. Collins Lukhale- Accountant
- 8) Ms. Rose Omboke - Office Assistant

MIN. NO.194/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 10.14 am and there followed a word of Prayer. She welcomed the delegation from the state Department for Cooperatives, led by Mr. Ali Noor Ismail, the Principal Secretary and the Commissioner for Cooperatives Mr. Geoffrey Njang'ombe. She also recognized the presence of the Kenya Union of Saccos and Credit Cooperatives (KUSCCO) and the Cooperative Alliance of Kenya.

She Conveyed apologies from the substantive Chairperson who was unable to join the Committee due to unavoidable circumstances.

She called for self -introductions

MIN. NO.195/2021

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. CPA. Farhiya Haji, MP and seconded by Sen. Mercy Chebeni, MP as follows-

- 1. Preliminaries**
 - i. Prayer*
 - ii. Introductions*
- 2. Submissions on Moi University Savings and Credit Society**
 - a) Principal Secretary, State Department of Cooperatives;
 - b) Kenya Union of Saccos and Credit Cooperatives (KUSCCO);
 - c) Cooperative Alliance of Kenya (CAK);
- 3. Any other Business**
- 4. Adjournment and Date of Next Meeting**

MIN. NO.196/2021: SUBMISSIONS ON MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY

The Chairperson welcomed the Principal Secretary, State Department of Cooperative Development, Mr. Ali Noor Ismail to make his submissions.

The Principal Secretary, presented apologies from the Cabinet Secretary, Ministry of Agriculture, Livestock Fisheries and Cooperatives who could not appear before the Committee due to unavoidable circumstances. He explained that he had the blessings of the Cabinet Secretary to proceed with the consideration of the matter at hand. He made submission on behalf of the Cabinet Secretary as follows- That

1. Introduction

Moi University Sacco Society Ltd (in liquidation) was registered on 6th May, 1985, with a main objective of mobilising saving and offering credit to his members drawn from employees of Moi University, Moi Teaching and Referral Hospital and University of Eldoret.

Over the years the society grew in membership to 6,200 as at 31st December, 2015, but by the December 2016, membership dropped to 3128.

The society acquired a plot in Eldoret town where Musco Towers - Eight storey building was constructed in year 2009 to year 2012. In its expansion strategy the society started F.O.S.A services in 1999 and opened branches in Main office at Moi University - Keses, Musco Towers in Eldoret Town and University of Eldoret-Chepkolel .

2. Deposit Taking Licensing License

The society in compliance with Sacco Societies Act was licensed by SASRA as a Deposit -Taking Sacco in the year 2008 opening the doors for the members for

accepting withdrawable deposits. The society also offered quasi-banking services and opened front offices in the headquarters in MUSCO towers Eldoret, and in University of Eldoret Campus

3. Performance of the Sacco as per Audited Accounts 2016

- **Membership** was 3128 of whom 1180 members were active and 1948 members were dormant.
- **Outstanding Deposit Refund of Ksh. 308,279,495** against deposits of **Ksh. 563,063,548** this led members to sue the Sacco at the Co-operative Tribunal for failure to refund the members deposits within sixty days (60) as stipulated by the law.
- **Co-operative Bank Loan** the Sacco borrowed a loan of **Ksh. 400,000,00** from Cooperative Bank for construction of MUSCO towers by Dinesh Construction Company Ltd and partly used as working capital. By the end of December 2018, the loan had accumulated a total interest of **Ksh. 58,182,978** the society had a bank overdraft of **ksh. 5,943,400**.
- **Creditors.** The Sacco had creditors and accruals amounting to **Ksh. 317,972,704**.

Following the experienced cash flow challenges, members resolved to dispose off the MUSCO Towers in year 2016 to settle off the liabilities but the process was slowed down by an arbitration case between the Sacco and the contractor DINESH construction company Ltd.

The arbitrator awarded the contractor a sum of **KES 141, 153,863 interest at 14% per annum** and decree was issued to the effect although the property is held as security for loan by Cooperative Bank. This made it not possible to execute the decree awarded.

4. Reasons for Revocation of License

According to SASRA report dated 27th, June 2018, the following conclusions were made relating to MUSCO that led to the revocation of the deposit taking license and subsequently liquidation were;

- i) The society had failed to meet the prescribed minimum capital requirements and liquidity ratio.
- ii) The society had failed to refund members savings and deposits amounting to **Ksh.345 Million** leading to lack of confidence in the society thereby withdrawing in mass.
- iii) The society had engaged in unsafe and unsound business practices by overstating its loans as key assets through under provisioning of the loan loss allowance **Ksh. 14.2 Million** instead of **Ksh. 275.2 Million**.
- iv) The society inability to meet its immediate financial obligations to its members who were owed more than **Ksh. 345 Million**; the tax obligations owed in excess of **Ksh. 13 Million**; financial lending institutions owed in

excess of **Ksh. 422 Million**; other party creditors owed in excess of **Ksh.141 Million** among others as at December, 2017.

- v) The Sacco society continued deposit taking in the absence of a functional and compliant MIS not only a breach and violation of the law but put to risk of Loss and non- accountability of financial transactions.
- vi) The Sacco deviated from the core business of savings and credit services to members by investing in buildings and purchasing of plots that were granted to members as loans thereby increasing the loan defaulted rate that stood at **Ksh. 275.2 Million**.

The regulator concluded that the society is technically insolvent thereby revoking its deposit taking license.

4.1 Revocation Process of Deposit Taking Licenses

SASRA revoked the Deposit - Taking business license issued pursuant to section 27(3) of Sacco Act Cap 490B in exercise of the powers conferred upon section 27 as read with section 6 of the Sacco Societies (Deposit- Taking Sacco) Regulations 2010 and all other enabling laws published on 29th June, 2018 vide **Kenya Gazette Notice No. 6391 dated 27th June, 2018**.

4.2 Cancellation/Liquidation Order

In view that Moi University Sacco Society Limited (MUSCO) was unable to meeting its objectives as provided in Section 62(1)(c) of the Co-operative Societies Act Cap 490, the Commissioner cancelled the registration of the society and ordered it to be liquidated to protect members funds and the general public from doing business after the deposit taking license had been revoked. Subsequently, a cancellation and liquidation order was done on **29th June, 2018** and published vide **Kenya Gazette Notice No.6971 on 13th July, 2013** which appointed Mr. Hesbon M. Kiura Principal Co-operative Officer Nairobi and Mr. Joel K. Barbengi Principal Co-operative Auditor – Elgeyo Marakwet as joint Liquidators for a period not exceeding one year.

The liquidators were authorized to take into custody all the properties of the society including books and documents as deemed necessary for completion of liquidation.

5. Legal Matters

The completion of liquidation process of MUSCO has delayed due to various legal tussles from members and the creditors as listed below: -

i) Eldoret High Court Case No. Hcc 4 of 2019

Immediately the liquidation order was gazetted, the former Sacco directors filed a case in Eldoret High court HCC No. 4 of 2019 challenging SASRA, the liquidators, servants, agents and assignees in a bid to stop the process. The County Secretary Uasin Gishu was enjoined in this case as an interested party.

ii) Appeal to the Cabinet Secretary

The former Chairman Mr. Francis B. Komen appealed to Cabinet Secretary against the liquidation order of the Sacco however the matter was not heard by the Cabinet Secretary because of the ongoing court case.

iii) Eldoret High Court Case No. 40 of 2018

Following the notice issued in September, 2018 by Co-operative Bank intending to sell MUSCO towers in Eldoret town to recover i outstanding loan balance of **KES 482,000,000**. The liquidators filed a case in Eldoret high court to challenge the notice. However, consent was entered by the parties and the matter was agreed upon that the bank to proceed on and sell the property to realize its money.

iv) High Court Milimani Commercial Court -Civil Case No. 301 of 2018

Dinesh Construction Company (contractor) filed the above case in Nairobi against MUSCO for payments of **KES 141,153,863.17** with simple interest at **14% per annum** with effect from 17th June 2018.

The award was upheld and the contractor was to hold Musco Towers for recovery of the debt. This led the Co-operative bank to appeal against the ruling and stay of execution orders which were granted on 15th June 2020, pending the hearing. The matter is still in court.

The bank had advertised the sale of the property to be done through public auction on 30th June, 2020 to realize the debt that has now accumulated to **Ksh. 583 Million**.

v) Co-operative Tribunal Cases

The society had over 23 cases filed in the Co-operative tribunal by members on refunds of deposits since 2015 amounting to more than **Ksh. 358, million**, These matters were consolidated in Co-operative tribunal courts and as it was agreed that the members be refunded in accordance with the scheme of distribution approved by the Commissioner for Co-operative Development.

6. Non- Remittance of Employee Deductions

At the time of liquidation, the Moi University had not remitted about **Ksh.68 million**. However the Commissioner has so far managed to recover **Ksh.35 million** through agency notice as per section 35 of the Co-operative Societies Act and the liquidators had collected an amount of **Ksh.14 million** leaving a balance an outstanding balance **Ksh.19 million** recovered and the university

The amounts recovered have been used to make refunds to some members, statutory payments and administrative costs during the liquidation period.

7. Intergovernment Relation Technical Committee (IGRTC)

The County Government Uasin Gishu petitioned to IGRTC for mediation with the State Department for Co-operatives on matters of revocation of deposit taking License of

Musco. The meeting was held on 18th June, 2019 and the ministry restated its position as submitted to the senate

8. Earlier Submissions

Following the invitation to the Senate, matters on matters concerning the liquidation of Musco the Ministry submitted responses on 17th July, 2020 and 16th November, 2020 on the subject matter.

9. Conclusion

In conclusion the Principal Secretary submitted that the both the revocation and cancellation of MUSCO were done in the best interest of members and in accordance with the law.

Mr. Daniel Marube, Chief Executive Office, Cooperative Alliance of Kenya in his submission observed that Moi University Savings and Credit society had suffered due to a number of reasons. However, the most significant was the management decisions that were taken by the management of the Sacco and the failure by the Sacco Societies Regulatory Authority (SASRA) to read the early warning signs.

Mr. Marube urged the Committee and the State Department for Cooperatives to review the Sacco Societies Act in order to ensure that the management committees are held accountable for decision made by them.

The CAK urged SASRA to consider revoking the liquidation order as MUSCO had the potential to recover.

Reactions by the Committee.

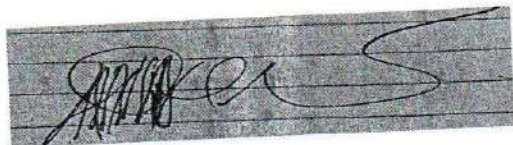
From the presentation the Committee flagged out the following issues –

Recommendation by the Committee

From the submissions made by the State Department for Cooperatives, the Commissioner of Cooperatives, Kenya union of Saccos and credit Cooperatives and Cooperative Alliance of Kenya, it was resolved that the Sacco Societies Regulatory Authority (SASRA) through the State Department of Cooperatives submits to the Committee an advisory opinion on whether or not MUSCO can be revived, citing technical reasons for the same.

MIN. NO.197/2020: ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business, the meeting adjourned at 1.20 pm.



SIGNATURE:

(CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

DATE: 25th March, 2021

**MINUTES OF THE 75TH SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON
WEDNESDAY 31ST MARCH, 2021 AT 11. 00AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Abdulahi Ibrahim Ali, CBS-**Chairperson**
- 2) Sen. (Dr.) Gertrude Musuruve, MP- **Vice- Chairperson**
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Mohamed Faki, MP
- 5) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

- 1) Sen. Wario Golich, MP
- 2) Sen. (Prof.) Kithure Kindiki
- 3) Sen. Philip Mpaayei, MP
- 4) Sen. Agnes Zani, MP

IN ATTENDANCE

Sen. (Prof.) Margaret Kamar, MP

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Ms. Sande Marale- Research Officer
- 4) Mr. Stephen Maru- Sergeant-At-Arms
- 5) Millicent Ratemo- Audio Officer

MIN. NO. 208/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 11.09 am and there followed a word of Prayer.

MIN. NO. 209/2021

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. (Dr.) Gertrude Musuruve, MP and seconded by Sen. Mohamed Faki, MP as follows-

1. Preliminaries
 - i. Prayer
2. Consideration and Adoption of Previous Minutes of the 74th Sitting held on Wednesday, 31st March, 2021
3. Consideration of a Response from the Sacco Societies Regulatory Authority (SASRA) on Moi University Sacco
4. Any other Business
5. Adjournment and Date of Next Meeting

MIN. NO. 210/2021:

**CONSIDERATION OF AND ADOPTION OF
MINUTES OF THE 74TH SITTING**

Minutes of the 74th Sitting held on Wednesday, 31st March, 2021 at 11.00am via zoom to the consider and adopt Minutes of the 73rd Sitting held on 25th March, 2021 at 11.00am were considered and adopted after having been proposed by Sen. (Dr.) Gertrude Musuruve, MP and Seconded by Sen. Mohamed Faki, MP. There were no matters arising.

MIN. NO. 211/2021:

**CONSIDERATION OF RESPONSE FROM SACCO
SOCIETIES REGULATORY AUTHORITY
(SASRA) ON THE PETITION ON MOI
UNIVERSITY SACCO**

The Chairperson invited the secretariat to take the Committee through the response from the Sacco Societies Regulatory Authority (SASRA). The Committee was informed that there was a response from SASRA as had been requested by the Committee during the meeting that was held on Wednesday, 17th March, 2021.

The Committee had directed SASRA to provide a report on the following issues-

- 1) Whether the due process of the law was followed;
- 2) Where the liquidation process is.
- 3) the current status of the SACCO.
- 4) Whether the SACCO can be revived.

That consequently, SASRA submitted a report in a letter to the Senate dated... covering the legal mandate of SASRA and a detailed licensing status of MUSCO SACCO Society from 2014 to 2017 and eventual revocation of the deposit-taking license in 2018. The report covers also covered-

- a) Background to Licensing of MUSCO Sacco Society Ltd
- b) Processes Leading to the Revocation of the Deposit -Taking License of MUSCO in June 2018
- c) Appointment of Liquidators by the Commissioner
- d) Due Process Followed by SASRA in Revocation of Deposit-Taking License
- e) Viability of reviving the SACCO Society
- f) Current status on the Liquidation of the SACCO Society
- g) Conclusions and Policy Actions

2.1. Background to Licensing of MUSCO Sacco Society Ltd

The Committee was informed as follows-

MOI University SACCO Society Ltd (herein after called MUSCO SACCO Society Ltd) was until 27th June 2018, one of the SACCO Societies licensed, regulated and supervised by SASRA pursuant to the provisions of Section 24 of the SACCO Societies Act as read with Part II of the SACCO Societies (Deposit-taking Sacco Business) Regulations, 2010.

It is however important to point out that MUSCO had been in operation as a general SACCO prior to June 2010 when the Act and the Regulations 2010 came into operation. It is also important to point out that despite the fact that the Act and Regulations 2010 came into force in June 2010, MUSCO SACCO Society Ltd was only able to obtain a deposit-taking license from SASRA in mid - 2014. The delay to license MUSCO was occasioned by the fact that MUSCO SACCO Society Ltd was struggling to meet the prescribed prudential standards prior to June 2014, and even when it was being licensed, MUSCO had not met the prescribed standards. The deposit taking license granted was therefore conditional.

The key issue as at the licensing time in June 2014, was that MUSCO had prior to the year 2014 borrowed money and invested the same in a building that was called the MUSCO Towers. However, the building was not generating funds sufficient to repay the loan facility, and as a consequence, MUSCO resorted to using members' funds to repay the loan facility to the Bank. This caused member apathy, and members started to withdraw from the SACCO as they could not get loans from the SACCO. Unfortunately, the withdrawing members too could not get back a refund of their deposits - which continued to accumulate. All these started well before SASRA license the SACCO. 9. However, during the period subsequent to the granting of the deposit-taking license, and in particular the years 2015, 2016 and 2017;

MUSCO was incapable of maintaining the prescribed minimum prudential standards, and consequently this resulted in MUSCO SACCO Society Ltd being granted conditionally restricted license from 2015 to 2018.

According to Section 26 of the Sacco Societies Act, a conditionally restricted deposit-taking license is to be issued to a SACCO society where it appears to SASRA that there are reasonable grounds for the revocation of a license, but the circumstances are such that the revocation would not be expedient or would be unjust to members. It reads inter alia that -

"Where it appears to the Authority that there are reasonable grounds for the revocation of a licence, but that the circumstances are such as that the revocation would not be expedient or would be unjust to the members, the Authority may restrict the licence in accordance with subsection (3)"

Consequently, it was apparent that the deposit-taking license which SASRA issued to MUSCO SACCO Society Ltd ought to have been revoked from 2015 and every subsequent year thereafter in the circumstances that it was not possible for MUSCO to rectify the issues on an annual basis in the hope that MUSCO's financial condition would change or be rectified in order to avoid revocation of the license.

This information that MUSCO SACCO Society Ltd was operating on conditionally restricted license was not only made known the Board of Directors through the license issued, but was also subsequently published in the Kenya Gazette and a newspaper of nationwide circulation as required by law. In addition, the license status of MUSCO Sacco Society was published in the SASRA's Annual SACCO Supervision Reports for 2015, 2016 and 2017. All these are public documents which were also made available on the Authority's website, and as such the entire public as well as members of MUSCO SACCO Society Ltd were aware or ought to have been aware that there existed circumstances to warrant the revocation of the deposit-taking license that was being issued to MUSCO.

2.2. Processes Leading to the Revocation of the Deposit -Taking License of MUSCO in June 2018

The Committee was informed as follows- that notwithstanding the fact that MUSCO SACCO Society Ltd and its officials were between 2014 and June 2018 granted opportunity through the various conditions which were endorsed on its deposit taking licenses, as well as other correspondences and meetings, to improve its financial performance and condition; MUSCO SACCO Society Ltd and its officials did not address the issues or the conditions, leading to the worsening or deterioration of its financial condition, to the detriment of the depositors and savers therein.

4.1 In September 2017 or thereabouts, SASRA in exercise of its mandate under the Act and Regulations 2010 conducted an on-site inspection on the operations of MUSCO SACCO Society Ltd and prepared a report to that effect. The tenor of the Inspection Report dated September 2017 was that the deposit-taking license of MUSCO SACCO Society Ltd ought to be revoked due to various violations and the worsening of the financial condition, which continued to expose any further deposit-taking activities of the SACCO.

Consequently, and vide a letter dated 22nd December 2017, SASRA notified of MUSCO SACCO Society Ltd that there were in existence reasonable grounds for the revocation of the deposit-taking license; but that the license would be issued conditionally and restricted subject to MUSCO SACCO Society Ltd, meeting the terms and conditions that were imposed on the license and implementing the recommendations contained in the Inspection Report dated September 2017.

Notwithstanding and having been given another opportunity to address the issues, MUSCO SACCO Society Ltd and its officials still did not do so, and consequently SASRA invoked the powers conferred by Section 27 of the Act, and issued to MUSCO SACCO Society Ltd a notice dated 7th March 2018 of the intention to revoke the deposit-taking license.

The notice was duly served upon MUSCO's Board of Directors and members of the Supervisory Committee on 8th March 2018 and required MUSCO SACCO Society Ltd to respond to the notice within fifteen (15) days.

MUSCO SACCO Society Ltd responded to the notice dated 7th March 2018 vide a letter dated 22nd March 2018, and SASRA duly considered the responses provided by MUSCO SACCO Society Ltd to each of the grounds for revocation that were enumerated in the notice dated 7th March 2018.

19. By way of a finding dated 27th June 2018, SASRA made a detailed and informed determination that MUSCO's deposit-taking license ought to be revoked pursuant to Section 27 of the Act as read with the Regulations 2010 made thereunder, on the basis of the grounds, findings and determinations enumerated in the Revocation of Deposit-taking license notice dated 27th June 2018 that -

The said MOI University SACCO Society Ltd (MUSCO) had failed to comply with the provisions of the Sacco Societies Act, the Regulations 2010 made thereunder and conditions imposed by SASRA on the consecutive deposit-taking licences issued to the Sacco Society for the year 2017 contrary to Section 27(1) (b) of the Sacco Societies Act. The said MOI University SACCO Society Ltd (MUSCO) did not maintain, and had on several occasions failed to maintain at least fifty per cent (50%) of the prescribe minimum capital contrary to Section 27(2) (c) of the Sacco Society Act; and

The said MOI University SACCO Society Ltd (MUSCO) had failed to comply with the provisions of the Sacco Societies Act and the Regulations 2010 made thereunder contrary to Section 27 (2) (b) of the Sacco Society Act.

20. SASRA equally made a finding in the said Revocation Order dated 27th June 2018, that any further and/or continued undertaking of deposit-taking business by MUSCO would be -

- a) A violation and/or breach of the provisions of the Act and the Regulations 2010 made thereunder
- b) Detrimental to and not being in the best interest of the members of MUSCO and the general public at large; and
- c) A threat to the safety and security of the members' deposits therein; and/or any further deposits which members of the SACCO and/or members of the public may make or may be made to make in favour of MUSCO SACCO Society.

The Revocation Order dated 27th June 2018 was duly served upon MUSCO's Board of Directors at a meeting which was called specifically for that purpose on 27th June 2018 through a process server. In accordance with Reg. 6 of the Regulations 2010, upon revocation of the licence, the assets, books and record of the Sacco Society shall be preserved by the Authority pending liquidation.

Consequently, on 27th June 2018 upon serving the Revocation Order, SASRA immediately took over the assets, books and records of MUSCO pending liquidation of MUSCO. As a government agency, SASRA sought and obtained the use of the local area administration police service to provide security during the preservation of the assets, books and records of MUSCO SACCO Society Ltd awaiting the appointment of a liquidator as envisaged in law.

Appointment of Liquidators by the Commissioner

The legal provisions governing the liquidation of Co-operative Societies are provided for in the Co-operative Societies Act (Cap 490), and only the Commissioner has powers to appoint liquidators of a Sacco Society. Consequently, SASRA as a prudential regulator only revoked the deposit-taking license of MUSCO SACCO Society, and preserved the assets and books of accounts on as is where is basis as provided in Reg. 6 of the Regulations 2010.

The liquidation exercise is undertaken pursuant to the provisions of the Cooperative Societies Act - administered by the Commissioner for Co-operative Development. And by way of Gazette Notice No. 6971 dated 29th June 2018, the Commissioner for Co-operative Development published a notice cancelling the registration of MUSCO SACCO Society Ltd as a Co-operative Society - and appointing liquidators in respect thereof.

Upon being served with the notice, SASRA handed over the preserved assets, books and records of MUSCO SACCO Society Ltd to the duly appointed liquidators, as envisaged in Reg. 6 of the Regulations 2010 aforesaid, and since then MUSCO SACCO Society Ltd has been in the hands of the duly and legally appointed liquidators as by law provided.

Due Process Followed by. SASRA in Revocation of Deposit-Taking

License

From the foregoing chronology of events, it is clear that SASRA followed all the due processes required and enshrined in the Sacco Societies Act and the Regulations 2010 before revoking the deposit-taking license of MUSCO SACCO Society Ltd as follows -

- a) MUSCO SACCO Society Ltd and its officials had over four years (from June 2014 to December 2018) to remedy the violations and breaches of the law, as well as address the acute financial distress the SACCO was in, but failed to do so, and instead the situation continued to worsen. The SACCO could thus not be allowed to continue taking more deposits from the public, when it could not and was completely unable to refund the deposits of exiting members;
- b) SASRA conducting an onsite inspection thrice from 2014 to 2017 to establish any progress in an attempt to normalize the operations of the SACCO; and communicated the findings and recommendations to the SACCO Board and management for implementation which on each occasion, was never implemented, leading to the worsening of the financial condition of the SACCO. The penultimate Inspection Report undertaken in September 2017 and the External Auditors report of the Financial Statements of the SACCO for the period ended December 2017 confirmed that the SACCO was technically insolvent.
- c) Consequently, and in order to protect the public against making any further deposits in the SACCO, SASRA issued a notice of intention to revoke the deposit-taking license, specifying the ground for the intended revocation was issued. The notice was duly served on both the Board and members of the Supervisory Committee, and MUSCO SACCO Society Ltd was given fifteen (15) days to respond to the notice; MUSCO SACCO Society Ltd responded to the notice vide a letter dated 22nd March 2018; SASRA thoroughly considered the response by MUSCO SACCO Society Ltd and provided a feedback to MUSCO SACCO Society Ltd stating the findings and observations with regard to each of the response provided by MUSCO SACCO Society Ltd; MUSCO SACCO Society Ltd was duly served with SASRA's findings, and even advised on the right of appeal.

The law is specific that upon revocation, SASRA must immediately preserve the assets, books and records of a SACCO pending liquidation - which is what SASRA did until a liquidator was appointed;

The law equally empowers the Commissioner for Cooperatives to cancel the registration of a Cooperative Society which had failed to meet its objects in accordance with Section 61 (C) of the Cooperative Societies Act; and MUSCO SACCO Society Ltd having had the object of undertaking deposit-taking business and having had its deposit-taking license revoked by SASRA, had clearly failed to meet its objects, and consequently, the Commissioner for Cooperative Development rightfully and in accordance with the law cancelled its registrations; and

The law equally provides that upon cancellation of registration of a Co-operative Society, the Commissioner must at the same time appoint a liquidator thereof, and consequently the Commissioner acted lawfully and in accordance with the law to appoint liquidator for MUSCO SACCO Society Ltd upon the cancellation of its registration.

3.0. VIABILITY OF REVIVING THE SACCO SOCIETY

SASRA operates within the framework of the Sacco Societies Act and the Regulations made thereunder. Consequently, SASRA licenses only SACCOs which are fully or reasonably compliant with the Act and the Regulations. It is important to emphasize that the Act and the Regulations prescribe the minimum prudential standards and practices, which ensure that the SACCO is able to meet its business obligations and operate safely. Thus, any SACCO Society that complies with the law will be duly licensed or authorized by SASRA as provided in law.

However, being cognizant of the fact that the problems facing MUSCO SACCO are purely financial and have persistent for years, any attempt to revive the SACCO must involve injection of sufficient funds to cover the existing liabilities and provide fresh capital injection to the SACCO. These attempts are however likely to be undermined by the following factors -

- i. Inability of the SACCO to provide member services in the form of loans, resulting in mass withdrawal from membership.
- ii. Outstanding claims for deposit refunds by members who withdrew but are yet to be refunded their deposits. This will put pressure on the SACCO to first refund such deposits which stood at over Kshs 345 Million as at December 2017;
- iii. Out of a loan portfolio of about Kshs 359 Million, almost 87% of it was non-performing as at December 2017. This means that only 13% of the loans was performing or recoverable, and loans being the most important earning asset of a SACCO implies that the SACCO is technically without any assets to operationally sustain it, since the other earning asset (MUSCO Towers) is secured in favour of Cooperative Bank and generates very little relative to the value of the investment.
- iv. Inability to honor the repayment terms for the bank loan and other lenders as evidenced by inability to service the Co-operative Bank loan.

v. Legal suits by members and other creditors including the MUSCCO Towers contractor and as at December 2017, the court decretal sums were in excess of Kshs 141 Million. This will undermine any efforts towards revival. Being a Cooperative, whereby the members are the owners and depositors, the withdrawal of members means total loss of confidence in MUSCO SACCO. This is why the members are pushing for refund of their deposits held in the SACCO and not the revival of the SACCO.

vi. Deposit taking financial institutions such as MUSCO SACCO thrive on the trust and confidence from the depositors. Once this is lost, it is extremely difficult to have the members return to a SACCO and put their deposits, worse still, where some members are owed monies by such a SACCO by way of refunds of deposits.

From the foregoing, it is evident that the revocation and eventual liquidation followed persistent inability of the SACCO to meet its business and regulatory obligations over several years. Thus, any attempts to revive MUSCCO SACCO Society will need to address this reality and the underlying challenges to the satisfaction of the various parties.

4.0. CURRENT STATUS ON LIQUIDATION OF THE SACCO SOCIETY

The Liquidation process is being conducted vide the provisions of the Co-operative Societies Act, and the Liquidator is an appointee of the Commissioner for Co-operatives.

Consequently, the Liquidator does not report to or answer to SASRA under the framework of the Co-operative Societies Act. Consequently, the Liquidator is best placed to provide a report on the status of the liquidation process.

5.0. CONCLUSIONS AND POLICY ACTIONS

As carefully analyzed herein, MUSCO SACCO Society Ltd was incapable of meeting its financial obligations, and its continued operations particularly by receiving further deposits from the members would not only have been contrary to the prescribed regulatory framework but would equally have continued to put to risk such deposits.

Having been unable to refund depositors obligations to the tune of over Kshs 345 Million as at December 2017, it would have been contrary to public policy for SASRA as the regulator to allow MUSCO SACCO Society Ltd to mobilize further deposits from members, which it would then default to refund again.

With outstanding deposit liabilities owed to members which ranged between Kshs 600 Million and Kshs 800 Million as at September 2017, and being cognizant that the only available substantial assets of MUSCO SACCO Society Ltd (other than the Tower) were the loan portfolio which was Kshs 359 Million as at the same period and out of which only about 13% was performing, it can be safely stated that MUSCO SACCO Society Ltd was technically insolvent and it would have been a serious exposure to members of the public to allow it to continue with further deposit-taking business.

The obtaining legal framework for SACCOs being deposit taking financial institutions is another limitation. Consequently, it is proposed that the following policy and legal frameworks be fast-tracked to enable SASRA deal with similar situations in future -

Operationalize the Deposit Guarantee Fund (DGF) to enable its implementation in the financial 2021/22. The primary policy objective of the DGF is to compensate depositors in the event of failure of a SACCO licensed and regulated under the Sacco Societies Act.

Establish a Central Liquidity Fund to provide industry mechanism for effective management of liquidity risks and connected risks amongst the deposit taking SACCOs. The process is at an advanced stage following the presidential directives issued in July 2019 and the draft legal amendments will be submitted to Parliament before close of 2021.

Establish a shared services legal framework for SACCOs to share common services so as to enjoy economies of scale, reduce competition among SACCOs, as well as reduce regulatory burden and cost of compliance. The process has commenced and is at advanced stage with the draft legal amendments expected to be submitted to Parliament before close of 2021.

Fast-track the legal framework for undertaking fit and proper suitability test as proposed in the Sacco Societies (Amendment) Bill No. 1 of 2018. This will ensure that only fit and proper persons are elected or appointed to run the affairs of SACCO Societies - and that in case of deviance, appropriate regulatory sanctions are imposed. The amendment Bill is before the Senate and our prayer is that it is fast tracked.

Resolutions of the Committee

Having considered the submissions by the Sacco Societies Regulatory Authority (SASRA) it was resolved that in order to finalize its report, the Committee requests for exit information from the following-

- 1) The Commissioner of Cooperatives to provide the liquidation statement of the MUSCO as at March, 2021 detailing the amount paid to Members, the beneficiaries and the bank loans including the latest audits undertaken on the liquidation account; and
- 2) The liquidators of Moi University Sacco to provide information on the land registration details and valuation reports of all the property

belonging to the Sacco including the parcels of land, buildings and any other investment;

- 3) The County Government of Uasin Gishu to provide information on the initiatives undertaken by the County Government towards the revival of the Sacco indicating the financial commitments to address repayment of defaulted bank loans;
- 4) The Vice Chancellors of Moi University and University of Eldoret, respectively, provide a report on the payroll deductions and remittances paid to the liquidators of Moi University Sacco as at March, 2021.

MIN. NO. 211/2021: ANY OTHER BUSINESS

- 1) It was reported that the Sacco Societies Regulatory Authority (SASRA) had submitted to the Senate a response on whether or not Moi University Sacco could be revived. It was resolved that the matter be considered during the next meeting and that the Sponsor of the Petition on the liquidation of Moi University Sacco, Sen. (Prof.) Margaret Kamar, MP be invited during the consideration of the response.
- 2) It was reported that there was ongoing policy review of various aspects of the Cooperative sector by the Cabinet Secretary, responsible for cooperatives. However, it was noted that the Ministry did not engage the Committee in any of the processes. It was resolved that the Committee invites the relevant Cabinet Secretary to provide information on all the ongoing policy changes within the sector.
- 3) It was noted that whereas the Committee had a busy schedule of activities, there were no subsequent reports that were Tabled in the Senate. It was resolved that the Committee finalizes all pending reports for Tabling immediately the Senate resumes from recess.

MIN. NO. 212/2021: ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business, the meeting adjourned at 11.53 am and the next meeting was scheduled for Thursday, 1st April, 2021 at 11.am via Zoom.



SIGNATURE: _____

CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

Dated: 1st April, 2021

**MINUTES OF THE 77TH SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY 8TH
APRIL, 2021 AT 11. 00AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Abdullahi Ibrahim Ali, CBS-**Chairperson**
- 2) Sen. (Dr.) Gertrude Musuruve, MP- **Vice- Chairperson**
- 3) Sen. Mohamed Faki, MP
- 4) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

- 1) Sen. (CPA) Farhiya Haji, MP
- 2) Sen. Wario Golich, MP
- 3) Sen. (Prof.) Kithure Kindiki
- 4) Sen. Philip Mpaayei, MP
- 5) Sen. Agnes Zani, MP

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Ms. Sande Marale- Research Officer
- 4) Mr. Stephen Maru- Sergeant-At-Arms
- 5) Millicent Ratemo- Audio Officer

MIN. NO. 223/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 11.10 am and there followed a word of Prayer.

MIN. NO. 224/2021

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. (Dr. Gertrude Musuruve Inimah, MP and seconded by Sen. Mercy Chebeni, MP as follows-

- 1) Preliminaries
Prayer
- 2) Adoption of agenda
- 3) Consideration of the Draft Report on the Petition on the liquidation of Moi University Sacco
- 4) Consideration and adoption of Minutes of the 76th Sitting held on Wednesday, 7th April, 2021.
- 5) Any other Business
- 6) Adjournment and Date of Next Meeting

MIN. NO. 225/2021: CONSIDERATION OF THE DRAFT REPORT ON THE PETITION ON THE LIQUIDATION OF MOI UNIVERSITY SACCO

The Chairperson invited the secretariat to take the Committee through the draft report on the Petition regarding the liquidation of Moi University Savings and Credit Society. The Committee was also informed that the Committee had sought further clarifications as follows-

- 1) The Commissioner of Cooperatives to provide the liquidation statement of the MUSCO as at March, 2021 detailing the amount paid to Members, the beneficiaries and the bank loans including the latest audits undertaken on the liquidation account;
- 2) The liquidators of Moi University Sacco to provide information on the land registration details and valuation reports of all the property belonging to the Sacco including the parcels of land, buildings and any other investment;
- 3) The County Government of Uasin Gishu to provide information on the initiatives undertaken by the County Government towards the revival of the Sacco indicating the financial commitments to address repayment of defaulted bank loans; and
- 4) The Vice Chancellors of Moi University and University of Eldoret, respectively, provide a report on the payroll deductions and remittances paid to the liquidators of Moi University Sacco as at March, 2021.

The Committee was informed that awaiting the above response, the secretariat only provides highlights of the report and its recommendations.

Ms. Sande Marale, Research Officer informed the Committee of the Following Recommendations as contained in the report-

1. THAT, SASRA within 14 days of tabling this report revokes the liquidation orders for MUSCO to allow for extensive dialogue among the relevant stakeholders;
2. THAT, State Department of Cooperatives (Ministry of Agriculture Livestock Fisheries and Cooperatives) within 90days of tabling the report present to the Senate the National Cooperative Policy for concurrence and subsequent implementation.
3. THAT, Cooperative Bank of Kenya, within 90 days of tabling of the report present a comprehensive report of the way forward as regards the credit facility owed by MUSCO.
4. THAT, Director of Criminal Investigation (DCI) institute investigations on the following:-
 - (a) Malpractices and abuse of office of former MUSCO officials dating back to 2009 and prosecute those found culpable of financial malpractices

5. THAT, the liquidators present the following reports to the Senate within 60 days of tabling of this report.

(a) Valuation reports and certified copies of all assets portfolio belonging to MUSCO.

(b) Liquidation status and financial reports and statement of MUSCO as at March 2021 including latest audits undertaken on the liquidation account

6. THAT County Government of Uasin Gishu provide the Senate with a comprehensive report on the initiatives taken by the County Government to revive MUSCO, with specifics on the financial commitments towards reducing MUSCO's liabilities.

7. THAT, The Moi University management provide the Senate with a status report on payroll deductions and remittances paid to liquidators of MUSCO as at March 2021.

8. THAT, The University of Eldoret management provide the Senate with a status report on payroll deductions and remittances paid to liquidators of MUSCO as at March 2021.

Reactions by the Committee

- 1) On Recommendation No. 1, the Committee declined this recommendation and observed that the Sacco Societies Regulatory Authority (SASRA) did not have the mandate under the law to revoke the liquidation process as it was the function of the Commissioner of Cooperatives;
- 2) Further, it was observed that the recommendation did not explain who would take over the operations of the Sacco even in the event that the License was issued back to the Sacco.
- 3) It was further observed that the 14 day timeline for SASRA to grant back the license was not practical and it would depend on the action, reaction and interaction of the rest of the stakeholders;
- 4) The Committee agreed with recommendation 3, 4 and 5.

Recommendations by the Committee

From the deliberations that ensued, it was recommended as follows; **That**

- 1) Recommendation No.1 be reworded to read as follows, *that the Sacco Societies Regulatory Authority (SASRA) in consultation with the Commissioner of Cooperatives, the County Government of Uasin Gishu, Cooperative Bank of Kenya, Intergovernmental Technical Committee and the interim management committee of the Moi University Sacco, within 90days of the report. deliberate and agree on a timeframe within which SASRA would grant back the license to the Sacco;*
- 2) Recommendation No.2 requiring the State Department of Cooperatives (Ministry of Agriculture Livestock Fisheries and Cooperatives) within 30 days to present to the Senate the National Cooperative Policy for concurrence and subsequent implementation, be dropped as it was a general requirement that was not tied to the prayers by the petitioners.

MIN. NO. 226/2021:

CONSIDERATION AND ADOPTION OF MINUTES OF THE 76TH SITTING HELD ON WEDNESDAY, 7TH APRIL, 2021.

Minutes of the 76th Sitting held on Wednesday, 7th April, 2021 were adopted as true copy of the deliberations after having been proposed by Sen. (Dr.) Gertrude Musuruye Inimah, MP and Seconded by Sen. Mohamed Faki, MP. There were no matters arising except the

numbering of the Minutes.

MIN. NO. 227/2021: ANY OTHER BUSINESS

- 1) The Committee was informed that the Kenya Institute of Management (KIM) was organizing a training for the Committee that would be hosted in Dubai within the month of May, 2021. It was recommended that the training be held in the second half of May, 2021 owing to considerations of the Ramadhan period. The Secretariat was tasked to follow-up on the matter and report its progress in the subsequent meetings.
- 2) A member inquired on the concerns appearing in public over whether the standoff between Kenya and Great Britain would impact on the ongoing UK- Kenya Economic Partnership Agreements. The Secretariat was requested to follow-up with the Ministry of Trade for a more comprehensive briefing to the Committee.

MIN. NO. 228/2021: ADJOURNMENT AND THE DATE OF THE NEXT MEETING
There being no other business, the meeting adjourned at 11.58 am and the next meeting was scheduled for Wednesday, 14th April, 2021 at 11.am via Zoom.



SIGNATURE:

CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

Dated: 14th April, 2021

**MINUTES OF THE 81ST SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY 22ND
APRIL, 2021 AT 11. 00 AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Abdullahi Ibrahim Ali, CBS-Chairperson
- 2) Sen. (Dr.) Gertrude Musuruve, MP- Vice- Chairperson
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Mohamed Faki, MP
- 5) Sen. Mercy Chebeni, MP

ABSENT WITH APOLOGY

- 1) Sen. (Prof.) Kithure Kindiki
- 2) Sen. Philip Mpaayei, MP
- 3) Sen. Agnes Zani, MP
- 4) Sen. Wario Golich, MP

SECRETARIAT

- 1) Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Ms. Sande Marale- Research Officer
- 4) Ms. Millicent Ratemo- Audio Officer
- 5) Mr. Stephen Maru- Sergeant-At- Arms

MIN. NO. 240/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 11.19 am and there followed a word of Prayer.

MIN. NO. 241/2021

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. Mercy Chebeni, MP and seconded by Sen. (Dr.) Gertrude Musuruve, MP as follows-

- 1) Preliminaries
Prayer
- 2) Adoption of agenda
- 3) Confirmation of Minutes of the 80th Sitting held on Wednesday, 21st April, 2021
- 4) Consideration of Responses by stakeholders on the Moi University Sacco
- 5) Any Other Business
- 6) Adjournment and Date of Next Meeting

MIN. NO. 242/2021:

**CONFIRMATION OF MINUTES OF THE 80TH
SITTING HELD ON WEDNESDAY, 21ST APRIL, 2021**

Minutes of the 80th Sitting held on Wednesday, 21st April, 2021 were considered and

were adopted after having been proposed by Sen. CPA. Farhiya Haji, MP and seconded by Sen. Mercy Chebeni, MP as a true reflection of the deliberations. There were no matters arising.

Matters Arising from the Minutes

Committee training in Dubai

It was reported that the Committee's Training to be undertaken at the Hilton Gardens in Dubai, UAE was awaiting approval and that the Committee would be informed on the progress of the approval.

It was noted that the Committee had already aligned its training budget to its annual foreign travel budget for the Financial Year 2020/2021 which was Ksh. 9.582 million. From this Budget it was recommended that the Committee could only train five (5) Members. The following Members were nominated to Participate in the Training based on Committee attendance-

1. Sen. (Dr.) Abdullahi Ibrahim Ali, CBS, MP-
2. Sen. (Dr.) Gertrude Musurue Inimah, MP-
3. Sen. (CPA) Farhiya Haji, MP-
4. Sen. Mercy Chebeni, MP-
5. Sen. Mohamed Faki, MP-

Correspondence on Moi University Sacco

It was reported that the Committee had received exit submissions on Moi University Sacco from the Commissioner of Cooperatives, Moi University, University of Eldoret and the County Government of Uasin. However, it was observed that the responses did not have any significant impact on the Committee findings and observations on the petition on the liquidation of the Sacco.

It was resolved that the Committee proceeds and finalizes its report on the petition for Tabling in the Senate.

The Committee, based on the prayers by petitioners, agreed on the following recommendations- **That**

1. The Commissioner of Cooperatives in consultation with SASRA, County Government of Uasin Gishu, Cooperative Bank and the Intergovernmental Relations Technical Committee reinstates MUSCO's certification of operations (back office) within 90 days;
2. The Cooperative Bank of Kenya within 90 days to present a comprehensive report on the way forward as regards the credit facility owed by MUSCO;
3. The Directorate of Criminal Investigation (DCI) to institute investigations on malpractices and abuse of office by former MUSCO officials dating back to 2009 and prosecute those found culpable of financial impropriety and report back to the Senate in 90 days;
4. The Office of the Auditor General undertake a forensic audit on the liquidation process by MUSCO liquidators to determine any impropriety or otherwise and report to the Senate in 90 days;
5. The County Government of Uasin Gishu provide the Senate within 30 days a comprehensive report detailing the initiatives they intend to take following the reinstatement of certification of MUSCO's operations, with specifics on the financial commitments towards reducing MUSCO's liabilities;

6. The State Department of Co-operatives within 30 days present to the Senate the National Cooperative Policy for concurrence and subsequent implementation.

Members observed that the Committee had done its best in responding to the petitioners and that it was now the responsibility of other institutions to play their part as per the recommendations of the Committee.

MIN NO. 243/2021: ANY OTHER BUSINESS

There being no other business, the meeting adjourned at 12.40 pm.



SIGNATURE:

CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

Thursday, 29th April, 2021

**MINUTES OF THE 93RD SITTING OF THE STANDING COMMITTEE ON
TOURISM, TRADE AND INDUSTRIALIZATION HELD ON THURSDAY 8TH
JULY, 2021 AT 11. 00 AM VIA ZOOM**

PRESENT

- 1) Sen. (Dr.) Abdullahi Ibrahim Ali, CBS-**Chairperson**
- 2) Sen. (Dr.) Gertrude Musuruve, MP- **Vice- Chairperson**
- 3) Sen. (CPA) Farhiya Haji, MP
- 4) Sen. Mohamed Faki, MP
- 5) Sen. Wario Golich, MP

ABSENT WITH APOLOGY

- 1) Sen. (Prof.) Kithure Kindiki, MP
- 2) Sen. Philip Mpaayei, MP
- 3) Sen. Agnes Zani, MP
- 4) Sen. Mercy Chebeni, MP

SECRETARIAT

- 1) Mr. Peter Mulesi- Clerk Assistant
- 2) Ms. Lucy Radoli- Legal Counsel
- 3) Ms. Sande Marale- Research Officer
- 4) Mr. Stephen Maru- Sergeant-At-Arms
- 5) Ms. Millicent Ratemo- audio Officer
- 6) Ms. Brenda Michira- Intern, Legal

MIN. NO. 302/2021:

: PRELIMINARIES

The Chairperson called the meeting to order at 11.08 am and there followed a word of Prayer.

MIN. NO. 303/2021

: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after having been proposed by Sen. Mohamed Faki, MP and seconded by Sen. (Dr.) Gertrude Musuruve, MP as follows-

1. Preliminaries
 - i. Prayer
2. Adoption of Agenda
3. Confirmation of Minutes of the 92nd Sitting held on Wednesday 7th July, 2021
4. Adoption of Committee Report on the Petition on the Liquidation of Moi University Savings and Credit Society (MUSCO)
5. Adjournment and Date of Next Meeting

MIN. NO. 304/2021:

**CONFIRMATION OF MINUTES OF THE 92ND
SITTING HELD ON WEDNESDAY 7TH JULY, 2021**

The Minutes of the 92nd Sitting held on Wednesday, 7th July, 2021 were confirmed as a true copy of the deliberations after having been proposed by Sen. Mohamed Faki MP and seconded by Sen. (Dr.) Gertrude Musuruve, MP.

Matters Arising

Ex. Min. No. 300/2021 regarding the stakeholder amendments to the County Licensing (Uniform Procedure) Bill, (Senate Bills No. 32 of 2020). The Committee considered the proposed amendment to Clause 2 on the definition of county executive committee member to mean the county executive committee member responsible for matters relating to trade in the respective county.

It was observed the County Executive Member for Finance should instead be in charge of the licensing as a way of having one center of power.

MIN. NO. 305/2021:

ADOPTION OF THE REPORT ON THE PETITION ON THE LIQUIDATION OF MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY (MUSCO)

The Chairperson explained that the Committee had elaborately considered the petition on the liquidation of Moi University Sacco and further engaged with petitioners and a broad spectrum of respondents and persons affected by the liquidation.

He then invited Members to adopt the report of the Committee on the matter for Tabling in the Senate.

The Committee report on the Petition on the Liquidation of Moi University Savings and Credit Society (MUSCO) was unanimously adopted after having been proposed by Sen. CPA. Farhiya Haji, MP and seconded by Sen. Mohamed Faki, MP.

The Committee acknowledged the support and cooperation by all the concerned stakeholders during the consideration of the petition.

It was resolved that the adopted report be prioritized for listing on the Order Paper for Tabling in the Senate during the subsequent week.

MIN. NO. 306/2021:

ANY OTHER BUSINESS

1. It was reported that the committee had invited the Cabinet Secretary to its meeting scheduled for Wednesday, 21st July, 2021 at 11.am through zoom online platform to provide information on the following –

- a) A report on the implementation status of various projects undertaken by the Ministry during Financial Year 2020/21 and the scheduled activities for Financial Year 2021/22;
- b) A report on the status of the Kenya Utalii College;
- c) Legislative proposals forwarded by the Ministry to Parliament; and
- d) the status of the legislative proposal by the East Africa Tour Guides and Drivers Association seeking to amend the Tourism Act, 2011.

Regarding item (a), the secretariat was requested to identify specific projects for interrogation during the said meeting. It was recommended that the Budget Policy Statements serves as a basis for such information. In addition, the Committee also

requested for a brief on the status of the utilization of the tourism sector relief fund with regard to impact of Covid-19 on tourism and hospitality sub-sectors.

2. The Chairperson requested the Legal Counsel to update the Committee on the status of the processing of the Sacco Societies (Amendment) Bill as it was one of the Bills that were affected by the High Court Judgement in petition No. 284 of 2019.

Upon the advice by the Legal Counsel, the Committee resolved to take a proactive approach by including the amendments in the Sacco Societies Bill as consequential amendments in the Cooperative Societies Amendment Bill.

MIN. NO. 307/2021: ADJOURNMENT AND THE DATE OF THE NEXT MEETING

There being no other business, the meeting adjourned at 12.18 pm and the next meeting was scheduled for Wednesday, 14th July, 2021 at 11.00 am via zoom.

SIGNATURE:


CHAIRPERSON: SEN. (DR.) ABDULLAHI IBRAHIM ALI, CBS, MP)

Dated: 08-07-2021

11 Petition



The Clerk of the Senate
Parliament Buildings
P.O. Box 41842 - 00100
NAIROBI
Email: cSenate@parliament.go.ke

RE: PETITION TO THE SENATE CONCERNING THE LIQUIDATION OF MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY (MUSCO)

We, the undersigned,

27 FEB 2020

Citizens of the Republic of Kenya, and residents of Uasin Gishu County;

DRAW the attention of the Senate to the following:

D.L.P.S

Please deal.
28/2/20

1. *MUSCO is an established SACCO*

1.1. THAT, the SACCO began 35 years ago in 1985;

1.2. THAT, the SACCO currently boasts of over 3000 members in various institutions including Moi University, University of Eldoret, Maasai Mara University, University of Kabianga and Bomet University College among others;

1.3. THAT, the SACCO purchased a 0.114 acre leasehold property known as ELDORET MUNICIPALITY BLOCK 4/321 for a term of 50 years with effect from 1st August 2009;

1.4. THAT, as per a valuation report dated March 2017, the property, named MUSCO Towers, was valued at Ksh. 650,000,000 (Six hundred and fifty million shillings), Ksh. 200M of which was charged to Cooperative Bank of Kenya;

2. *MUSCO was an attractive economic investment*

2.1. THAT, MUSCO received an operating license in 2014 and got its renewal later on from SACCO Societies Regulatory Authority (SASRA) to operate as a deposit taking business;

2.2. THAT, the establishment of SASRA as a strong regulatory framework instilled confidence that it would ensure that the members' funds are secure;

③ Ms. Wacharia
Please renew the

NOTES

Petition to the Senate by members of the Moi University Savings and Credit Society (MUSCO) concerning the liquidation of the SACCO

2.3. THAT, following the completion of the MUSCO Towers Building, the SACCO began to experience liquidity problems;

2.4. THAT, the problems were compounded by the failure of Moi University to remit its members' deductions from June 2015 to the time of the license revocation;

3. *SASRA sought to revoke the deposit taking license regardless of measure MUSCO outlined to get the SACCO back on its feet.*

3.1. THAT, SASRA issued a notice of intention on 7th March 2018 to revoke license pursuant to Section 27 (1) of the Sacco Societies Act requiring the MUSCO Board to show sufficient cause that would stop the revocation of the license;

3.2. THAT, on 22nd March 2018, MUSCO gave their 2017 audited accounts which showed that MUSCO was recovering given its reducing deficit in 2017 compared to 2016 which allowed the SACCO to grant school fees loans to its members worth about Ksh. 30M without any external borrowing. MUSCO only needed a little more time to stabilize. SASRA did not respond to the said letter;

3.3. THAT, the same letter dated 22nd March 2018 stated that the SACCO intended to open tender bids on 28th June 2018 to sell the MUSCO Towers building so as to clear the Cooperative Bank loan and use the balance of the amount to carry out other SACCO operations;

3.4. THAT, SASRA did not consider the letter written by MUSCO and went on to revoke the deposit taking license on 27th June 2018

4. *Several factors in the process of liquidation shows that there is mischief and bad faith on the part of SASRA*

4.1. THAT, the closure of the SACCO on the eve of the planned sale is suspect;

4.2. THAT, the Commissioner of Cooperatives unlawfully cancelled the registration of MUSCO and appointed liquidators without carrying out an inquiry or reporting findings at a general

Petition to the Senate by members of the Moi University Savings and Credit Society (MUSCO)
concerning the liquidation of the SACCO

meeting of the society before implementing its recommendation as is stated in Section 58 of the Cooperatives Act;

4.3. THAT, the speedy deregistration and non-procedural appointment of liquidators casts doubt on the intentions of SASRA and the Commissioner of Cooperatives;

4.4. THAT, the Cabinet Secretary failed to grant MUSCO a hearing concerning their decision to appeal the decision by SASRA to revoke the license pursuant to Section 69 of the Cooperatives Societies Act

5. *Apart from the aforementioned letter to the Minister, MUSCO has sought other interventions*

5.1 THAT, after the failed attempt to seek audience with the Cabinet Secretary, MUSCO moved to court to apply for Judicial Review Orders against the decision to revoke the license by SASRA via application namely, in the Eldoret High Court Miscellaneous Civil Application No.66 of 2018. The court dismissed the application stating that the procedure did not follow the right channel which should have involved going through the Cabinet Secretary before going to court;

5.2 THAT, MUSCO appealed to the Cabinet Secretary on 18th July, 2018 and was not granted any hearing or response;

5.3 THAT, MUSCO then sought audience with the Minister but to no avail;

5.4 THAT, following a meeting with the Inter-Governmental Technical Relations Committee (IGTRC) after the County Government raised a dispute with the National Government, the IGTRC recommended that MUSCO, SASRA, the Commissioner for Cooperatives and the liquidators come together to formulate proposals to ensure that the SACCO continues to run and members do not lose their money;

5.5 THAT, pursuant to IGTRC's recommendations, the county government requested liquidators to provide access to financial documentation that would make it possible for the former to salvage the situation through financial assistance but the liquidators did not do so which shows that they were set on liquidation despite the fact that it is usually a last resort in such matters;

Petition to the Senate by members of the Moi University Savings and Credit Society (MUSCO)
concerning the liquidation of the SACCO

5.6 THAT, following a stalemate due to lack of consensus between the parties involved, MUSCO moved to court via application dated 30th October 2019 to get a temporary injunction from the sale of MUSCO Towers by auction on 31st January 2020;

5.7 THAT, after the ruling, the auctioneers went ahead to issue a notice showing their intention to auction the property on 3rd March 2020

6. THAT, I/we have made the best efforts to have these matters addressed by the relevant authorities all of which have failed to give a satisfactory response.

7. THAT, none of these issues raised in this Petition is pending in any court of Law, Constitutional or any other legal body.

WHEREFORE, your humble petitioners pray that the Senate-

1. Given the apparent non-procedural, unscrupulous and suspicious behavior of SASRA, the Commissioner of Cooperatives and the Cabinet Secretary in charge of Industry, Trade and Cooperatives, we would like to request the senate to summon the aforementioned parties and grant us all hearing to resolve the clear failure by the former to perform their duties as state officers;
2. Stops the auction of the building because it is a hurried sale of an undervalued property since it is being sold at around Ksh. 250M yet it is worth over Ksh. 650M thereby may cause irrecoverable loss to its shareholders;
3. Uncovers the possible canvassing involved by SASRA, the Commissioner of Cooperatives and the Cabinet Secretary in charge of Industry, Trade and Cooperatives as is seen in the mismanagement of MUSCO in breach of their fiduciary duties while failing to give any information concerning the process of liquidation;
4. Demands for the MUSCO financial documents since there is no other way to prove the financial issues present. This secrecy has led members to be in the dark concerning the amount of money being collected in rent, how the money collected is spent, and how loans taken by members are being recovered. In fact, it is believed that money is being channeled to KCB Account 1235103706 Eldoret Branch. However, this cannot be proved. Also, there is no proof that KRA remittances are being made by MUSCO management;

Petition to the Senate by members of the Moi University Savings and Credit Society (MUSCO)
concerning the liquidation of the SACCO

5. Expedite the process of investigation and resolution in the interest of justice and public interest
before we all lose our hard-earned money and set a terrible precedent

Dated this 24th day of February 2020

No	NAME	ADDRESS	I.D. No.	SIGNATURE
	JACK WILLIS OKUMU ABOK	3900, ELD	2172853	<i>[Signature]</i>
	DAVID THUO KAMAU	1125, ELD	7085599	<i>[Signature]</i>
	ROSE KOIMA	3900, ELD	8028623	<i>[Signature]</i>
	MICHAEL KANGOGO	7431, ELD	11187861	<i>[Signature]</i>
	PAMELLA MORAA	3900, ELD	7301377	<i>[Signature]</i>

Counter signed by Senator Prof. Margaret J. Kamar, Senator for Uasin Gishu County.

[Signature]
UASIN GISHU COUNTY
SENATE OFFICE
27 FEB 2020
Sen. Prof. Margaret J. Kamar,
P.O. Box 41842-00100
Senator for Uasin Gishu County
NAIROBI



CO-OPERATIVE BANK

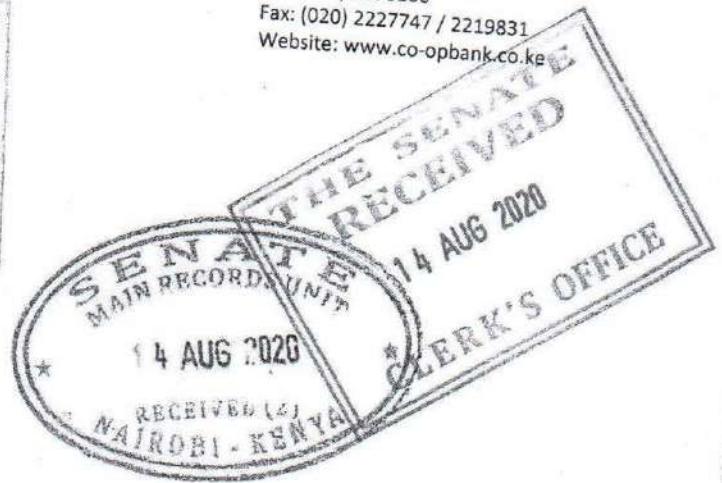
We are you

The Co-operative Bank of Kenya Limited
Co-operative Bank House
Haile Selassie Avenue
P.O. Box 48231 - 00100 GPO Nairobi
Tel: (020) 3276100
Fax: (020) 2227747 / 2219831
Website: www.co-opbank.co.ke



7th August, 2020 14 AUG 2020

The Clerk of the Senate,
The Senate,
Clerk Chambers,
Parliament Buildings,
P.O. Box 41842 - 00100
Nairobi.

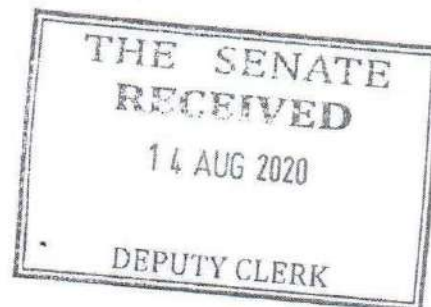



Dear Sir,

**RE: REQUEST FOR SUBMISSIONS ON THE PETITION ON THE LIQUIDATION OF
THE MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY (MUSCO)**

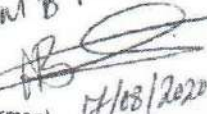
We refer to your letter dated 30th July, 2020 and enclose herewith our comprehensive response and enclosures thereon for your onward transmission to the Senate Standing Committee on Tourism, Trade and Industrialization.

Yours faithfully,




SAMUEL M. KIBUGI
COMPANY SECRETARY

① **DCOM**
Please deal
Deputy Clerk, Senate
Date 14 / 08 / 2020

② *Mr. Muriuki*
Please bring to the attention
of the Tourism & Trade Committee

17/08/2020

Directors: John Murugu (Chairman), Dr. Gideon Muriuki (Group Managing Director & CEO), M. Malonza (Vice Chairman),
J. Sitienei, B. Simiyu, P. Githendu, W. Ongoro, R. Kimanthi, W. Mwambia, R. Simani (Mrs), L. Karissa, G. Mburia.



CO-OPERATIVE BANK

REPORT TO SENATE STANDING COMMITTEE ON TOURISM, TRADE AND
INDUSTRIALIZATION

This report is in reference to the information sought for vide your letter Reference Number SEN/SCTTI/CORR/2020/15 dated 30th Jul 2020 by the Clerk of the Senate. In terms of your request, we highlight the following:

1) INTRODUCTION AND HISTORICAL BACKGROUND OF THE CO-OPERATIVE BANK OF KENYA LIMITED.

- a) The Co-operative Bank of Kenya was incorporated in 1966 to solely serve the unique co-operative sector as a vital component of growth and provision of financial services to the Co-operative movement and opened its doors in 1968. At the time of incorporation, the Societies were not able to get banking/financing services from other banks, and thus the need for a bank that could assure them of their needs.
- b) The Co-operative movement has thus grown significantly over the last 50 years playing a significant and vital role in rural finance and uplifting the standards of living of members of the co-operative movement in Kenya.
- c) The Co-operative movement in Kenya has a membership of over 15 million members, the majority of whom are to be found in the rural areas. The Co-operative movement in Kenya is the most vibrant and established co-operative movement in Africa, with the following key highlights: -
 - It comprises over 22,000 registered co-operative societies with a membership of over 15 million registered members, making it the largest in Africa;
 - The co-operative societies cut across all sectors of the economy for instance Coffee, Dairy, Housing, Farming and Marketing Co-operatives and Sacco's.
 - Out of the 22,000 registered co-operative societies, over 8,000 comprise the Savings and Credit Co-operative Societies (SACCOS);
 - The SACCOS have mobilized over Kshs.250 billion in savings, that comprises more than 30% of the National domestic savings;

- The SACCO movement in Kenya has evolved into a formidable force for the social and economic transformation of the Kenyan people, and cuts across all sectors of the economy;
- The Co-operative Movement is the backbone of Kenya's rural economy.
- Out of the 8,000 SACCOs, there are over 560 Front Office Service Activity (FOSA) offering basic banking services across the country with incredible impact in availing of basic financial services to Kenyans in the rural areas not serviced by ordinary commercial banks; thus deepening financial access.
- The FOSAs have over 4 million account holders, which compares well with the number of account holders in the formal commercial banking sector.

d) With the tremendous growth of the bank over the years, and to ensure a continued growth trajectory and further expansion, there was need for the bank to raise substantially much more capital than was available from the periodical capital raising initiatives in the Co-operative movement; this was optimally then through a listing at the Nairobi Securities Exchange.

e) The bank, in consultations with the Central Bank of Kenya and Capital Markets Authority engaged with various consultants and reviewed the various options on how to list the Co-operative bank then still incorporated as a Co-operative Society. The most suitable option was to warehouse all the co-operative societies' shareholding in one vehicle, Co-op Holdings Co-operative Society Ltd. This option was very important because it assured the Co-operative Societies that they would keep their strategic investment for both financing needs as well as to generate income in terms of dividends now and into the future. Co-op Holdings co-operative society thus holds the shares in trust for 3,820 individual co-operative societies who in turn have millions of individual members

f) The bank hence converted into a limited liability company to facilitate listing at the Nairobi Securities Exchange under the CMA Act.

g) The Bank was thus listed at the Nairobi Securities Exchange in year 2008 in order to raise over Kshs.5.4 billion additional capital for further expansion; currently owned 64.5% by the co-operative

movement through Co-opholdings Co-operative Society Ltd, and 35.5% by general public.

- h) The Bank is now one of the largest banks in the region with an Asset Base of over Kshs 514 billion, over 8.7 million customers across 157 branches countrywide and customer deposits of over Kshs 385 billion as at 30th June, 2020.

II) RELATIONSHIP BETWEEN MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY AND THE BANK.

1. The relationship between the Bank and Moi University Savings and Credit Society (hereinafter referred to as the "Sacco") commenced in the year 2003, when the Sacco opened an account with the Bank at our Eldoret Branch. The relationship between the Bank and the Sacco has been over the years been very cordial leading to the Bank advancing various banking and credit facilities between the years 2008 and 2016 as outlined in Schedule 1 herebelow.
2. The Sacco applied and the Bank granted a credit facility of Kshs 200,000,000 vide an Offer Letter dated 14th December 2009 for purposes of developing/construction of a commercial building in Eldoret town over their property known as Eldoret Municipality Block 4/321 (the "Property").
Please find enclosed a copy of the Offer Letter dated 14 December 2009 duly accepted by the Sacco for your ease of reference. Appendix I.
3. The Sacco offered as part of the securities a legal charge over the Property. A Legal Charge dated 18th March 2010 was created over the Property and duly registered in the favour of the Bank to secure the sum of Kshs.200,000,000/= at the Land Registry in Eldoret and at the Office of the Commissioner for Co-operatives Development. The Charge provided inter alia the following pertinent terms:-
 - That failure by the Sacco to pay the stipulated monthly installments by the due date would be considered an event of default.
 - In the event of default, the Bank would have the right to exercise its statutory power of sale over the suit property as legally provided for in law.

Please find enclosed a copy of the Legal Charge, Certificate of Registration of a Mortgage and a copy of the title over the Property for your ease of reference. Appendix II.

4. The Sacco applied for an additional sum of Kshs 80,000,000 and vide an Offer Letter dated 14th March, 2011 advanced a further credit facility of Kshs. 80,000,000 for purposes of further development /construction on the property.

Please find enclosed a copy of the Letter of offer dated 14 March 2011 for your ease of reference. Appendix III.

5. The Sacco applied for the consolidation of the various existing facilities and a new working capital facility of Ksh 30,000,000. This request was similarly approved and the existing facilities were restructured and enhanced as requested by the Sacco as per the duly accepted Offer Letter dated 31st March, 2012.

Please find enclosed a copy of the Offer Letter of offer dated 31st March 2012 for your ease of reference. Appendix IV.

6. The Sacco sought for a further restructure of the existing debt into a term loan of Ksh 391,866,074. At the time of this application, the facility was non performing. The Bank, with a view of supporting the Sacco acquiesced to the application and restructured the loan vide a letter of offer dated 4th October 2016.

Please find enclosed a copy of the Letter of Offer dated 4th October 2016 for your ease of reference. Appendix V.

7. That despite having afforded the Sacco all possible avenues and concessions to service the loan facilities and, the Sacco, having failed to do so as per the terms of the Offer Letter, the Bank was left with no other option other than to issue appropriate statutory notices as provided for by section 90 and Section 96 of Land Act. Act No.6 of 2012, in order to protect its interests.

Please find enclosed copies of the 90 days and 40 days statutory notices dated 31st August 2017 and 3rd August 2018 respectively and their respective certificates of postage. Appendix VI.

8. That unbeknownst to the Bank, at the time of issuance the 40 days' Statutory Note, the Sacco had been placed under Liquidation by the Commissioner for Co-operatives Development on 29th June 2018, through Gazette Notice Number 6971.

Please find enclosed an extract of the Kenya Gazette dated 12th July, 2018. Appendix VII.

III) COURT CASES

1. Upon receipt of the legal statutory notices, the appointed Liquidators instituted a suit against the Bank in Eldoret HCCC Number 40 of 2018, Hesbon M. Kuria & Joel Kipsanai (S/A Joint Liquidators of Moi University Savings And Credit Co-Operative Society Ltd [Under Liquidation]) -vs- Co-operative Bank of Kenya Limited & 4 Others_challenging the validity of statutory notices. When the matter came up for hearing on 16 May 2019, the parties to the suit recorded a consent in the following terms: -

- That the Bank shall re-issue the 40 Days' statutory Notice to dispose off the Property.
- That the Bank shall be at liberty to proceed with sale of the Property upon lapse of the 40 days' Notice in the event of default in clearing of the full arrears.
- That the matter be and is hereby marked as settled in its entirety upon filing of this consent.

Please find enclosed a copy of the Consent Order recorded and filed in the High Court at Eldoret on 5th September 2020. Appendix VIII.

2. Pursuant to the terms of the said consent order, the Bank re-issued another 40 days' statutory notice dated 29th May 2019 and served it to the Joint Liquidators.

Please find enclosed a copy of the 40 Days statutory notice dated 29 May 2019. Appendix IX.

3. The Bank, in compliance with section 97(2) of the Land Act 2012, commissioned a valuation of the Property. By a valuation report dated 5th July 2019, M/s Accurate Valuers, valued the Property at an Open Market Value of Kshs 220,000,000/= and a Forced Sale Value of Kshs 165,000,000/=.

Please find enclosed a copy of the valuation report by Accurate valuers dated 5th July 2019. Appendix X.

4. The Sacco did not make any payments to the Bank as expected and hence the Bank, in conformity with the Court Order and the Auctioneers Act instructed M/s Antique Auctioneers to issue the Sacco with a Notification of Sale and Redemption notice (Auctioneer's Notices) pursuant to Section 15 of the Auctioneers Act.
5. Upon service of the appropriate notices, the Bank instructed M/s Antique Auctioneers and M/s Nguru Auctioneers to advertise for sale of the Property by way of public auction on three separate occasions as listed below. All auctions were unsuccessful as prospective bidders expressed what they perceived to be hostility on the ground. Please find enclosed copies of newspaper extracts dated 28th October 2019, 17th February 2020 and 15th June 2010 advertising the property for sale. Appendix XI.

Date	Auctioneer Name	Venue	Outcome
31 st October 2019	Antique Actioners	Nairobi	Unsuccessful
4 th March 2020	Antique Auctioneers	Eldoret	Unsuccessful
30 th June 2020	Nguru Auctioneers	Eldoret	Unsuccessful

6. On 27 September 2018, a 3rd party by the name of Dinesh Construction Limited made an Application to be enjoined to the HCCC Number 40 of 2018, however, the High Court dismissed the said Application, noting that the suit had been compromised and for that reason, the 2nd could not be enjoined as an Interested Party.

Please find enclosed copy of the ruling dated 6th November 2020, dismissing the interested Party's application to be enjoined. Appendix XII.

7. Dinesh Construction Limited being dissatisfied with the decision of the High Court instituted a Miscellaneous Civil Case Number 301 of 2018 in Nairobi High Court and sought for and obtained an order attaching the Property in satisfaction of an arbitral award. The Bank

has filed a Notice of Objection and the matter is coming up for a mention on 21st September 2020 to confirm filing of submissions.

Please find enclosed copy a copy of the ruling granting the Dinesh Construction Limited leave to attach the property dated 15th April 2020, and a copy of the Bank's Notice of Objection to the same. Appendix XIII.

8. It is also important to note that part of the membership of the Sacco has instituted a suit against the Bank notably Eldoret HCCC No. 42 Of 2019, Dr. John Ayieko & 49 Others -Vs- Co-operative Bank & Another, seeking to restrain the Bank from realizing its security in the suit property. The High Court of Kenya sitting at Eldoret, having listened to the Application dismissed the same in favour of the Bank. Hence, the Bank is at liberty to institute the realization process of its security.

Please find enclosed copy of the ruling of the ruling dismissing the member's application dated 31st January 2020. Appendix XIV.

9. The Sacco's outstanding liabilities with the Bank as at of 6th August, 2020 stood at Kshs 590,955,427.14 and continues to accrue interest at contractual rates until repayment in full.

IV) CONCLUSION AND WAY FORWARD

Against this background, it is evident that:-

- a. The Bank has all the legal rights as the legally registered Chargee to exercise all the available legal options conferred to us by law including but not limited to selling off the Property in order to redeem the outstanding liabilities.
- b. The Bank has graciously and generously accommodated the Sacco by restructuring the outstanding liabilities severally and forestalling any recovery action in order to grant the Sacco time to repay the loan.
- c. The Bank as a good corporate citizen has fully complied with all Court orders as outlined above.

d. It is evident that the Sacco is unwilling to repay its outstanding liabilities despite the Bank extending generous restructures of the existing credit facilities.

In the foregoing, all the Bank's legal rights over the Property as conferred by the Land Act have not only crystalized but also remain intact and can only be dispensed with by the Sacco fully redeeming all the Outstanding Liabilities.

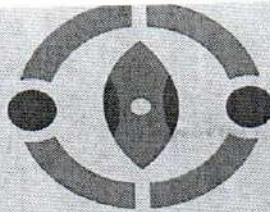
SCHEDULE 1

DATE	AMOUNT DISBURSED	PURPOSE OF THE FACILITY	SECURITY
4 th March 2008	60,000,000.00	Lending to members	Monthly checkoff from Moi University of Kshs. 25.7M
14 th December 2009	200,000,000.00	Development of a commercial building in Eldoret town next to Sirikwa Hotel over their property known as ELDORET MUNICIPALITY BLOCK 4/321 (the Suit Property)	Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
14 th March 2011	80,000,000.00	To finance the completion of a commercial building in Eldoret town next to Sirikwa Hotel over the suit property.	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
6 th April 2011	12,000,000.00	Lending to members	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
18 th August 2011	80,000,000.00	Lending to members	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
31 st March 2012	248,050,000.00	This facility was a restructure of all previously existing loan facilities at the request	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject

			of the Sacco.	Property)
7.	12 th July 2012	30,000,000.00	Lending to members	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
8.	29 th October 2012	42,000,000.00	All previously outstanding loans were amalgamated into two working capital term loans of Kshs.12M and Kshs.30M at the request of the Sacco.	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
9.	21 st March 2013	50,000,000.0	Term Loan to finance loans and advances to members.	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
10.	18 th July 2013	20,000,000.00	Term Loan to finance for use to finance loans and advances to members	Existing Leg Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)al Charge over the suit property
11.	15 th January 2014	30,000,000.00	Term Loan to finance for use to finance loans and advances to members	Existing L Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
12.	3 rd April 2014	30,000,000.00	Term Loan to finance for use to finance loans and advances to members	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
13.	23 rd December 2014	100,000,000.00	Loan to finance for use to finance loans and advances to members.	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK

				4/321 (the Subject Property)
14.	16 th June 2015	20,000,000.00	Loan to finance for use to finance loans and advances to members.	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)
15.	4 th October 2016	391,886,074.00	The Bank restructured all previously outstanding loan facilities into a Term Loan	Existing Legal Charge over ELDORET MUNICIPALITY BLOCK 4/321 (the Subject Property)

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IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

IV

Consultation, Cooperation & Coordination in Devolution

Email: info@igrtc.go.ke,
Website: www.igrtc.go.ke
When replying please quote:

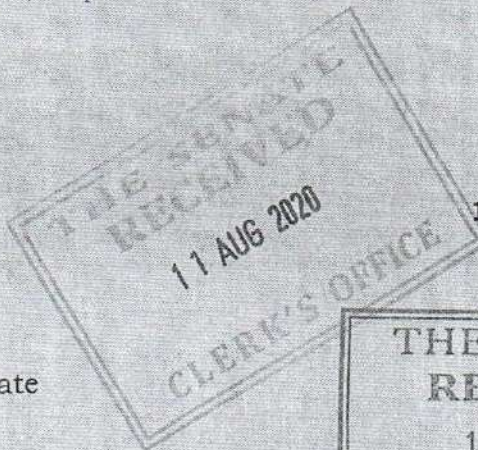
Parklands Plaza
P.O. Box 44880-00100
NAIROBI
Telephone: 020 2101489

Ref: IGR/ADM/1/80/Vol. I

10th August, 2020

Mr. J.M. Nyegenye, CBS
Clerk of The Senate
Office of the Clerk of the Senate
P. O. Box 41842-00100
NAIROBI

Dear Sir,



RE: SUBMISSIONS ON THE PETITION ON THE LIQUIDATION OF THE MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY (MUSCO)

Reference is made to your letter Ref. No. SEN/SCTTI/CORR/2020/15 dated 30th July, 2020 the above subject matter.

The Intergovernmental Relations Technical Committee (IGRTC) was established pursuant to the provisions of Section 11 of the Intergovernmental Relations Act 2012. The functions of the Technical Committee are provided for in Section 12 of the Act, and include implementing the decisions of the National and County Government Coordinating Summit (Summit) and the Council of Governors (CoG). Section 12 mandates the Committee to take over residual functions from the defunct Transition Authority (TA) established under the Transition to Devolved Government Act 2012.

The dispute was formally declared by the County Government of Uasin Gishu on 13th February, 2019, in accordance with Section 33 (2) of the IGR Act, 2012. During this period we have engaged both parties through the mechanism of Alternative Dispute Resolution through the spirit of consultation and cooperation. We hereby attach our submissions as requested.



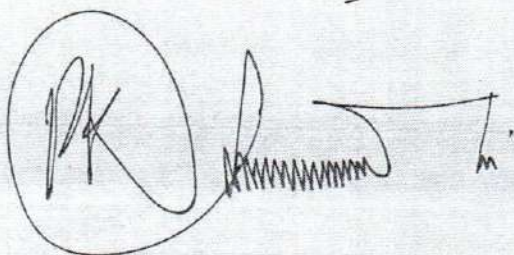
① Dcom
Please deal.
Eg 11/08/20

② Clerk Azaria
Trade & Tourism
Committee
Please deal
13/8/2020

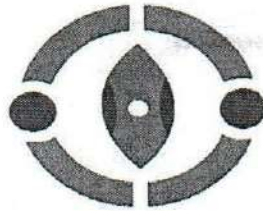
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We thank you for your support and continued cooperation.

Yours faithfully,

A handwritten signature in black ink. The first part of the signature is a large, stylized 'P' that loops around to the left. This is followed by a series of horizontal, wavy lines, and then a short horizontal stroke ending in a small vertical tick.

Peter Leley
CHIEF EXECUTIVE OFFICER



IGRTC

INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

Consultation, Cooperation & Coordination in Devolution

BRIEF ON THE INTERGOVERNMENTAL DISPUTE BETWEEN THE COUNTY GOVERNMENT OF UASIN GISHU AND THE MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES

Introduction

The Constitution of Kenya (CoK) 2010 created two levels of government, namely the national and county. The promulgation of the Constitution on 27th August 2010 set the roadmap for delivering the constitutional 'promise' of transferring power, responsibilities and resources to put in place a devolved system of government that is closer and more responsive to the needs of the people of Kenya.

In Kenya, the basis of Intergovernmental Relations (IGR) is Articles 6 and 189 of the Constitution. Whereas Article 6 provides that 'the governments at the national and county levels are distinct and inter-dependent and shall conduct their mutual relations on the basis of consultation and mutual cooperation', Article 189 on the other hand requires that 'government at either level shall perform its functions and exercise its powers in a manner that respects the functional and institutional integrity of the government at the other level, and respects the constitutional status and institutions of government at the other level and in the case of the County Government, within the county level'. Further, Art. 189 (3) and (4) provide for resolution of intergovernmental disputes through alternative, dispute resolution mechanisms such as negotiation, mediation and arbitration.

The cooperatives function according to the constitution of Kenya fourth schedule part two 7 (e) assigns cooperative societies to the county governments. Transition Authority further unbundled the function and transferred it to the county governments via legal Notice No 116 dated 9th August, 2013. It also issued an advisory for the national government to review all laws and policies to align them with the constitution.

Background

The Intergovernmental Relations Technical Committee (IGRTC) was established pursuant to Section 11 of the Intergovernmental Relations Act of 2012. IGRTC is mandated to facilitate the day to day administration of The Summit and Council of Governors in pursuance of dialogue and consultations between the two levels government. The functions of IGRTC are provided in S. 12 of the IGR Act, 2012 and include the residual functions of the defunct Transition Authority.

Section 30 of the IGR Act, 2012 defines intergovernmental disputes as a) between the national government and a county government or b) amongst county governments. Section 31 states that the national and county governments shall take all reasonable measures to—(a) resolve disputes amicably; and (b) apply and exhaust the mechanisms for alternative dispute resolution provided under this Act or any other legislation before resorting to judicial proceedings as contemplated by Article 189(3) and (4) of the Constitution. On the formal declaration of a dispute, the Act in Section 33 (2) provides that where the negotiations under subsection (1) fail, a party to the dispute may formally declare a dispute by referring the matter to the Summit, the Council or IGRTC. The IGR Act of 2012 puts IGRTC at the center of intergovernmental disputes resolution.

DECLARATION OF THE INTERGOVERNMENTAL DISPUTE BY THE COUNTY GOVERNMENT OF UASIN GISHU

The County government of Uasin Gishu declared a dispute to IGRTC on the 6th February 2019 on a matter regarding the revocation of the license of Moi University Sacco Society Limited (MUSCO). The County government reported that Sacco Societies Regulatory Authority (SASRA) issued a notice to revoke the license of Moi University Sacco Society Limited (MUSCO) to operate Front Office Services Activities (FOSA). The County Government of Uasin Gishu expressed that, MUSCO moved to court seeking to have the revocation notice repressed, allowing it to operate, since SASRA did not follow the procedure in revoking its license. The letter also indicated that MUSCO had appealed to the Cabinet Secretary in charge of Co-operatives. The County Executive Committee Member made a follow-up on the matter through the Principal Secretary in charge of Cooperatives, where a report was submitted on the status of the Society, including a proposed recovery strategy. The county also presented a report submitted to the Commissioner's office showing the cash flow and the University's commitment to remit the payroll deduction arrears. The county also reported that it had initiated an appeal hearing by the Cabinet Secretary but received no response.

BRIEF BY THE COUNTY GOVERNMENT OF UASIN GISHU ON MUSCO

Moi University Sacco (MUSCO) was registered in 1985 and operated as deposit taking Sacco. In 2008, with improved business, members agreed through a General meeting to put up a building in Eldoret Town with the aim of actualizing rental income to support the Sacco in loan provision. The project was financed by members through share contributions, and Dinesh Construction Company was contracted and a loan secured from Co-operative Bank to finance the construction. The cost of building was initially Kshs. 230,000,000, but due to increased interest rates, it rose to over Kshs. 800,000, 000. The Sacco also experienced liquidity challenges which handicapped the ability of the Sacco to loan its members. This resulted to an outcry by some of its members who, subsequently pulled out from the Sacco.

The Society was given a provisional license by Sacco Societies Regulatory Authority (SASRA) in June, 2014, since it was not able to meet the required ratios due to the fact that a substantial amount of its funds were tied up in the building. The measures taken by SASRA were aimed at monitoring the performance of the Sacco in respect of their lending obligations. Other provisional licenses were provided up to 2018.

The Sacco through a General Meeting decided to sell the building to meet its financial obligations. The sale was advertised in the local dailies and potential buyers submitted their bids. As the Sacco was taking the above measures a revocation notice by SASRA was served to the Sacco in February, 2018, and subsequently took over its operations, including its bank accounts. On the 29th of June, 2018 the Commissioner for Cooperative Development cancelled the registration of the Sacco and put it under liquidation by appointing two liquidators. Subsequently the Sacco moved to court seeking to have the revocation notice repressed, allowing it to operate, since SASRA did not follow the procedure in revoking its license. The Sacco managed to obtain stay orders, barring SASRA from revoking the license, however SASRA failed to honor it.

The Sacco appealed to the Cabinet Secretary in charge of Co-operatives, the County Executive Committee Member made a follow-up on the matter through the Principal Secretary in charge of Cooperatives, where a report was submitted on the status of the Society, including a recovery strategy. This was followed by report submitted to the Commissioner's office showing the cash flow and the University's commitment to remit the payroll deduction arrears which amounted to over Kshs. 50 million.

BRIEF BY THE MINISTRY OF INDUSTRY, TRADE & COOPERATIVES, STATE DEPARTMENT OF INVESTMENT AND INDUSTRY

The Ministry of Industry, Trade & Cooperatives, State Department of Investment and Industry in their report presented that;

MUSCO was first established on 6th May, 1985 to operate as a Front Office Savings Activity. In its financial Statement during the period ending 2017 its asset base stood at Kshs. 1,390,738,046 with a membership of 2,918 and a turnover of Kshs. 28,476,349. At the time only 927 members were active and 1991 members were dormant, meaning 68% were not active and that the members had lost confidence in the Sacco, consequently the declining membership made the society experience unfavorable financial conditions.

That in September, 2017, SASRA carried out a regulatory inspection and raised issues that required to be addressed by the Sacco. The Sacco responded to the issues but did not satisfy the regulator, the issues that required a response among them were;

- a) Non disbursed loans to members of Kshs. 10 Million
- b) Withdrawals had not been cleared from the system worth Kshs. 100 Million
- c) Deceased members had not been paid Kshs. 20 Million

The Sacco responded to the matter on 10th November, 2017, where SASRA issued a notice of the intention to revoke the deposit taking license on 7th March, 2018. On 28th June, 2018 SASRA made a duly considered response based on the following determination;

- a) That the Sacco had failed to comply with the provisions of the Sacco Societies Act, Regulations and the conditions imposed by the Authority on the Consecutive deposit taking license issued in 2017 contrary to section 27(1) (b) of the Sacco Societies Act,
- b) That the Sacco does not maintain and has on several occasions failed to maintain at least 50% of the prescribed minimum capital requirements contrary to section 27(2) (c) of the Sacco societies Act,
- c) That the Sacco society failed to comply with the provisions of the Sacco societies Act and the Regulations thereunder contrary to section 27 (2) (b) of the Sacco Societies Act.

Consequently, the Authority further found and determined that any further and/or continued undertaking of deposit - taking business by the Sacco society shall be;

- a) A violation and/ or breach of the provisions of the Sacco Societies Act and the Regulations of 2010.

- b) Detrimental to and not being in the interest of the members of the Sacco society and the general public at large,
- c) A threat to the safety and security of members deposits therein and/ or any further deposits which members of the Sacco society and or members of the public may make or may be made in favour of the Sacco society.

Consequences of revocation of License

The consequences of revocation of the deposit taking license were that the Board of directors and or its officers or any other person whatsoever, individually and collectively were;

- 1) **Prohibited** forthwith from taking Sacco Society further or additional deposits from members of the Sacco society and or members of the public with effect from the date therein,
- 2) **Directed** to immediately cease and or stop undertaking deposit taking Sacco business activity in Kenya with effect from the date of cancellation in default which the Sacco society and its Board of directors or any other officer therefore shall be jointly be severally liable to criminal persecution under section 23 Sacco Society Act, in addition to any other supervisory enforcement action as provided in law,
- 3) **Prohibited** forthwith from participating in the affairs of any other Sacco society in Kenya except with a prior written approval of the authority in accordance with Regulation 6 (3) of the regulations 2010,
- 4) The Society ought to be liquidated as per the provisions of section 62 of the Cooperatives Societies Act.

That on the 29th June, 2018, SASRA published the revocation of deposit - taking business license vide **Gazette Notice no. 6391** dated 27th June, 2018. There after SASRA preserved the assets of the society in accordance with the law pending its liquidation and deployed armed security to guard the society premises awaiting further legal orders from the commissioner for cooperative development.

That on the 29th June, 2018, the Commissioner for Cooperative development issued a cancellation/liquidation order for MUSCO and appointed **Hesbon M. Kiura** - Principal Cooperative Officer of Nairobi and **Joel K. Barbengi** - Senior Cooperative Auditor Elgeyo Markwet to be joint liquidators and were authorized to take custody of all properties of the Sacco including books and documents as deemed necessary for completion of the liquidation process.

That on the 4th July, 2018, the former Directors of Musco and the Uasin Gishu County Secretary as an interested party moved to High Court Eldoret for judicial review and obtained ex-parte orders for stay of execution against SASRA. The move threatened the liquidation process as the Directors used force to eject Lavington Security services from the premises by forcing their way and breaking the main gate, however the Administration Police were called to provide security for the society property at the headquarters in Moi University premises.

That on the 21st February, 2019, in his ruling Judge Olga Sewe, struck out the application dated 11th July 2018 and directed the applicant (MUSCO), to first exhaust the alternative remedies available before seeking the remedy of judicial review.

MUSCO Towers Status

As at 31st December, 2015, MUSCO towers book value was at Kshs. 764,442,904. The Society secured a loan from cooperative bank of Kshs. 200 Million which accumulated to Kshs. 493 Million as at May 2019.

The Sacco's assets of Kshs. 385,663,831 are far below its total members' dues of Kshs. 1,010,389,665 liabilities and the contractor's demand of Kshs. 143 Million. It is also important to note that the building was constructed using members' deposits and that its real value as per valuation report is far below its recorded cost of Kshs. 764,442,904 Million.

In closing, the Ministry of Industry, Trade & Cooperatives, noted that it may not be possible to reverse the liquidation process and that members are free to reorganize themselves and form another Society to promote their objectives as earlier intended.

IGRTC CONSULTATIVE MEETINGS

1ST CONSULTATIVE MEETING HELD ON 24TH MAY, 2019

Upon proper filling of the dispute between the two levels of government in accordance to the Intergovernmental relation Act, 2012 Section 34, IGRTC convened a consultative meeting was held between IGRTC and the County government of Uasin Gishu; and representatives from Moi University Sacco at Uasin Gishu County offices on 24th May, 2019. The meeting was aimed at providing IGRTC with an opportunity to understand the context of the dispute and appreciate the mitigation measures taken by MUSCO to save the Sacco.

IGRTC established that the County Government of Uasin Gishu and MUSCO have convened several meetings with respective stakeholders to try and resolve the matter which have not been successful making the County Government of Uasin Gishu to declare the dispute to IGRTC to intervene and help resolve the matter amicably.

2ND CONSULTATIVE MEETING HELD ON 18TH JUNE, 2019

A consultative meeting was held at IGRTC offices between IGRTC and the Principal Secretary, State Dept. Industry, Trade & Cooperatives, Mr. Ali Noor Ismail and the Saccos Society Regulatory Authority (SASRA). The PS underscored the contents of the brief submitted by the ministry. The meeting resolved that;

1. State Department for Cooperatives to provide IGRTC with an updated report on the MUSCO matter
2. National Government to develop a prudent regulatory framework on Sacco's

On the 25th June, 2019, the Ministry of Industry, Trade and Cooperatives provided IGRTC with an additional summary of the statement of Affairs of MUSCO as follows;

Assets	Amount (Kshs)
Cash and Equipment	298,504
Receivables Non-members	72,744,167
Members	240,658,732
Investments	19,065,748
Non-Current Assets	
Property, Plant & Equipment	385,663,831
Total Assets	718,430,982
Liabilities	
Statutory claims	32,624,153
Members deposits	1,010,389,665
Trade Creditors	708,758,636
Share Capital	28,759,317
Total Liabilities	1,751,772,464
Deficit	1,062,100,789

Summary Notes

- 1) From the above statement it is evident that the society is insolvent with a net deficit of Kshs. 1,062,100,789, which means that the members as unsecured creditors are not likely to receive any refunds,
- 2) The outstanding members loans of Kshs. 240, 658,732 are not performing and may not be realized bearing in mind that the same require provisioning for loss at 100%,
- 3) Society documents available in the construction of MUSCO Towers indicated that the plot was purchased at Kshs. 12,000,000, while the transfer documents show that the value declared and stamp duty paid for was Kshs. 5,900,000, this means that the transaction was irregular,
- 4) MUSCO Towers was financed by member's contribution which stood at Kshs. 175,428,095. However the cost escalated to over Kshs. 700,000,000, further to which more money was borrowed from Cooperative Bank for Kshs. 200,000,000, which later accumulated to an outstanding loan of Kshs. 482,000,000.

3RD CONSULTATIVE MEETING HELD ON 18TH JULY, 2019

A consultative meeting was held at IGRTC offices between IGRTC, the State Department of Co-operatives, Uasin Gishu County, Moi University Sacco and SASRA official. This was the first meeting where the two parties deliberated together on the dispute. IGRTC was interested to establish the following from the two levels of government;

1. On their awareness on the devolvment of the cooperatives function

2. Whether Ministry had taken steps to align cooperatives policy and law to the CoK 2010
3. Whether the two levels of governments and SASRA had consultations before the cancelation of the MUSCO license
4. If the County Government was aware that MUSCO was facing liquidity problems and what it did about the situation.

After extensive deliberations the following resolutions were arrived at;

- 1) That the Principal Secretary takes up the matter with the Cabinet Secretary with a view to initiating a hearing of the appeal so that a fresh look at the issues is done before he gives a ruling
- 2) That the State Department for Cooperatives proceeds to conclude formulation of the cooperatives policy
- 3) That the State department of cooperatives moves with speed to align the ACTS of parliament governing the sector to the COK 2010.
- 4) THAT in the Judicial Review matter, the Judge held that the county still has an option of petitioning the Minister since they had not been able to exhaust that option.
- 5) The County Government proposed on the following;
 - a) that the Sacco be allowed to continue providing services, while the county negotiates with its stakeholders to revive it to a living entity,
 - b) County to renegotiate MUSCO's liabilities and repayment period with the bank,
 - c) The loan book and building to be appreciated as assets which can contribute in renegotiating payment.
 - d) County government to be allowed to undertake audit to confirm amounts as provided by the SASRA report.
 - e) Liquidators to allow the county auditors to access documents at the Sacco.
- 6) SASRA requested to be allowed to extensively consult on the matter.
- 7) Parties to prepare position papers on way forward, highlighting the implication of every decision made.

4TH CONSULTATIVE MEETING HELD ON 26TH AUGUST, 2019

IGRTC held a consultative meeting with the State Department of Co-operatives, Uasin Gishu County, Moi University Sacco and SASRA. The meeting was held in response to the meeting held on 18th July, 2019, where both parties requested to consult further regarding the matter and report back on the position of each respective institution.

After much deliberation the meeting resolved that IGRTC writes to the Cabinet Secretary Ministry of Industry, Trade and Cooperatives, to appraise him on the matter and seek his intervention.

IGRTC received a submission from the Principal Secretary, Ministry of Industry, Trade and Cooperatives regarding the matter, stating that;

- a) MUSCO finances were in difficulty and its main asset, the MUSCO Plaza, used as security to get finances from the Bank had already been put in the market by the creditor for disposal,
- b) The State Department of Cooperatives recognized that there were consultative meetings held between the directors of MUSCO, Moi University being the main employer and Uasin Gishu County Government.

From the foregoing the Ministry of Industry, Trade and Cooperatives concluded that:

1. MUSCO does not exist anymore since its registration has already been cancelled and the only pending issue is the distribution of assets and payment of liabilities.
2. MUSCO plaza has been taken up by the creditor and is on the verge of being disposed.
3. Scheme of distribution has been approved by the Commissioner.
4. Non remittance of members share by the employer is being addressed by the liquidators and the Commissioner.
5. There is no provision under law that provides for revival of a society once it has been deregistered.

Conclusion

IGRTC having received the submission of the Ministry of Industry, Trade and Cooperatives, planned to convene a joint consultative meeting with the two levels of government but the plan was halted when the country was hit by the COVID 19 pandemic.

PHOTOS OF THE MEETINGS



3rd Consultative Meeting held on 18th July, 2019



4th Consultative meeting 26th August, 2019

Memoranda By CEC
16/10/2020

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF UASIN GISHU
CO-OPERATIVE & ENTERPRISE DEVELOPMENT



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Ref No: CS/4319/VOL. X/(11)

14th October 2020



When Replying, Please Address
County Co-operative Commissioner
Uasin Gishu County
P. O. Box, 40
ELDORET

BRIEF BY CECM ON MOI UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD

1. Engagement with the State Department for Co-operatives

The Sacco appealed to the Minister to lift the cancellation of registration and reinstate it, which he had powers to do under the Section 92 and 93 of the Co-operative Societies Act but he did not.

S27 of the Sacco Act which states that once SASRA withdraws its licence to a deposit taking Sacco, the Commissioner must cancel registration and liquidate the society is repugnant to justice and morality.

2. Devolution

Co-operatives were devolved under the new Constitution of 2010. The Commissioner completely ignored the views of the County Government of Uasin Gishu and proceeded to cancel registration of the society and placed it under liquidation even after the CECM Co-operatives and Enterprise Development pleading with her not to liquidate the society and giving the County Government's commitment to assist the society financially.

3. Appeal within the stipulated time

The Sacco made representation to SASRA in writing according to S27 (2) against the revocation of its licence but this was not responded to thus completely ignored by SASRA.

SASRA withdrew their licence for the Sacco and the Commissioner for Co-operative Development cancelled registration. The Sacco appealed to the Cabinet Secretary within the stipulated time according to S61 (2) but was ignored by the State Department for Co-operatives.

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4. Intervention by the County Government of Uasin Gishu

The County Government of Uasin Gishu through H. E. the Governor expressed its willingness to assist Moi University Sacco before and even after liquidation both technically and financially. He wrote to the Commissioner before liquidation and among several other measures offered to second staff from his government to the Sacco. He met the PS in charge of Co-operatives then and the Commissioner and they agreed on a recovery strategy for the Sacco with support of his government which was totally ignored.

5. Compelling reasons for the County Government to fight for the Sacco's revival

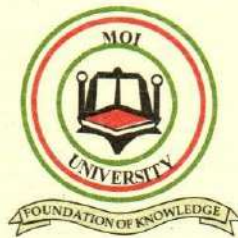
- i. The Sacco had a strong membership of three thousand who will suffer immeasurable damage if the Sacco is killed through liquidation process.
- ii. The FOSA had 7000 customers and was serving the entire university community.
- iii. The members are now disenfranchised lacking a financial intermediary.
- iv. Household poverty is increasing given that parents cannot access loans to pay school fees for children, meet hospital bills or do development projects that could earn them extra income.



ESTHER C. MUTAI

CECM CO-OPERATIVES & ENTERPRISE DEVELOPMENT

COUNTY GOVERNMENT OF UASIN GISHU



VI

MOI UNIVERSITY
OFFICE OF THE VICE- CHANCELLOR

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P.O. Box 3900- 30100
ELDORET
Kenya.

The Chairman,

Senate Standing Committee Tourism, Trade and Industrialization,
Parliament Buildings,

P.O. Box 41842-00100,

NAIROBI.

16/10/2020

Dear

Hon. Sen. (Dr.) Ibrahim,

**RE: REPORT OF MOI UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY (MUSCO) REMITTANCE.**

The above-captioned subject matter refers.

Reference is made to the letter by the Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Co-operatives, Ref: SEN/SCTTI/CORR/2020/24 dated 6th October, 2020.

Find enclosed submission by Moi University on remittances to the Moi University Savings and Credit Co-operative Society (MUSCO).

Thank you.

Yours

Sincerely,

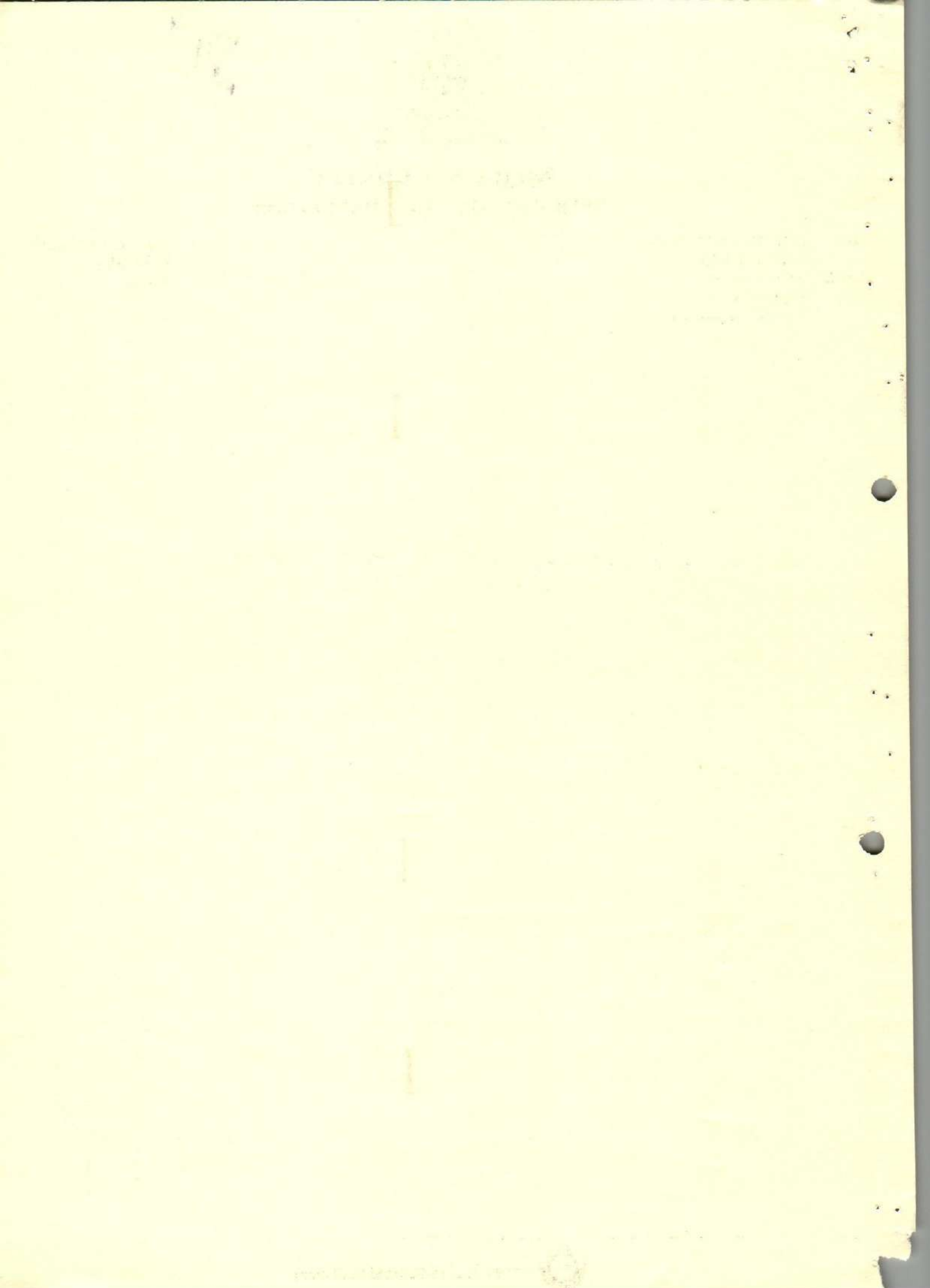
Isaac S. Kosgey

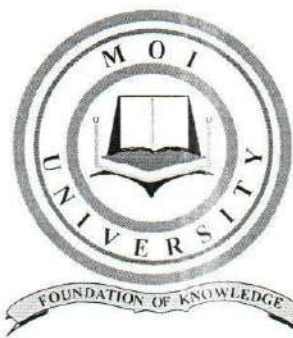
Prof. Isaac S. Kosgey, Ph.D.

VICE-CHANCELLOR



(ISO 9001: 2015 Certified Institution)





MOI UNIVERSITY

(ISO 9001:2015 Certified Institution)

**REPORT OF MOI UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY (MUSCO)
REMITTANCES**

PRESENTED TO:

THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION

FRIDAY, 16TH OCTOBER, 2020

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**REMITTANCES OF MOI UNIVERSITY SAVINGS AND CREDIT COOPERATIVE
SOCIETY LTD (MUSCO)**

MUSCO was established on 6th May, 1985 as a Cooperative Society, and its membership was drawn from Moi University and Satellite campuses, University of Eldoret and Moi Teaching and Referral Hospital (MTRH) staff. MUSCO was run by a Board of Directors on behalf of the members.

In June, 2018, the Sacco Societies Regulatory Authority (SASRA) revoked MUSCO's License and the Commissioner for Co-operative Development subsequently cancelled the Society's registration and appointed Two (2) Liquidators to take control of the SACCO.

The University was remitting the monthly deductions recovered from staff on time until 2018 when there were some delays occasioned by the financial challenges experienced in the University. In December, 2018, the Liquidators issued Agency Notices to the University Bankers to collect and recover debts owed to MUSCO.

The University Management engaged the Liquidators on the Repayment Plan and entered an agreement on 9th January, 2019 and the Agency Notices were revoked.

The payments already made to the Liquidators to date are as follows:

CHEQUE NO.	DATE PAID	AMOUNT(KES)
084403	3 rd January, 2019	10,276,739.69
084521	29 th January, 2019	5,393,181.81
084879	4 th April, 2019	5,098,174.67
085284	27 th June, 2019	10,425,205.70
17263	27 th June, 2019	5,011,789.30
085511	4 th July, 2019	10,367,755.94
086063	15 th October, 2019	2,282,064.80
086304	27 th November, 2019	1,518,869.22
086322	3 rd December, 2019	3,576,920.11
086801	10 th March, 2020	1,365,788.32
086819	10 th March, 2020	774,923.45
TOTAL		56,091,413.01

The amounts that have been recovered and are yet to be paid is Kes. 14,231,499.36.

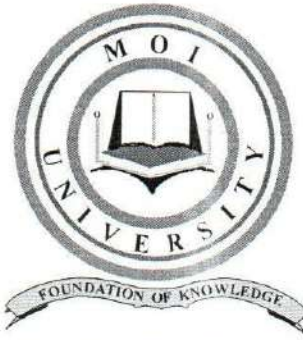
The University received communication through the office of the County Government of Uasin Gishu (after deliberation with the Ministry in charge of Co-operatives) to stop



remittances to the Liquidator pending resolution of certain matters and complied with this communication.



Prof. Isaac S. Kosgey, Ph.D.
VICE-CHANCELLOR



MOI UNIVERSITY

(ISO 9001:2015 Certified Institution)

V/c ~~Don~~
Submitted on
16/10/2020

**REPORT OF MOI UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY (MUSCO)
REMITTANCES**

PRESENTED TO:

THE SENATE STANDING COMMITTEE ON TOURISM, TRADE AND INDUSTRIALIZATION

FRIDAY, 16TH OCTOBER, 2020

De

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Prof. Isaac S. Kosgey, Ph.D.
VICE-CHANCELLOR



REPUBLIC OF KENYA
COUNTY GOVERNMENT OF UASIN GISHU
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When Replying, Please Address to:
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County Government of Uasin Gishu
P. O Box 40-30100
ELDORET-KENYA.

Samuel
13/3/2020

REF:CS/4319/2020/VOL.1/002

12 AUG 2020 17th MARCH, 2020

The Vice Chancellor
Moi University
P. O. Box 23 - 30100
ELDORET.

Dear Sir,

*① DVC-F
stop remitting funds
as requested.
12/8/20*

*② CFO
for your action
and mail
18/08/2020*

RE: MOI UNIVERSITY SACCO SOCIETY LTD (MUSCO) UN-REMITTED FUNDS

In June 2018, the Sacco Societies Regulatory Authority (SASRA) revoked MUSCO's license and the Commissioner for Co-operative Development subsequently cancelled the society's registration and appointed two liquidators to take control of the Sacco. This was done by the Commissioner against the wishes of the County Government of Uasin Gishu who were then forced to file a dispute with the Intergovernmental Relations Technical Committee (IGRTC) and mediation meetings started.

IGRTC ruled in favor of the County Government of Uasin Gishu and MUSCO, and they directed that the liquidation process halt until a response is received from the Cabinet Secretary in charge of Co-operatives.

During the 2020 Eldoret ASK Show opening earlier this month the Cabinet Secretary responsible for Co-operatives was requested to revert the Sacco to the members. The Sacco is awaiting the final decision. At the same time, the issue was raised at the Senate and we are awaiting the Senate's decision.

We have however noted with concern that the liquidator has been withdrawing money from this account and misusing members' funds. We are therefore kindly

③

*Acc- Salome
Acc- Cash Officer ✓*

*Pls note and stop funds
withdrawal & send on 31/8/2020*

requesting that you stop remitting money to the liquidator's account at Kenya Commercial Bank (KCB), Eldoret until the Sacco is reverted back to the members.

With co-operative



Esther C. Mutai

CECM – CO-OPERATIVES & ENTERPRISE DEVELOPMENT
UASIN GISHU COUNTY GOVERNMENT

C.C H.E the Governor
County Secretary



Republic of Kenya



MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
State Department for Co-operative Development

Telephone: 020-2731531-9
Fax 020-2731511
Email: ps.ushirika@gmail.com
fm.cooperatives@gmail.com

Social Security House, Block A
Bishops Road, Capitol Hill
P.O. Box 30547-001100
NAIROBI

Ref: CS/4319/12

The Branch Manager
National Bank
ELDORET

Date: 9th January, 2019

*Q.D.V.C (F)
please note.
21/1/19*

RE: CONDITIONAL REVOCATION OF AGENCY NOTICE FOR COLLECTION AND RECOVERY OF DEBT OWED TO MOI UNIVERSITY SACCO SOCIETY LTD.

Reference is made to our letter Ref. CS/ 4319/8 dated 20th December, 2018 in which we appointed you as Agent for collection of unremitted funds amounting to 102,581,162 owed to Moi University Sacco Society Ltd. (Under liquidation).

We have considered the Consent contained in the Arrears Repayment Agreement dated 9th January, 2019, entered between the parties herein attached. We hereby grant a conditional lifting of the Agency Notice subject to the terms in the duly executed Consent contained in the Arrears Repayment Agreement dated 9th January, 2019.

You may therefore allow the University to freely operate their account.

Didacus O. Ityeng'

FOR: COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

Copy to: ☒ Vice Chancellor – Moi University

Liquidator – Moi University Sacco Ltd.

[Signature]
9/1/19

Acc Cash Office

Put in for your records and necessary action.

[Signature]
5/1/19

*FO
Take note
[Signature]
21/1/19*

REPUBLIC OF KENYA



MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
State Department for Co-operative Development

Telephone: 020 2731531-9

Fax: 020 2731511

Email: info@inditd.go.ke

When replying please quote

Ref: CS/4319/11

Social Security House, Block A

Bishops Road, Capitol Hill

P.O. Box 30547-001100

NAIROBI

Date: 20th December, 2018

02 JAN 2019

RECEIVED

The Branch Manager

KCB Bank

ELDORET

RE: APPOINTMENT AS AGENT OF MOI UNIVERSITY SACCO SOCIETY LTD,
CS/4319 - UNDER LIQUIDATION

Pursuant to section 35 of the Co-operative Societies Act Cap 490 Laws of Kenya

We have reason to believe that Moi University has willfully failed, neglected, ignored and/or refused to remit monies deducted (from their employees' emoluments) Moi University Sacco Society Limited and has consequently sustained a debt owed to the said Society.

In exercise of the powers conferred upon me by Sec. 35 of the Act, I hereby declare you to be an Agent of Moi University Sacco Society Ltd and require you to: (i) immediately credit the above Society A/C No. 1235103706 held at Kenya Commercial Bank, Eldoret branch the sum of Kshs. 90,799,528 being the principal amount withheld by the said Moi University together with interest thereon, (ii) debit the said amount together with any lawful fees to cover your agency costs to A/C No. 110775858 and A/C No. 110248569 or any other account held with you, current, savings or transactional and if funds are not sufficient, then from all future credits that may become available within twelve months from the date of this notice.

Kindly note the provisions of subsection 35(7) of the Act herein reproduced. We expect your confirmation of receipt of this notice and subsequent updates to this office on your progress towards full cooperation on this matter.

Didacus O. Iyeng

For: COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

NOTE: - Sec. 35 of the Co-operative Societies Act is reproduced overleaf.

Copy to: The Chief Executive Officer, KCB Bank, NAIROBI (Kindly enforce compliance)

The Liquidators - Moi University Sacco Society Ltd.

Sub-County Co-operative Officer - Eldoret

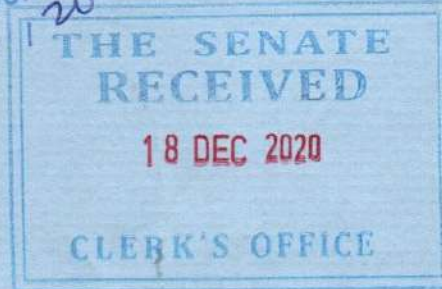
OFFICE OF THE VICE-CHANCELLOR

Our Ref: UOE/A/VC/PI/94

Clerk of the Senate
Clerk's Chambers
Parliament Buildings
P. O. Box 41842 - 00100
NAIROBI

DCOM
Please deal
Deputy Clerk, Senate
Date 18/12/2020

16th December, 2020



Dear Sir,

ADDITIONAL INFORMATION ON THE MOI UNIVERSITY SAVINGS AND CREDIT SOCIETY (MUSCO)

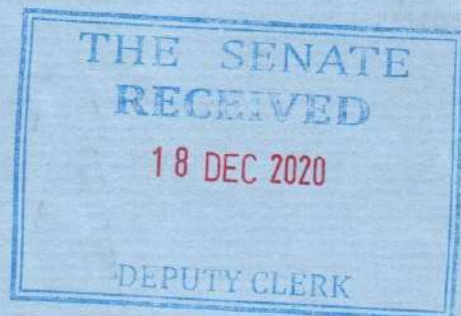
This is in reference to your letter Ref: SEN/SCTTI/CORR/2020/28 dated 9th November, 2020 on the above subject.

Attached, please find a statement of payroll deductions and remittances from the time the SACCO was placed under liquidation for your attention.

Yours faithfully,



Prof. Teresa A. O. Akenga, MRSC, MBS, MBA
Vice-Chancellor



Encls:

② C. Asist - STTI
Kindly deal
28/12/2020

PAYMENTS PAID TO MUSCO AFTER LIQUIDATION

MONTH/YEAR	AMOUNT	CHEQUE NO.	REMARKS
Jul-18	366,280.00	33993	PAID TO MUSCO SACCO
Aug-18	396,667.80	34304	PAID TO MUSCO SACCO
Sep-18	396,930.50	35004	PAID TO KRA
Oct-18	365,542.68	35077	PAID TO KRA
Nov-18	228,845.50	35472	PAID TO MUSCO SACCO
Dec-18	207,679.00	35709	PAID TO MUSCO SACCO
Jan-19	77,202.58	36033	PAID TO KRA
Jan-19	46,035.70	35995	PAID TO MUSCO SACCO
Feb-19	118,449.50	36330	PAID TO MUSCO SACCO
Mar-19	102,456.00	36655	PAID TO MUSCO SACCO
Apr-19	102,456.00	36994	PAID TO MUSCO SACCO
May-19	32,043.50	37516	PAID TO MUSCO SACCO
Jun-19	8,264.50	37913	PAID TO MUSCO SACCO
Jul-19	8,260.29	38403	PAID TO MUSCO SACCO
Aug-19	2,214.50	38691	PAID TO MUSCO SACCO
Sep-19	2,214.50	38993	PAID TO MUSCO SACCO
Oct-19	2,214.50	39242	PAID TO MUSCO SACCO
Nov-19	2,214.50	39478	PAID TO MUSCO SACCO
Dec-19	2,214.50	39678	PAID TO MUSCO SACCO
Jan-20	2,214.50	40013	PAID TO MUSCO SACCO
Feb-20	2,214.50	40318	PAID TO MUSCO SACCO
Mar-20	417.50	40574	PAID TO MUSCO SACCO
Apr-20	417.50	40731	PAID TO MUSCO SACCO
May-20	417.50	40846	PAID TO MUSCO SACCO
Jun-20	417.50	41010	PAID TO MUSCO SACCO
Jul-20	417.50	41340	PAID TO MUSCO SACCO
Aug-20	417.50	41455	PAID TO MUSCO SACCO
Sep-20	417.50	41624	PAID TO MUSCO SACCO
Oct-20	417.50	41758	PAID TO MUSCO SACCO
Nov-20	417.50	41998	PAID TO MUSCO SACCO
TOTAL	2,476,372.55		

Prof. A. O. Akenga
VICE CHANCELLOR
University of Eldoret

Prof. A. O. Akenga, MRSC, MBS, MBA
Vice-Chancellor

University of Eldoret is ISO 9001:2015 Certified



VIII



REPUBLIC OF KENYA
MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVES
State Department for Co-operatives
Office of the Commissioner

Telephone: 020-2731531/9

0704097021/23

0788484840/41

Fax: 2731520

Email: cooperativecommissioner@gmail.com

When replying please quote

SOCIAL SECURITY BUILDING

BISHOPS ROAD

P. O. Box 40811-GPO 00100

NAIROBI

REF: MITC/SDC/2/17

DATE: 10th September, 2020

J. M. Nyengenyne

Clerk of the Senate/Secretary

Parliamentary Service Commission

NAIROBI

Dear *Nyengenyne*

RE: SUBMISSION OF MUSCO LIQUIDATION ACCOUNT.

Further to the additional submission done vide email dated 13th August, 2020, I hereby wish to forward to you the Liquidation Account for the period 1st July 2018 to 30th August, 2020.

With co-operative regards.

Yours *Sincerely*

Geoffrey N. Njangómbe

Ag. COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

Encl.

III



**MOI UNIVERSITY SACCO LIMITED
(UNDER LIQUIDATION)
P.O BOX 23-30100, MOI UNIVERSITY.
email: musco.coop@gmail.com**

MOI UNIVERSITY SACCO LTD (UNDER LIQUIDATION)

LIQUIDATION ACCOUNT FROM 1ST JULY 2018 TO 30TH AUGUST, 2020

RECIEPTS	AMOUNT KES
PRDS	65,319,865.55
RENT	24,365,285.50
TITLE DEEDS	165,000.00
DIVIDEND	46,856.25
LOAN CLEARENCE	2,605,257.15
TOTAL	92,502,264.45
EXPENSES	
GENERAL EXPENSES	-1,505,628.00
GUARD SERVICES	-1,703,100.00
LABOUR & ELECTRICALS MATERIAL	-420,000.00
REPAIR AND PLUMBING	-601,376.00
SANITARY BINS	-47,500.00
CIC AGENCY	-68,000.00
STANDARD GROUP	-216,911.00
SASRA	-323,022.00
STALLION SECURITY	-120,000.00
MOI UNIVERSITY BENEVOLENT FUND	-261,600.00
KUSCO LTD	-345,000.00
BOX RENTAL	-9,450.00
POWER & ELECTRICITY	-3,104,040.00
WATER BILL	-1,602,824.50
GENERATOR SERVICE, SPARES & FUEL	-1,455,000.00
WATER PUMP	-400,000.00
WATER PUMP REPAIRS	-912,500.00
LIFT SERVICE & SPARES	-4,462,450.00
NEW OFFICE RENOVATIONS & PARTITIONS	-956,000.00
OFFICE REPAIRS AND MAINTENANCE	-254,160.00
SECURITY BOARD	-40,000.00

Bank Charges	-61,286.00
ACCOUNTANCY	-770,000.00
DAILY SUBSISTENCE	-1,230,950.00
TRAVEL & SUBSISTENCE	-1,781,100.00
LIQUIDATION EXPENSES	-894,000.00
NHIF	-28,400.00
VAT	-9,763,576.40
TAXES	-7,845,777.00
POSTAGE & TELEPHONE	-34,000.00
PRINTER & LAPTOP	-165,000.00
COMPUTER REPAIRS	-166,000.00
PRINTING AND STATIONERY	-84,800.00
LEGAL FEES	-6,510,000.00
VALUATION & PROFESSIONAL FEES	-2,350,000.00
OFFICE EQUIPMENT	-134,518.00
PUBLICATION	-28,500.00

TOTAL (A)	-49,816,468.90
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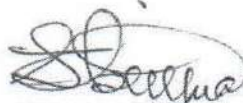
CASUALS	-1,439,000.00
SALARIES	-2,822,235.00
STAFF ALLOWANCE	-1,248,000.00
STAFF BENEFITS-FORMER	-750,000.00
DEDUCTIONS-REFUNDS TO MEMBERS	-2,448,000.00
FIXED DEPOSIT- MEMBERS REFUNDS	-2,074,618.00
DOSA - REFUNDS TO MEMBERS	-10,000.00
LOSA- REFUNDS TO MEMBERS	-2,418,175.00
FOSA- REFUNDS TO MEMBERS	-10,435,341.00
BOSA-REFUNDS TO MEMBERS	-7,900,347.00
DECEASED REFUNDS	-6,323,962.00

TOTAL (B)	-37,869,678.00
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BALANCE	4,816,117.55
---------	---------------------

PREPARED BY

JOEL BARBENGI



HESBON KIURA

JOINT LIQUIDATORS

HESBON M. KIURA
LIQUIDATOR
MOI UNIVERSITY SACCO
(UNDER LIQUIDATION)

Britam Centre, 1st Floor
Mara Road, Upper Hill
P.O. Box 25089-00100,
Nairobi, Kenya



Tel: +254 020 2935000/101
Email: info@sasra.go.ke
Web: www.sasra.go.ke

THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

SASRA/SS/CS.4319/L/Vol.1/ (39)

11th April, 2016

The Chief Executive Officer,
Moi University Sacco Society Limited,
P.O. Box 23-30100.
ELDORET.

Dear Sir,

RE: OBSERVATION OF THE AUTHORITY ON THE SACCO'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2015

Pursuant to provisions of Section 41 of the Saccos Societies Act, 2008 as read with Reg. 55 of the Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010, the Authority has considered the Sacco's audited financial statements for the year ending December 2015 for approval.

The Board of Directors of the Sacco was responsible for the preparation of the Audited Financial Statements of the Sacco in accordance with Section 40 of the said Act and takes responsibility for the same, while the External Auditor was responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 56 of the aforesaid Regulations, and reports thereon and takes responsibility for the same.

However, the Authority makes the following observations on the said Audited Financial Statements on the basis of the Authority's statutory mandate of on-site and off-site supervision of the Sacco:

1. The Sacco has failed to implement fully all the issues raised in the previous audited financial statement 2014 and subsequent onsite inspection report as evidenced in the external Auditors management letter. The Authority considers the issues raised by the external Auditors as very pertinent especially on the areas of reconciliation of bank transactions and ledgers, Loan recovery and eligibility internal check system. Thus the Sacco is advised to address these issues as a matter of priority and update the Authority immediately.
2. The Sacco has not complied with the following prudential regulatory requirements:
 - i) Investment in Non-earning Assets to Total Assets (54.6% against 10%)

Directors: Mr. John B. Nthuku, MBS, Board Chairman; Ms. Margaret Kiema; Ms. Regina Oyaro; Mr. Kakai Cheloti; PS National Treasury; Governor Central Bank of Kenya; Commissioner for Co-operative Development; Mr. Carilus Ademba, HSC - CEO

- ii) Minimum Liquidity of -5.6% against 15%.
- iii) Core capital to total assets 9.6% against 10%
- iv) External borrowing of 28% against regulatory minimum of 25%.
- v) Institutional Capital to total assets of -2.3% against required 8%.

3. The Sacco has an overdraft of sh. 20 Million which has not been clearly explained. These overdrafts must be traced and be cleared from the Societies' accounts immediately.

Based on the Sacco's financial condition and its compliance status as assessed by the said audited financial statements, the Authority advises the Sacco to devise and implement strategies to comply with the prudential requirements before the expiry of the conditional license by 30th June 2016. Further to that the Sacco management is prohibited from any further investment in land and buildings, acquisition of additional external borrowing, declaring and or paying dividends, interest on deposits, honoraria and bonuses unless expressly authorized by the Authority.

Subject to the foregoing observations and the auditor's opinion on the said audited financial statements, the Authority hereby approves the same for publication and presentation to the Sacco's Annual General Meeting.

Yours faithfully,



FOR Ag. CHIEF EXECUTIVE OFFICER

Copy: Matengo & Associates
P.O Box 67603-00200
Nairobi-Kenya

Britam Centre, 1st Floor
Mara Road, Upper Hill
P.O. Box 25089-00100,
Nairobi, Kenya



Tel: +254 020 2935000/101
Email: info@sasra.go.ke
Web: www.sasra.go.ke

THE SACCO SOCIETIES REGULATORY AUTHORITY
(SASRA)

SASRA/SS/CS.4319/L/Vol.1/ (36)

29th April, 2015

The Chief Executive Officer,
Moi University Sacco Society Limited,
P.O. Box 23-30100.
ELDORET.

Dear Sir,

RE: OBSERVATION OF THE AUTHORITY ON THE SACCO'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2014

Pursuant to provisions of Section 41 of the Saccos Societies Act, 2008 as read with Reg. 55 of the Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010, the Authority has considered the Sacco's audited financial statements for the year ending December 2014 for approval.

The Board of Directors of the Sacco was responsible for the preparation of the Audited Financial Statements of the Sacco in accordance with Section 40 of the said Act and takes responsibility for the same, while the External Auditor was responsible for auditing the said financial statements of the Sacco in accordance with Section 44 of the said Act as read with Reg. 56 of the aforesaid Regulations, and reports thereon and takes responsibility for the same.

However, the Authority makes the following observations on the said Audited Financial Statements on the basis of the Authority's statutory mandate of on-site and off-site supervision of the Sacco:

1. The Sacco has not provided for depreciation on the Town house building for the year in review, despite the fact that the building was completed and officially handed over in December 2013. If the building which costed Kshs. 718,277,966 is depreciated as per the accounting policy at a rate of 2.5% then the Sacco would have reported a net loss.
2. Included on the assets side in Audited financial statements is doubtful assets of Kshs 121.8 Million compared zero in the year 2013. This implies that there are lapses in the accounting and internal control systems in the Sacco leading to losses being irregularly reported as receivables/suspense accounts. *The Sacco is advised to conclusively deal with the unreconciled differences with immediate effect to facilitate accurate*

Directors: Mr. John B. Nthuku, MBS, Board Chairman; Ms. Margaret Kiema; Ms. Regina Oyaro; Mr. Kakai Cheloti; PS National Treasury; Governor Central Bank of Kenya; Commissioner for Co-operative Development; Mr. Carilus Ademba, HSC - CEO

presentation of its financial position. This should be evidenced through the monthly returns for 2015, failure to which may result in regulatory sanctions including revoking the operating license.

3. The Sacco has not complied with the following prudential regulatory requirements:
 - i) Investment in Non-earning Assets to Total Assets (58.7% against 10%)
 - ii) Minimum Liquidity of -13% against 15%.
 - iii) External borrowing of 40% against regulatory minimum of 25%.
 - iv) Institutional Capital to total assets of 0.2% against required 8%.
4. The Sacco has on several occasions failed to respond and or implement the Authority's directives and communications. For instance since licensing the Sacco management has not been submitting monthly regulatory returns, late submission of audited financial statements despite very clear directive by the Authority on the due dates and procedure of submission.

Based on the Sacco's financial condition and compliance status of the Sacco as assessed by the said audited financial statements, the Authority advises the Sacco to devise and implement strategies to comply with the prudential requirements before the expiry of the conditional license by 30th June 2014. Further to that the Sacco management is prohibited from any further investment in land and buildings, acquisition of additional external borrowing, declaring and or paying dividends, interest on deposits, honoraria and bonuses unless expressly authorized by the Authority.

Subject to the foregoing observations and the auditor's opinion on the said audited financial statements, the Authority hereby approves the same for publication and presentation to the Sacco's Annual General Meeting.

Yours faithfully,



Peter Owira

MANAGER, SACCO SUPERVISION

Copy: Matengo & Associates

MUSCO LIQUIDATION – A SYNOPSIS OF PERTINENT ISSUES

The mission to curtail operations at the Moi University Savings & Cooperative (MUSCO) Sacco, started in earnest with the appointment of two liquidators: Hesbon Kiura & Joel Kipsanai Barbengi on 29th June, 2018, presumably to carry out liquidation of assets held by MUSCO.

Since its onset the liquidation process has long winded and complex, touching on a number of highly sensitive issues, so many indeed that in a brief presentation, the best we can present is a synopsis.

From the onset, the liquidation process would seem to have been propelled by a litany of falsehoods. It is arguably most appropriate to open this presentation by repudiating the fallacies on which the liquidation process has been anchored.

One major falsehood is the myth of MUSCO having collapsed and vanished into thin air, due to mass withdrawal of members from the Sacco. Nothing could be more far fetched.

- Our appeal to this Senate Committee is made by Sacco members, elected by MUSCO members at a Sacco SGM held at the Moi University, Main Campus on Thur. 13/6/2019 (Doc 1). Subsequently, a few active SACCO members were coopted , bring the number to 8.
- Some of the members are even here with us, and I wish to request that they put up their hands.
- Up to now, MUSCO loans recovered as third party deductions continues to be deducted by Moi University and University of Eldoret. How would this be, if the Sacco was dead?
- As we sit here, the Sacco owns various assets registered directly under its name. Properties Act 2012 does not provide discretion for properties such as MUSCO Towers or MUSCO Plaza to exist without explicit ownership. If government records recognize the existence of MUSCO, who are liquidators to challenge the Sacco's existence.

The gospel of MUSCO having ceased on the basis of an exodus of members is, therefore, sheer propaganda.

Closely related to the fallacy of MUSCO having collapsed is the aberration to the effect that liquidation automatically transfers of custody and monopoly of MUSCO's assets into the hands of

the liquidators. Wide consultation reveals that the law allows Sacco members to seek a buyer, if they (may) consider this option more favourable to them. All the laubris so far dramatized by liquidators and the commission of Coop is, therefore, built on sand dunes and probably meant to intimidate Sacco members.

Then there is the notion trumped up by the Commissioner it is placed that once under receivership a Sacco cannot be salvaged. Our investigation reveal that in the not too distant past, several other Saccos: Kericho Green, Baringo Teachers (Boresha), Hekima & Egesa all having occupied the position MUSCO has found itself in, have all been restored to viable entities and are manifestly viable today.

These and other aberrations would appear to have been as strategies meant to harass, intimidate, frustrate and disillusion members, presumably so that they lapse into despair and lamentation instead of seeking sustainable solutions to the challenges confronting MUSCO.

Also supremely contentious is the hurried manner in which liquidation was embarked upon. By the time, in June 2018, that the MUSCO license was being revoked by SASRA, the Sacco had been evidently experiencing liquidity problems, of course with the full knowledge of the national Dept. of Coop (Doc 3). Instead of taking the appropriate step of making efforts to rescue MUSCO, the Commissioner acted with the speed of one on a mission to place the Sacco promptly under liquidation.

- Even if liquidation was so urgent, Coop Law provides that due diligence be embarked upon before liquidation can be considered. Paradoxically the Commissioner, supposed to be presumably the custodian of the Cooperative Act conveniently disregarded the law and hurriedly appointed liquidators to dispose of MUSCO assets.
- Had careful exhaustive scrutiny been conducted, Dept. of Coop would have confirmed that MUSCO continued to enjoy humongous membership.
- As the Department of Cooperative hastened to put MUSCO under liquidation, the Sacco had manifestly come to terms with its cash flow problems and sought a moratorium from the main creditor, Coop Bank, (Doc 4). As liquidation came into effect, the life cycle of the moratorium had not been exhausted yet.

Coop SASSRA Act provides that before liquidation can be executed, Commissioner institutes an inquiry. The findings are tabled and presented to members. In practice the

2nd AGM was done

Commissioner usually appoints a reviver manager to revive the Sacco. If that fails, then liquidation is instituted. These steps were not followed at MUSCO. And that is a serious lacuna.

- Very sadly and tragically indeed, while the Cooperatives Sector is a devolved function, the Dept of Coop overlooked and bypassed the County government as they hurried to have MUSCO put under liquidation.

We consider this an act of gross transgression and one should be condemned and challenged.

In sync with these outrageous acts of omission and commission is the national Commissioner's overbearing, patently condescending attitude. As a public servant the Commissioner would do well to observe more decorum, deliberate deference and conscious civility in handling public issues. That is what public service entails service & selfless humility!

The petitioners also sought Senate's intervention because of the apocalyptic consequences which would be spelt by liquidation. Moi University, because of its rural setting, essentially "uproots" staff from town. To all intents and purposes, MUSCO has always been the principal (if not sole) repository of savings. As executed so far, liquidation would seem to be predatory: structured and executed in such a manner that it "robs Peter to pay Paul"! The result is misery.

At Moi, as indeed at UoE, the result of liquidation is palpable air of disaster hanging on Campus and beyond. Among the major casualties in this large-scale rip-off are retirees, orphans, widows and widowers, some of them currently languishing in abject poverty, having lost a life-time's savings because of this hurried liquidation process. Perhaps the feeling of calamity would be avoided if some creativity could be tried out – to the salvage! And the Sacco gets revived. We considered it opportune to welcome to this assembly a few victim of this vicious pillage.

Mismanagement may have caused the initial haemorrhage which gave rise to initial cash flow challenges. But having recently seen the liquidators' financial/accounting document, one is left with little option but to conjecture that liquidation essentially refers to "official", executive pilferage, sanctioned by senior personages.

Elsewhere, we have done an elaborate analysis of the liquidators' financial statement (1st July 2018 – 30th August 2020.) Suffice it to say that, at the most conservative, MUSCO has lost a whopping

Kshs. 87,686,146-90 through dubious and/or imaginary expenses which have done nothing beneficial to members or our financiers.

Looking at the accounting statement (1/7/2018 – 30/8/2020) (Doc 5) side by side with an earlier statement prepared on 31/5/2019 (Doc 6), it is abundantly evident that the 2018-2020 document is heavily doctored and insincere. One item, illustrates this: The PRDs from Moi University in the June 2018 – May 2019 is Kshs. 48,084,635/=. And one year later, PRDs covering 2018-2020 is listed as Kshs. 65,319,365/55. This translates to only Kshs. 17,234,730-55 having been realized in the form of PRDs in the one financial year (15 months) covering the 2019-2020 season. This discrepancy raises eyebrows. In that same period, we have a Moi University declaring a remittance to the liquidators of Kshs. 131,111,653-53 (Doc 7) The discrepancy is revealing.

A number of other items in the financial statement (2018-2020) raise justified suspicion. The petitioners also got feedback from former MUSCO Staff to the effect that contrary to claims made by liquidators, they had not been paid anything, let alone the Kshs. 750,000/= claimed to have been paid out to them by the liquidators. (Doc 8)

Unless the liquidators can provide documentary evidence in their defence, the petitioners would consider ALL items listed as expenses as fraudulent. We, in particular, challenge the liquidators to produce KRA Certificate of Compliance to vindicate them in their claim to have surrendered Kshs. 17,609,353-40 to the tax collector.

? How do you pay for non-existence entity

The petitioners would be most grateful if forensic audit would be instituted to validate the veracity of the financial transactions covering MUSCO liquidation is a public interest issue. We have been able to get privileged information to the effect that recently we had more funds being withdrawn from the liquidators' MUSCO a/c # 1235103706. All this vigorous transaction needs to be urgently and thoroughly scrutinized.

KCB

Our other consideration has to do with our assets, which include MUSCO Towers (Approx. Kshs. 1.2 billion) (Doc 9), MUSCO Plaza (valued at Kshs. 50,000,000/=), 21 plots at Sambu Kaplimo, with Title Deeds; 2 Blocks in Ngeria area; former Ngeria area. Records are available at our MUSCO inventory at Moi University Main Campus.

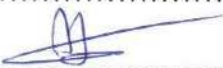
We also have additional revenue collected from UoE approx.. Kshs. 100,000,000 annually.

In addition we have goodwill from the Uasin Gishu Govt who have made a firm and credible commitment to prop us up in the initial phase of our recovery.

We would now ask Dr. Susan Chebet to present our prayer to the Senate.

Prepared & Presented by:

1. Dr. Susan Chebet
2. Mr. Michael Kangogo
3. Mrs. Pamela Moraa
4. Mr. Stanley Kirop
5. Mr. David Thuo
6. Ms. Grace Songok
7. Ms. Rose Koima
8. Jack Willis Okumu Abok



Kshs. 87,686,146-90 through dubious and/or imaginary expenses which have done nothing beneficial to members or our financiers.

Looking at the accounting statement (1/7/2018 – 30/8/2020) (Doc 5) side by side with an earlier statement prepared on 31/5/2019 (Doc 6), it is abundantly evident that the 2018-2020 document is heavily doctored and insincere. One item, illustrates this: The PRDs from Moi University in the June 2018 – May 2019 is Kshs. 48,084,635/=. And one year later, PRDs covering 2018-2020 is listed as Kshs. 65,319,365/55. This translates to only Kshs. 17,234,730-55 having been realized in the form of PRDs in the one financial year (15 months) covering the 2019-2020 season. This discrepancy raises eyebrows. In that same period, we have a Moi University declaring a remittance to the liquidators of Kshs. 131,111,653-53 (Doc 7) The discrepancy is revealing.

A number of other items in the financial statement (2018-2020) raise justified suspicion. The petitioners also got feedback from former MUSCO Staff to the effect that contrary to claims made by liquidators, they had not been paid anything, let alone the Kshs. 750,000/= claimed to have been paid out to them by the liquidators. (Doc 8)

Unless the liquidators can provide documentary evidence in their defence, the petitioners would consider ALL items listed as expenses as fraudulent. We, in particular, challenge the liquidators to produce KRA Certificate of Compliance to vindicate them in their claim to have surrendered Kshs. 17,609,353-40 to the tax collector.

? How do you pay for non-existence entity

The petitioners would be most grateful if forensic audit would be instituted to validate the veracity of the financial transactions covering MUSCO liquidation is a public interest issue. We have been able to get privileged information to the effect that recently we had more funds being withdrawn from the liquidators' MUSCO a/c # 1235103706. All this vigorous transaction needs to be urgently and thoroughly scrutinized.

KCB

Our other consideration has to do with our assets, which include MUSCO Towers (Approx. Kshs. 1.2 billion) (Doc 9), MUSCO Plaza (valued at Kshs. 50,000,000/=), 21 plots at Sambu Kaplimo, with Title Deeds; 2 Blocks in Ngeria area; former Ngeria area. Records are available at our MUSCO inventory at Moi University Main Campus.

We also have additional revenue collected from UoE approx.. Kshs. 100,000,000 annually.

Dr Susan K. Chebet

(X1E)

Former Moi University employee & Member
petitioner

**APPEAL ON BEHALF OF THE PETITIONERS SUBMITTED BY DR SUSAN K. CHEBET TO
THE MEETING WITH SENATORS ON FRIDAY 16TH OCTOBER, 2020**

The members of Moi University Sacco through the petitioners wish to appeal to the members of the Senate as follows:

That the Moi University Sacco be revived for the benefit of over 3000 members and dependents.

That the value of the Sacco and its assets are enormous when put together do not warrant to be put under liquidation. The assets include:

- i) Musco Plaza in Main Campus – 50,000,000.
- ii) Musco Towers located in Eldoret CBD – 1,200,000,000.
- iii) Twenty one (21) Parcels of plots located at Kaplomo valued at 6 million each totals to Kshs. 126,000,000.
- iv) Two (2) blocks of plots in EATEC at Ngeria Zone.
- v) Rent collected from rented premises amounting to over 3 million per a month.
- vi) Loans taken by members yet to be paid to the Sacco is Kshs. 500,000,000.
- vii) Defaulters are yet to pay 36,438,644.12

community uses front office – Mama mboga, boda, Mawatu

Goodwill by Cooperative Bank, and the County Government of Uasin Gishu.

The County Government of Uasin Gishu was willing to inject some money to the Sacco while the Cooperative Bank which houses the main account of the Sacco gave the Sacco a Moratorium for one year and a six month extension to enable the Sacco pick up only to be placed under liquidation by the Commissioner of Cooperatives before expiry of the Moratorium period.

Revival of Musco Sacco

It is the plea of the members that the Sacco be revived for the benefit of the members and their heirs. The 90% liquidation alleged by the Commissioner is not viable due to the amount of assets and the cheque book. The question is; Who benefits when Musco dies? It will be prudent enough, if the Sacco is revived to save the agony of many shareholders.

Other Revived Saccos

Members' hopes are pecked on examples of other Saccos that have been revived after cancellation of their licenses, examples are:

- i) Hekima Sacco in Nandi
 - ii) Egesa Sacco in Nairobi *Kiambu*
 - iii) Green Sacco in Kericho among others.
- Why not Musco?

Saccos with Challenges

- i) Harambee Sacco in Nairobi
- ii) Teachers Sacco in Baringo currently BORESHA Sacco

Justice to Members/Dependents

Over 3000 members stand to lose their lifetime savings. Their dependents some are orphans and widows/widowers, retirees are languishing in poverty as they cannot access benefits from the Sacco.



Dr Susan K. Chebet
PETITIONER

Doc 1

**MINUTES OF MOI UNIVERSITY SAVING AND CREDIT SOCIETY (MUSCO)
MEETING HELD ON 30TH APRIL 2019, AT MUSCO PLAZA GROUND.**

MEMBERS PRESENT

NO.	NAME	PF.NO.	MUSCO NO.
1.	Joel Kiplagat	3022	2390
2.	Daudi Cheptalam	2262	1890
3.	Charles O. Laktar	1420	0874
4.	Henry Adera	1065	5288
5.	Joseck A. Marenga	3687	3008
6.	Stanley K. Kirop	2440	5820
7.	Joel Kirui	3692	3100
8.	John K. Letting	1701	1432
9.	James K. Serem	1919	2515
10.	Mary Murey	1377	1237
11.	Peter Kirorei	4652	8751
12.	David Kebenei	1359	1938
13.	Henry Yego	4712	5015
14.	John Mubarak	616	870
15.	Augustine K. Chepkwony	2258	5179
16.	James K. Bwalley	460	2173
17.	Edward K. Bargoria	0859	5694
18.	Rose Koina	0171	193
19.	Linana Chemtai	0532	415
20.	Murey Raphael	2189	1955
21.	Joseph Busienei	0635	389
22.	Charles K. Busienei	0103	091
23.	Amon Kosgei	01280	5883
24.	Pamella Moraa	2584	1515
25.	Stephen Rutto	4929	5182
26.	Joseph E. Allori	0775	0972
27.	Tacisian Magero	3790	3078
28.	Wilson K. Bett	0475	1813

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29.	Wilson Koringo	0587	2426
30.	Dorcas Kiplagat	0969	0649
31.	David Serem	01570	1072
32.	Wilson Chesire	4542	4792
33.	James Ochieng	0051	0111
34.	Bernard Ombati	4413	6312
35.	Tabitha Jelagat	2163	5756
36.	Salina Too	3819	3344
37.	Divinah Kurgat	4709	4844
38.	Christine Jeptoo Ngisirei	1295	5014
39.	Christine Jesang Murei	0757	2516
40.	Edward K. Nyango	6019	5967
41.	Magrina Kurgat	01056	
42.	Titus Saina	4923	5275
43.	Wilson Koech	4938	5273
44.	Daniel Kisasam	3338	2712
45.	Daniel K. Tum	590	0420
46.	Tobias Olang	3400	2803
47.	Isaac Borongi	0996	1244
48.	Mary Endusa	0450	260
49.	Christine Kimugul	01271	0885
50.	Ruth Jeptoo	3804	3080
51.	Gladys Cheruto	30577028	7356
52.	Nancy Koech	0612	411
53.	Caroline Lagat	01313	1081
54.	Dinah ch emisik	02311	1799
55.	Emily Mursi	5359	5322
56.	Josephine Komen	0243	1906
57.	Christopher K. Kerorei	4672	4981
58.	Joseph Chelang'a	2222	6102
59.	David Lagat	3512	2841
60.	Joyce Ngetich	5225	
61.	Catherine Jepchoge	2231	

62.	Isaac Saina	102	021
63.	Samwel K. Kitur	1494	1704
64.	Mary K. Cheptoo	2819	5582
65.	Hellen Simatwo	4710	5021
66.	Rose Chebet	1719	4855
67.	Eunice Tarus	5968	5946
68.	Reuben Simatei	0179	140
69.	Joseph Kerechel	2522	1491
70.	Salome Kiprotich	2173	
71.	Flaurine J. Metto	4213	4126

1.0 Commencement of Meeting

The chairman called the meeting to order at 12.40 p.m with a word of prayer from Ms. Selina Too

MIN/001/19

2.0 Remarks by the Chairman

Observed:

That MUSCO was put under receivership abruptly without notice or members being informed.

MIN/002/19

That Requidiator had called a meeting to brief MUSCO members on the Status of the Society and way forward concerning members shares and deposits but called it off in the last minute.

MIN/003/19

That members need to be informed on the status of the society since there are members who have retired with no clear information concerning their share deposits?

That the Union has a mandate to assists members contact SASRA Office on the way forward.

MIN/004/19

That members are urged to be attending meetings whenever the meeting (s) are called for

MIN/005/19

3.0 Way forward

Resolved:

That the members appoint representative who should contact SASRA County Officials and the Requidator to clarify why the meeting was postponed yet the members were not informed of the reasons.

MIN/006/19

That MUSCO officials who were in Office before receivership should be attending meeting to brief members on what transpired.

MIN/007/19

Reported:

That members to get some representative to seek information on the status from either the National SASRA headquarters or the County Office on the the position of the SACCO.

MIN/008/19

Agreed: That the following officials to represent members at SASRA County Office and seek Clarification on with the following terms of reference

1. Status Report of Moi University Saving and Credit Society (MUSCO) and Way forward.
2. MUSCO Plaza (Eldoret building) Payment if the contractor is being paid or not
3. Status of Defaulters

The following Representative were appointed;

- | | |
|---------------------|-------------|
| 1. Mr. Stanley Krop | - Chairman |
| 2. Ms. Pamela Moraa | - Secretary |
| 3. Ms. Rose Koima | - Member |
| 4. Mr. Henry Adera | - Member |
| 5. Mr. James Serem | - Member |

MIN/009/19

Agreed:

That the representative should report back to members within two weeks from the date of the meeting.

That the representatives to facilitate their movement.

MIN/010/19

4.0 Adjournment

There being no other business the meeting adjourned at 2.30 p.m with a word of prayer by
Ms. Selina Too.

MIN/011/19

Approved for Circulation:



Chairman

8th May 2019

Date

Confirmed in the Next Meeting:

.....

Chairman

.....

Date

Doc 2

MUSCO MEMBERS			
LIST			
	PF NO	NAME	TOTAL SHARES
1	0022	MS. ODAWA JENIPHER	462,430.60
2	0044	MR. JOHN OMIRO	420,372.60
3	0045	MR. KWENDO ZAKAYO	379,921.40
4	0051	MR. JUMA JAMES OCHIENG	300,384.20
5	0078	MR. KIPROP PHILIP	126,175.00
6	0091	MR. SAWE MOSES K.	529,271.00
7	0092	MRS. AYIEKO MARY	385,743.30
8	0096	MRS. ALUOCH CONSOLATA	566,579.15
9	0097	MR. CHEBET CHESIRE JACOB	437,871.00
10	0102	MR. KIPSAINA I.K.	395,912.30
11	0103	MR. BUSIENEI CHARLES KIPT	377,634.80
12	0144	MS. RWENGO ZIPPORAH W.	915,512.80
13	0160	MR. MELI FREDRICK	281,379.30
14	0169	MR. JOHN K. LAGAT	546,938.50
15	0171	MS. KOIMA ROSEMARY JEPCHI	63,870.40
16	0174	MS. SONYO BRIGITA	187,470.50
17	0179	MR. SIMATEI REUBEN	444,477.65
18	0182	MRS. KEMEI MARY CHELANGAT	179,575.00
19	0192	MR. RONO WILSON K.	502,821.00
20	0195	MR. CHEMININGAI MARKO	327,171.50
21	0196	MR. TUWEI J.K.	279,240.30
22	0208	MR. BUNEI DAVID	432,261.00
23	0212	MS. WAMBUI CECILIA	479,784.10
24	0219	MR. CHESANG CHARLES	0
25	0225	MR. TENAI JOSEPH	150,825.00
26	0226	MR. AKURA MAURICE O	440,776.40
27	0240	MRS. BOIT ALICE JEMELI	602,299.00
28	0243	MISS JOSPHINE KOMEN	395,334.80
29	0250	MR. REUBEN BIRECH	329,473.30
30	0254	MISS ESTHER CHEBET	394,164.80
31	0255	MR. JOSEPH K. BEREN	42,475.00
32	0268	MRS ISCAH BIRECH	151,275.00
33	0272	MR. TOKEI SAMUEL K.	241,275.00
34	0286	VERONICA JELAGAT KITUR	373,270.05
35	0291	MR. TABOI COSMAS	1,300,925.00
36	0346	MISS JANE J. BOIT	313,923.30
37	0381	PROF. MUTISO JOHN M	2,383,706.40
38	0402	MISS OLOO LILLY B AKELL	502,827.40
39	0411	MR. ROTICH KIPKOSGEI JOSE	356,960.90
40	0419	MRS. CHEPAO IRENE	265,483.30
41	0429	MRS TANGUS ELIZABETH CHEP	306,642.80
42	0443	MR DANIEL K KANDIE	2,039,698.40

43	0452	MR. MUSA JAMES ASENA	256,441.10
44	0457	MR. KEMEI STANLEY	310,936.45
45	0459	MR. YEGO DAVID Y.	186,275.00
46	0460	MR. JAMES K. BWALEY	291,000.20
47	0462	MR. CHEMWENO PATRICK C.	313,161.30
48	0468	MR. PHILIP KIRWA	300,082.20
49	0475	MR. BETT WILSON K.	0
50	0485	MRS. OKUMU ANGELICA J.	437,712.10
51	0493	MRS. NGENY SARAH MISS	3,000.00
52	0519	MS. CHEBET ESTHER	159,675.00
53	0521	MR. FAROO MUCHIKA	194,370.00
54	0526	MRS. AGUFANA JOSEPHINE KA	281,114.70
55	0532	MS. CHERUIYOT LINAH	246,055.30
56	0543	MISS JEPKEMBOI BIRGEN	321,921.30
57	0549	MISS LEAH CHEPCHUMBA	335,242.20
58	0558	MR. MAYAKA CHARLES	314,585.50
59	0560	MR SAMUEL SOMOE	0
60	0563	MR. ROTICH JOHN K.	305,976.35
61	0564	MS. BUSIENEI ESTHER JEPTA	297,441.00
62	0570	MR. SITIENEI RICHARD K.	328,045.30
63	0571	MR. NGONDA PETER	113,175.00
64	0572	MR. SAWE JOHN K.	300,865.30
65	0590	TUM DAVID KIMENJO	290,395.30
66	0612	MRS. KOECH NANCY JEROTICH	372,229.45
67	0614	MISS NANCY CHEPNGENO	318,202.50
68	0615	MRS. MULWO ANNE J.	322,362.20
69	0616	MR. MUBARAK JOHN K.	320,263.30
70	0622	MR MAGUT BENJAMIN KIBUNG	319,733.00
71	0623	MR. JOHN K. MARITIM	287,092.20
72	0625	MR. HADAMBA ELIJAH	350,971.30
73	0629	MS. RUCHA FLORA	219,088.30
74	0635	MR. BUSIENEI JOSEPH K.	286,581.30
75	0636	MRS. SELINAH OKOTH	321,623.30
76	0640	MRS. JEPKEMBOI CELESTINE	321,562.20
77	0644	MR. KIPTIONY JACKSON K.	1,450,861.40
78	0647	MR. KENNEDY ODIWUOR AWINO	153,586.65
79	0664	MR. SAWE SIMEON K.	449,904.10
80	0666	MISS SALLY KOECH	283,400.70
81	0669	CHEPKENER JENNIFER J	591,809.00
82	0685	MR. KINYANJUI PAUL N.	116,375.00
83	0693	MR. NG'ENO DAVID KIPRONO	413,819.10
84	0703	MR. TUM SAMUEL K.	77,375.00
85	0706	MR. KIBIEGO JOHN	261,061.00
86	0710	MR. BALIDAWA JOICE B	1,867,953.55
87	0715	MR. VINCENT C. KISANG	125,000.00
88	0732	MRS. CHEMABWAI TECLA	2,037,997.40
89	0737	MR. BAINA ERIC K.	338,333.00

90	0747	MR. BUTAKI CHARLES K	997,211.40
91	0757	MISS CHRISTINE JESANG	287,147.00
92	0761	MRS. LUCY KIPLAGAT	330,242.20
93	0763	MR. OMBOK G. O.	109,175.00
94	0773	MRS. JEPKOSGEI SALINAH W.	404,771.00
95	0777	MR. NYAMEKENDO JOHN	357,742.20
96	0792	MRS. KIBIY LUCY C.	314,274.80
97	0795	MR. LANGAT BENJAMIN K.	201,375.00
98	0799	MR. TANZI ROBERT N.	20,036.60
99	0802	MR. NYAORI ELIAB O.	246,823.30
100	0803	MR. JOSEPH K. TIROP	410,816.50
101	0808	MR. PHILIP O. OKORA	625,445.40
102	0826	MR. YETGEY SAMMY K	694,900.30
103	0837	MISS VIOLAH J. YEGO	286,292.65
104	0848	CHRISPINUS W. WANYONYI	446,375.00
105	0853	MR. MUIGEI JOSEPH K.	37,700.00
106	0859	MR. BARGORIA EDWARD K.	195,375.00
107	0870	MS. MUREI SALLY J.	364,110.60
108	0881	PROF.SEREM D.K	191,275.00
109	0900	MS. NGIGI MARGARET	20,000.00
110	0918	MR. WANDA DAVID HENRY	6,000.00
111	0934	MS. SUKANTET DIANA	598,236.30
112	0951	MISS.TERESIAH A. MUSIAH	234,375.00
113	0969	MISS DORCAS J. KIPLAGAT	351,454.10
114	0970	MRS. WANGUSI JANE	1,076,028.00
115	0978	MR. KANDIE RAYMOND K.	534,371.00
116	0982	JOHN K. CHUMA	138,583.00
117	0989	JOSEPH KIMUTAI	461,740.50
118	0993	MR. TUM PETER K.	307,085.30
119	0996	ISAAC C. BORONGI	387,954.80
120	0997	MR. KEMEI FRANCIS K.	190,300.00
121	1000	MR. SAMUEL K. KANGOR	281,055.30
122	1002	MR. KIRUI DAVID K.	22,700.00
123	1004	MS. NZINAH FRANCISCA	472,825.10
124	1028	MR. KIPKEMBOI JOHN	252,376.30
125	1036	MRS. KETER HELLEN	433,711.00
126	1048	MR. TUEI ELIJAH K.	35,000.00
127	1065	MR. MWALO HENRY ADERA	141,275.00
128	1070	MR. WAKHULE JACKSON OTIPA	1,968,666.60
129	1073	MR. LONGORI ERAKA	91,800.00
130	1083	MR. KIBET GIDEON K.	268,750.20
131	1096	MR. KIRWA DANIEL K.	0
132	1106	MR. TANUI RICHARD K.	510,613.80
133	1114	MR. MITEI JAMES K.	106,675.00
134	1141	MR. KIROP MARIKO C.	306,803.30
135	1142	PROF. TORONGEY PETER K	2,906,695.10
136	1176	PROF. AYANGA HAZEL O	1,936,575.00

137	1181	MR. KARERI RAPHAEL W.	746,275.00
138	1183	JOHN OKERE	1,716,786.40
139	1204	MR. BETT NICHOLAS K.	114,275.00
140	1210	MRS. MUTSEMBI ADELAIDE M.	445,547.60
141	1222	JACK W. ABOK	1,439,918.80
142	1236	MISS EMILY CHEMELI	282,223.30
143	1237	MRS. IRENE JEBICHIY MICHA	297,002.20
144	1251	MR. OKIRING NAFUTALI ODOI	159,075.00
145	1252	MRS. CHEBORIOT PETRONILA	116,075.00
146	1253	KOSGEI ROSEMARY JEPKETER	270,235.30
147	1254	MARY C. SAMOEI	249,687.30
148	1255	MR. PHILIP KISORIO	309,841.30
149	1256	REV. KATWA JOSEPH K.	1,018,817.50
150	1260	BENEDICTOR JERUBET	75,600.00
151	1261	RHODA JEPKEMEI CHUMO	283,061.30
152	1262	MS. TIROP TECLA JEPTARUS	78,975.00
153	1264	MR. KOECH WILLIAM KIRWA	116,975.00
154	1269	MS. SARAH JEBOR KIPLAGAT	180,275.00
155	1270	MR. KETER ABRAHAM	412,024.10
156	1271	MISS CHRISTINE J. KIMUGUL	257,557.30
157	1272	MR. MARITIM JOSEPHAT	304,567.65
158	1273	MR. CHESEREK ANTHONY KISAN	369,250.90
159	1275	MRS. CHEROSYO PAULINA CHE	94,075.00
160	1280	MR. KOSGEI AMON KIPLAGAT	127,075.00
161	1283	MR. SAWE WILSON	138,375.00
162	1292	MR. KORIR ABRAHAM K.	328,429.30
163	1295	MS. NGISIREI CHRISTINE J.	153,275.00
164	1304	MRS. CHEMUTEI EUNICE	56,000.00
165	1305	MR. TUWEI NOAH M.	297,905.30
166	1306	MR. KOGO HOSEA KIPROP	185,375.00
167	1313	MRS. LAGAT CAROLINE J.	294,555.30
168	1328	MR. SUGUT PHILLIP KIPKEMB	159,575.00
169	1329	MR. SIGEI JOSHUA K.	52,375.00
170	1347	MR. SIELE JOEL K.	59,275.00
171	1356	MR. KEMBOI BONIFACE MARIT	392,173.30
172	1357	MISS ROSELINE SANG	260,746.30
173	1359	MR. KEBENEI DAVID	355,000.20
174	1362	MR. MWEI JOSEPH	113,300.00
175	1368	MR. MOSES TUWEI	325,282.40
176	1373	MR. MARITIM ANDREW	350,001.10
177	1374	MR. BARIDI JOSHUA WAMBETE	178,575.00
178	1377	M/S MARY MURREY	300,831.30
179	1385	MR. OBILA JOHN ONYANGO	312,326.30
180	1390	MR. CHELIMO JOSEPH CHEBOI	268,923.30
181	1392	MR. PHILIP TUM	342,431.30
182	1394	MR. SAMMY NGETICH	285,495.30
183	1395	MR. CHRISTOPHER SEREM	320,596.30

184	1405	MR. WALTER KIMUTAI	346,103.30
185	1407	MR. FRANCIS SAWE	273,222.20
186	1408	MR. KALASINGA SAMUEL	109,675.00
187	1410	M/S SELLA MAINA	330,842.20
188	1414	MR. STEPHANO KITUM	318,123.55
189	1420	MR. ONYANGO CHARLES	324,522.20
190	1422	MISS ESTHER JEPTUM MARIT	43,775.00
191	1434	MRS. LELEI DORCAS	136,675.00
192	1436	MR. OGANGU CHRISPUS N.	2,300.00
193	1437	M/S SALINA BUNDOTICH	274,716.30
194	1442	MR. SAINA WILSON K.	303,915.30
195	1443	MS. CHEMUTAI MARY	107,575.00
196	1446	MS. OLWENY HELIDA ACHIENG	270,295.30
197	1456	PROF. MARU LOICE C.	2,391,846.45
198	1466	DAVID ODHIAMBO JUMA	540,693.40
199	1475	MR. MARITIM DAVID K.	471,577.20
200	1477	MR. KIPCHIRCHIR WILSON K.	0
201	1483	MS. SANG EUNICE C.	322,638.50
202	1484	MS HELLEN SIRMA	299,459.30
203	1489	JANE J. SING'OEI	310,200.20
204	1494	SAMWEL K. KITUR	307,562.30
205	1497	MR. KETER DAVID K.	230,995.30
206	1507	MR. PAUL K. KOMEN	334,289.30
207	1538	PROF. ONDITI GABRIEL D.E.	2,598,208.50
208	1548	DR. ONCHAGWA EVANS NYANG'	1,865,106.40
209	1558	MISS ROSE JELIMO	323,760.20
210	1570	MR. SEREM DAVID K.	413,603.30
211	1572	RODAH J. KANDIE	392,535.40
212	1588	PROF. BOIT JOHN MUGUN	2,976,587.10
213	1593	MRS RACHEL OKINDA	355,452.80
214	1594	MR. CHERUIYOT RICHARD K	287,990.90
215	1604	MR. CHELOTI VINCENT W.	1,260,955.00
216	1680	MR. MITEMA DANIEL K.	438,043.50
217	1682	MR. ABISI JOSEPH	113,375.00
218	1693	MR. BETT PAUL K.	392,135.30
219	1695	MR. MAIYO SOLOMON K.	238,652.45
220	1697	MR. KOSGEY STEPHEN	347,995.30
221	1699	MR. CHARLES GARAN	323,795.30
222	1700	MRS. JANE ROTICH	12,300.00
223	1701	MR. JOHN LETING	365,041.45
224	1708	MR. CHIRCHIR JULIUS	81,675.00
225	1713	MR. EURATA ALFRED KAMILI	136,285.00
226	1714	KOGO PAULINE JEPOTIB	308,001.30
227	1715	M/S CHRISTINE CHESANG NGE	277,012.60
228	1717	M/S JESANG NELLY	362,790.00
229	1718	MR. ESABA STEPHEN	311,413.30
230	1721	M/S JANE BUNEI	320,497.30

231	1731	MR. JOSHUA KOSGEI	206,075.00
232	1732	M/S CLEMENTINA BWAMBOK	398,323.30
233	1735	KOSKEI EMILY JEPKURGAT	105,075.00
234	1747	MISS EMMY JEPKORIR TANUI	449,535.00
235	1784	CHRISTINE C. BIWOTT	276,145.90
236	1795	MS. KIPTOO SALOME C.	322,223.30
237	1887	KIPYEGO JACOB	322,988.90
238	1890	MS. JEMURGOR MARGARET	258,455.30
239	1915	MR. BIWOTT KIPLAGAT K.	432,675.00
240	1945	MR. NYANGUSEI ISAAC K.	272,375.00
241	1948	MS. ROTICH SUSAN C.	127,075.00
242	2039	MRS. TANUI MARY J.	30,900.00
243	2094	PROF.CHEPKUTO PAUL KIPROP	3,582,231.10
244	2116	MS. RUTH JEPTUM	510,858.90
245	2120	MRS. CHEPKWONY EUDIA CHER	365,770.20
246	2121	MS. KURUMEI FAUSTINA J.	479,691.00
247	2122	MR. MUSERA LEVY KAVERE	0
248	2131	MUTISYA WINFRED MUENI	322,496.00
249	2153	MR. SAID OMARI K.	376,641.00
250	2159	MR. BETT PETER KIPKORIR	241,851.55
251	2161	SALLY J. KIMUTAI	121,075.00
252	2163	MS. JELAGAT THABITA	114,275.00
253	2167	MS. JERONO EVERLYN	264,269.30
254	2172	MR. CHERUIYOT PAUL	467,242.00
255	2173	SALOME KIPROTICH	297,910.30
256	2174	ABIGAIL J. BOIT	320,435.20
257	2177	MR. SAINA PAUL	291,995.30
258	2180	MS. CHEROP JENNIFER	443,387.60
259	2181	MS. KOSGEI ROSE	220,095.30
260	2185	JOHN CHUMBA	278,855.30
261	2186	ANTHONY MURGOR	271,715.30
262	2189	MR. MUREY RAPHAEL KIBOR	318,923.30
263	2190	MISS VERONICA N.KIMILE	299,155.30
264	2194	JOSEPHINE JELIMO	325,341.30
265	2198	MR. TANUI JOSEPH	239,141.40
266	2212	PAULINE SANG	337,741.30
267	2217	ROMANA SANG	319,841.30
268	2222	MR. KIPTOO JOSEPH CHELANG	383,155.60
269	2224	BENJAMIN KIPTOO KEMBOI	634,870.20
270	2225	MRS. YEGO ROSE JEPKINYOR	168,265.00
271	2229	THOMAS K. SITIENEI	325,071.60
272	2231	JEPCHOGE CATHERINE	332,941.50
273	2232	MS. ESTHER BUSIENEI	268,509.00
274	2238	BORNES MOKEIRA ONGAKI	301,375.30
275	2241	CATHERINE J. KORIR	273,095.30
276	2255	DR.MENJO DAVID	2,640,409.80
277	2258	MR. KIPKOECH AUGUSTINE C.	171,575.00

278	2259	MR. SONGOK KIPKORIR	285,755.30
279	2260	MR. LAGAT JONAH K.	149,057.00
280	2262	CHETALAM DAVID CHELANGA	319,971.75
281	2264	MR. MASIKA JOSEPH B.	253,500.20
282	2266	MR. RUTO PHILIP KIPTOO	252,450.00
283	2283	CHERONO CECILIA	277,255.30
284	2285	MR. KITATI PETER M.	58,400.00
285	2288	MS. KOSKEI THERESA CHEPTE	0
286	2291	MRS. JEMUTAI SUSAN TUWEI	143,775.00
287	2294	MR. KIPLAGAT MICHAEL KIPT	376,333.30
288	2295	MRS. LAGAT PASCALYNE JEME	173,975.00
289	2297	DAVID KEIRO	149,875.00
290	2299	CHIMOI JOHN MUSAMBI	141,105.00
291	2301	MR. BITOK AMBROSE K.	379,975.20
292	2303	MRS. MALAKWEN JANE CHERUB	135,825.00
293	2308	MRS. SANG PHILIA	362,695.30
294	2309	MR. KEMBOI WILSON	210,615.00
295	2311	DINAH C. KENY	197,197.05
296	2320	MS. JEROP ALICE	152,205.00
297	2326	MR. TOGOM WILLIAM KIBIWOT	318,403.30
298	2328	MRS. KIBUGI JANE WAMBUI	297,285.30
299	2329	SILVESTER KIBIWOT MATUTU	288,995.30
300	2340	MR. RUGUT JOHN KIPKEMBOI	347,778.00
301	2353	MRS. KAYOS JOSEPHINE K.	256,095.30
302	2365	MR. LIMO RAPHAEL K.	81,675.00
303	2404	GRACE CHEPKINYOR	266,941.30
304	2405	MR. RUTTO DANIEL KIPSANG	263,955.00
305	2410	MR. KIZITO K KABUYESI	115,275.00
306	2413	MR. MITEI PAUL	375,692.40
307	2419	DR. OPAKAS PETER E.	4,695,023.30
308	2425	PROF. JAPHET OTIKE	2,919,608.10
309	2430	MRS. WANJIRU ROSE	409,172.00
310	2438	MR MANOA A MUKANGULA	1,520,797.50
311	2440	MR. KIROP STANLEY KOSGEY	167,675.00
312	2450	MRS. TONENI RUTH N	945,396.30
313	2453	MR. KANGWONY MUSA K.	124,375.00
314	2461	MRS. MANG'ERA DAISY K.	1,399,357.10
315	2479	MR. LANGAT RICKY K.	279,794.80
316	2497	MR. GAYA PAUL ODHIAMBO	1,225,691.00
317	2503	MR. MWAZIGHE GEASPEARY M.	525,201.60
318	2509	MR J K KIPSANG	441,426.60
319	2517	DR. ONDURU TIMOTHY A.	1,804,207.20
320	2522	MR. KERAMA JOSEPH M.	336,985.00
321	2524	MS. BIWOTT SALLY C	270,845.00
322	2529	MR. SAINA PAUL K.	284,945.30
323	2538	MRS. WENANI JOANES N.	87,700.00
324	2539	MR. ALFRED O. MUKOLWE	497,891.00

325	2547	MR. LELEI WILLIAM K.	754,363.00
326	2563	MRS. ATSIAYA VIOLET JEMO	233,693.70
327	2572	MRS. RECHA JUDITH N.	463,291.05
328	2584	PAMELA MORAA	1,683,612.10
329	2598	PROF. ALICE M CHEWULUKEI	2,941,216.80
330	2603	MR. AKO CALLEB OCHIENG	169,475.00
331	2630	MR DAVID BIWOTT K	1,462,833.00
332	2633	MR. CHIRCHIR KIRWA	912,675.00
333	2646	MR. LAKILAW ZACHARIA B.	382,375.00
334	2647	MRS. SUGUT HELLEN J.	178,520.30
335	2655	JANE J MASWAI	620,363.30
336	2667	PROF (MRS) GRACE A ETTYAN	2,161,759.40
337	2685	DR TITUS M SISENDA	2,013,874.75
338	2690	MRS. LIMO SALINA J.	901,039.10
339	2709	MR. KOMEN FRANCIS B.	1,897,476.50
340	2733	PROF WAHOME MARY P N	2,305,313.20
341	2747	MISS GRACE MONDI	267,195.30
342	2815	MISS IMMACULATE E KWEDHO	766,194.05
343	2819	MS. CHEPTOO MARY K	251,475.00
344	2821	PROF.KWONYIKE JOSHUA K.	1,937,906.40
345	2826	MRS. KORONGO JULIA N.	966,682.00
346	2838	MR GEORGE NYARANGO	202,927.80
347	2881	DR. BUZIBA NATHAN G.	2,424,275.00
348	2896	MS. KEINO MONICAH J.	629,024.95
349	2947	MS. CHERUS ANNE	324,131.60
350	2963	MR. TUWEI JOSEPH KIPROTIC	1,806,286.60
351	2968	MS. MUTUA MARGARET KHASAN	177,400.00
352	2986	DR. BIEGON RICHARD K.	1,311,494.50
353	2988	PROF SAUL N. SITATI	634,675.00
354	2990	MR.CHRISTOPHER W. SITTI	1,461,806.40
355	3001	PROF.H. S. NYANDIEKA	1,788,014.80
356	3003	MRS ROTICH ESTHER JEROTIC	65,600.00
357	3015	MR. YEGO SAMUEL KITUM	124,400.00
358	3022	MR. KIPLAGAT JOEL M.	294,150.60
359	3024	MR. KOSKE JOSEPH CHERUIYO	213,975.00
360	3030	MR. CHUMBA WILSON T	82,500.00
361	3048	DR. CHELAGAT DINAH	1,783,724.60
362	3052	DR. LELEI LECTARY K. KEIY	2,314,760.40
363	3054	DR KURGAT ALICE J	586,175.00
364	3058	MR WILLIAM C KIPKORIO	1,348,287.60
365	3060	MR. MMIRITI GERMANO K	121,875.00
366	3073	M W W KALENDA	1,709,147.60
367	3084	MR WILLIAM K KEMEI	267,199.30
368	3088	DR. MWALI KO EMILY W.	94,275.00
369	3103	MRS. ROTICH LUCY JEPKEMBO	163,675.00
370	3108	DR. MANONO GEORGE	722,218.50
371	3111	MR. BIRGEN ISAAC KIPTARUS	3,602,006.00

372	3129	MR. KIRWA BARNABAS	167,475.00
373	3137	JOEL K.CHEBII	298,959.30
374	3163	MS. CHEMOKOS ROSE K.	356,975.00
375	3167	MR. CHEPKIRWOK JOSEPH K.	0
376	3189	MS. LANGAT BEATRICE C.	50,575.00
377	3192	MRS. BARAIYWO SALINA CHEP	408,582.80
378	3229	MR. CHERUIYOT LUTHER	288,813.30
379	3254	PROF.KIMAIYO SYLVESTER J.	1,923,206.40
380	3282	PROF. MULONGO LEONARD S.	1,643,306.40
381	3311	MRS. KONOSI JUDITH K	609,887.00
382	3315	MS. KIMTAI HELLEN	382,323.30
383	3330	MS. CHELIMO EMMY J.	400,451.70
384	3334	MR. TERER JOSEPH K.	295,813.30
385	3338	MR. KISASAM DANIEL KIPYEG	361,490.50
386	3340	MR SAMSON K NGELECHEI	815,587.20
387	3344	MR. OKITUK PATRICK K	197,400.00
388	3346	MR. BIRGEN AUGUSTINE	385,946.00
389	3348	PHILEMON K KETER	361,576.00
390	3350	MR. KAHUGU SAMSON	211,175.00
391	3357	PROF. NYAMOGOBA HENRY NY	1,033,700.00
392	3358	MR. PETER S. AKHWABA	391,990.50
393	3359	MRS. JEROTICH ANN	41,000.00
394	3364	DAVID KIPLAGAT	382,175.00
395	3370	MS. SONYO PRISCAH C	417,387.00
396	3394	MR. ROTICH KIPKORIR	176,600.00
397	3395	MR SIMON K CHESIRE	233,213.30
398	3396	MR DANIEL KOECH	229,913.30
399	3397	MR. SAWE RAYMOND K	161,493.00
400	3399	MR. RUTO STEPHEN K.	329,313.30
401	3400	MR TOBIAS L OWINO	338,754.20
402	3403	MR. YEGO WILSON K	256,144.30
403	3404	MR JOHN K BARATON	131,275.00
404	3411	MR. KORIR VICTOR K	154,475.00
405	3414	MR SAMUEL L KITUR	320,313.30
406	3416	MR PAUL HAUDO	245,668.30
407	3425	MR. OGWAE RONALD M.	36,475.00
408	3437	MR. MANANI EDWARD L.	395,175.00
409	3439	NICHOLAS B NYABORO	305,113.50
410	3440	MS. KIRWA SALLY J.	228,075.00
411	3445	MS. RONO SHEILA C.	274,104.00
412	3448	MRS. MUIRU ELIZABETH NGIN	293,508.00
413	3467	JEMELI NGISIREI	160,800.00
414	3470	MISS LYDIAH KEINO	469,708.70
415	3477	EZEKIEL O KIAGE	32,800.00
416	3503	GEORGE LUTOMIA	1,064,179.00
417	3504	DR. AGAK THOMAS OCHOLLAH	918,100.00
418	3512	MR DAVID LAGAT	252,041.70

419	3513	MS. CHEROP EVERLYNE	268,575.00
420	3521	MS. ROP ESTHER J.	675
421	3533	MS. TANUI LYDIAH J.	201,238.30
422	3544	MISS CAROLINE C BII	757,886.40
423	3546	DR.OYONDI ERIC	1,883,392.35
424	3561	MR CHEBOI JOSEPH K	270,813.30
425	3565	DR. SANG CONWAY KIRUI	1,395,777.00
426	3567	MISS NORAH MORAA KINARA	260,464.30
427	3577	MR. TELENGECH JOSPHAT K	238,175.00
428	3605	PROF. KUREMU ROBERT T.	1,737,031.40
429	3609	MR. KIPTUM JOHN M.	550,475.00
430	3618	FLORENCE GITAU	895,075.00
431	3642	MR. CHEBII JULIUS K.	166,250.00
432	3645	MS. MAINA LINDA CHEBET	608,463.20
433	3648	MRS. CHEPKOECH NANCY	269,964.20
434	3649	TECLA KIROREI	166,775.00
435	3654	MS. NGOSOSEI JENIFFER	199,274.80
436	3666	RICHARD K.TATUR	394,645.00
437	3674	MRS. TARE JENIFFER	506,187.00
438	3676	EMILY JEPKORIR	46,975.00
439	3678	HELLEN J.MALAKWEN	251,513.30
440	3680	LEAH J.BUNEI	239,563.30
441	3682	GORDON O.ODERO	289,528.50
442	3687	JOSECK ALUKHABA MARENGA	297,413.30
443	3690	MR. BOR JULIUS	271,013.30
444	3691	MR. MARITIM JACKSON	251,813.30
445	3692	JOEL KIRUI	213,813.30
446	3695	MR. CHEMEI PHILIP KIPROTI	35,275.00
447	3696	JACOB KIBET KOGEY	354,075.00
448	3697	JOSEPH MWANGI	275,013.30
449	3701	MR. TUM PAUL	251,213.30
450	3706	MR. KOSKEI SAMUEL	149,675.00
451	3717	ANNAH C.MIBEI	240,913.30
452	3718	MR. KOECH SIMION	144,075.00
453	3720	HELLEN CHEBET	236,613.30
454	3721	MR. KIPLANGAT PAUL RONOH	187,575.00
455	3769	PROF. MICHAEL KORIR	1,552,291.40
456	3771	MR. CHEPKWONY WILLIAM K.	451,729.00
457	3774	STEPHEN K TANUI	230,338.00
458	3777	MR. EHAGI JAMES	1,340,148.00
459	3785	MRS. CHELANGAT JANE	266,813.30
460	3786	JOHN G.EMONGOLE	884,218.40
461	3788	DANIEL KIBIWOT MAIYO	175,338.40
462	3790	MR. MAGERO TACISIAN	297,213.40
463	3794	MR. CHEPSERGON FRANCIS K	166,975.00
464	3795	MELI DANIEL C	254,813.30
465	3797	MR. SANG WILSON	254,874.80

466	3801	MS. TARUS EFILIN CHELAGAT	174,875.00
467	3804	MS. KOSKEI RUTH JEPTOO	236,413.30
468	3805	MR. BIRECH JOEL	103,175.00
469	3816	DR. KIRONGO GEOFFREY K.	1,564,675.00
470	3817	MS. RONO MONICA JEROTICH	108,665.00
471	3819	SALINAH J TOO	241,332.30
472	3824	MR. KOECH JOSHUA C.	0
473	3834	PROF. KIETI DAMIANAH M.	1,153,744.80
474	3851	MRS. CHEPKEMBOI CHRISTINE	392,441.40
475	3860	MR. CHEBORIOT JULIUS K	780,075.00
476	3863	DR. TENAI JOEL	1,661,899.80
477	3865	HELLEN J KIMAIYO	252,313.30
478	3867	MR. KIPLIMO BENJAMIN	198,141.70
479	3871	MR. KUTO LUKA Y.	1,194,434.80
480	3872	MR. KOECH CHRISTOPHER K.	921,734.40
481	3881	MR. KORIR ROBERT C.	121,475.00
482	3892	MR. ROTICH GEOFFREY K	421,775.00
483	3899	MS. WANJIRU JANE MUEMA	287,575.00
484	3925	PROF.SIIKA ABRAHAM M.	1,577,704.10
485	3944	CHEPKOSGEI JANE	418,641.40
486	3954	DR.KENNEDY K. IMBAYA	1,164,200.00
487	3955	MR. WILSON K. KOILEGE	341,475.00
488	3960	MR. MAIYO HENRY K.	396,351.00
489	3967	MR. ROTIKEN NOAH K.	79,575.00
490	3976	MUASYA MICHAEL M.	453,404.20
491	3983	MR. SAWE JOHN K	57,875.00
492	3985	DR. OCHICH GEORGE O O	3,059,185.00
493	3994	MR. KOTTUT SAMMY K.	1,961,526.50
494	4003	KEINO EMMANUEL K	351,279.00
495	4014	DR. NZILA CHARLES	1,080,556.60
496	4026	MR. KONG'ONG'O MAURICE OM	277,333.00
497	4037	DR. LUGULU HENRY J. A	3,015,775.00
498	4043	MRS. KOECH LILIAN C.	281,175.00
499	4088	JACOB KEMBOI	118,088.30
500	4089	JAMEN MANONO ITALIA	447,983.30
501	4092	BERNARD KIPTANUI	306,875.00
502	4094	MR. OPAKAS BONVENTURE E.	80,375.00
503	4095	KIBOR STELLA	166,038.30
504	4111	MR. TUWEI PAUL C.	1,239,860.20
505	4115	DR. MOSETI IRENE M.	190,400.00
506	4118	MS. KHAEMBA LINDA	1,149,350.00
507	4184	MUTUKU BENJAMIN	166,690.00
508	4189	MR. KOECH JAMES KIPROP	162,775.00
509	4198	DR MALAKWEN BENARD K.	1,460,499.10
510	4200	MS. TIROP JOYCE CHEPKORIR	95,800.00
511	4205	HELLEN J. SAMOEI	1,279,391.40
512	4213	METTO J.FLAURINE	440,571.20

513	4222	PROF. LAGAT CHARLES K.	1,370,475.00
514	4229	PROF.OLUOCH KENNETH K.	1,712,356.00
515	4236	DR. TOO CHARLES	670,107.40
516	4237	DUNCAN MUKUNGA	1,425,080.40
517	4240	PROF. TARUS DANIEL K.	44,975.00
518	4258	MR. BOR THOMAS BILLY	1,335,604.20
519	4269	MRS. OWUOR PAMELA A.	398,753.00
520	4279	MS. AUMA DOREEN	123,175.00
521	4295	MR. SIELE DAVIS K.	1,215,275.00
522	4300	REBECCA M.O'KING	878,381.00
523	4320	TOM W.DEDE	331,813.30
524	4331	LEAH KIBOWEN	417,675.00
525	4332	MR. AGAI JULIUS	801,022.20
526	4343	MRS. KOSGEI ANNE	1,393,176.60
527	4347	DAVID A.MALECHE	476,167.20
528	4359	MR. TUIYOT NICODEMUS K.	905,399.80
529	4360	PROF. GATONGI PETER M.	1,171,998.40
530	4373	MR. SAINA ISAACK K.	143,775.00
531	4406	KIPRONO ESTHER J.	271,035.40
532	4413	MR. OMBATI BERNARD G.	377,675.00
533	4416	MS. METTO SELLY J.	183,331.25
534	4418	MR. CHEMEI ELIUD	221,475.00
535	4419	MS. KOSGEI RAEI JEPCHUMBA	107,300.00
536	4422	SUSAN CHEBII	304,275.00
537	4423	MR. CHUMBA ROBERT K.	338,975.00
538	4425	DEDAN K.TOO	16,000.00
539	4442	MR. TOO EZEKIEL K.	204,625.00
540	4443	CHEPKECHIR P.N.K.KUBOWON	1,064,245.00
541	4445	MRS. JEPCHUMBA MARTHA	148,000.00
542	4459	DR.KIBET YUSUF K.	807,475.00
543	4474	MR. NGETICH NORMAN	656,475.00
544	4491	PROF CHANGACH JOHN K.	1,878,800.00
545	4498	JULIUS K.KOECH	121,675.00
546	4500	MR RONO SIMEON K.	53,575.00
547	4507	PROF.KINDIKI JONAH N.	820,700.00
548	4526	DR. KIYENG PHILIP C.	812,220.00
549	4536	DR. WERUNGA PROTUS K.	1,678,875.00
550	4538	JOSEPHAT S.MWANGANI	227,475.00
551	4540	MAERI CLEMENCIA W.	264,975.00
552	4542	MR. CHESIRE WILSON KIBET	219,375.00
553	4544	LEOTINA OPERE A	189,500.00
554	4552	MR. WAMBAS DENNIS OMONDI	105,975.00
555	4558	MR. MASILA PETER M.	667,275.00
556	4562	MR. JUMA HERBERT	352,175.00
557	4569	MR. KOSGEY PETER K.	66,700.00
558	4593	MR. RAMBAEI DANIEL K.	157,150.00
559	4611	MS. KEINO CAROLINE	36,500.00

560	4612	MRS. CHEPYEGON SALINA J.	332,675.00
561	4613	MR. KOECH DAVID	59,200.00
562	4627	MR. SINDABI OLIVER M.	167,200.00
563	4645	MR. KIMUTAI STEPHEN KIBET	566,500.00
564	4652	MR. KIROREI PETER	84,575.00
565	4654	MS. JEPKETER MILKAH	145,675.00
566	4655	MR. SOI NICHOLAS	177,475.00
567	4656	MR. KAVAI HOSBORN M.	161,975.00
568	4659	MR. KEMEI GIDEON KIPCHIRC	160,275.00
569	4661	MR. KIPSANGA WILLIAM	169,575.00
570	4664	MR. LAGAT PHILIP KIPKEMBO	107,875.00
571	4665	CHIRCHIR RAEI	164,675.00
572	4666	MRS. CHUMO ROSE C.	141,375.00
573	4671	MR. KAVAI WYCLIFF A.	146,075.00
574	4672	MR. KEROREI CHRISTOPHER K	124,875.00
575	4674	MS. JEPKEMBOI LEAH	144,675.00
576	4675	MS. CHEPKWONY ANN	194,175.00
577	4677	MS. MOROGO RODAH CHEPTARU	15,600.00
578	4678	ROTICH MAXIMILLA JERUTO	175,275.00
579	4679	MS. KEITANY MARY J.	302,475.00
580	4680	MRS. KOMEN BETTY J.	181,575.00
581	4691	MRS. MUNYWE MARY WANJERA	151,675.00
582	4693	MRS. INGUTIA PAMELA	628,175.00
583	4697	MS. MAIYO ZIPHORA C.	182,775.00
584	4698	Ms. JEMAIYO EMILY	146,275.00
585	4699	MR. TIGOI FRANCIS K.	185,175.00
586	4700	Ms. YEGO LEAH JEROBON	0
587	4701	MS. JEPNGETICH JOYCE	177,775.00
588	4704	MRS. BUSIENEI IRENE JEPCH	103,375.00
589	4705	Ms. TARUS NAOMI J.	109,100.00
590	4706	MR. BIWOTT K. MARK	137,475.00
591	4708	Ms. BUSIENEI JANE CHEPTAR	147,275.00
592	4709	Ms KURGAT DIVINAH J.	170,275.00
593	4710	Ms SIMATWA HELLEN C.	183,975.00
594	4711	MR. TOGOM CLETI K.	141,775.00
595	4712	MR. YEGO HENRY K.	135,575.00
596	4713	MR. LETTING ELIUD K.	17,300.00
597	4714	MS. CHELANGAT ANN	130,975.00
598	4719	MR. ODHIAMBO DAN OTIENO	210,775.00
599	4726	Ms. KIPKOECH MARIA C.	189,975.00
600	4728	Ms. CHEBET RUTH	527,600.00
601	4736	Ms. SORGOR NAOMI JEPKOSGE	335,575.00
602	4756	MR KIPLAGAT ELICKY KIPTAM	306,480.00
603	4757	MS. CHELANGAT CATHERINE B	413,475.00
604	4762	MS. OMEGA ELIZABETH S.	3,000.00
605	4764	MR. KIRUI MARTIN K.	273,700.00
606	4778	MRS. BIRECH STELLAH J.	108,080.00

607	4780	MR. KORIR ELIJAH K.	125,975.00
608	4790	PROF TUBEY RUTH JELAGAT	688,900.00
609	4795	MR. KEMBOI PHILIP K.	122,155.00
610	4802	MS. KILI NELLY C.	207,375.00
611	4811	MR. MUTAI VINCENT K.	1,496,775.00
612	4820	MRS. ADHIAMBO DORCUS A.	123,300.00
613	4831	MR. MWANGO DENIS SUMAILI	181,075.00
614	4835	MR. OWORI KENNETH OUMA	900,675.00
615	4840	MR. CHUMBA ROBERT BETT	173,900.00
616	4845	MS. TOROITICH JANE K.	41,800.00
617	4870	MR. MITEI WESLEY	46,100.00
618	4876	MR SANG BENJAMIN K	105,100.00
619	4877	MS. MULO NANCY OTIENO	294,800.00
620	4894	DR. SIMIYU ALLAN K.	47,875.00
621	4901	MR TOO WILLIAM K	98,675.00
622	4902	MR. KEMBOI PAUL KIBIWOT	103,725.00
623	4907	MR TARUS JONAH KIPTOO	128,775.00
624	4910	MR OGONDA DOMNICK	156,975.00
625	4911	MRS. RONOH EVERLYNE JEROP	100,375.00
626	4912	MRS. ROTICH SALINA JEMENJ	83,900.00
627	4917	MR. KEMBOI JULIUS CHERUIY	142,575.00
628	4921	MR. ROTICH GAIUS KIPCHUMB	145,975.00
629	4922	MR. TUM JOSPHAT KIPKOROS	141,475.00
630	4923	MR SAINA TITUS K.	154,375.00
631	4924	MR. NGETICH JOHN K.	119,400.00
632	4925	MR. SANG GLEDY K.	145,775.00
633	4929	MR RUTTO STEPHEN	0
634	4930	MR. YEGO JOSEPH K.	135,275.00
635	4931	MR. KORIR ISAAC KIPKIRUI	119,675.00
636	4932	MR. RUTTO ABRAHAM KIPTANU	93,800.00
637	4933	MISS. CHEPTOO ROSE	130,775.00
638	4934	MR. KIPTIONY ERIC KIPLAGA	0
639	4935	MR. SUM JOEL	8,800.00
640	4938	MR. KOECH WILSON KIPLIMO	137,375.00
641	4943	MR. KIMAIYO STEPHEN KIPRO	133,675.00
642	4944	MR TUWEI STEPHEN KIBET	0
643	4946	MR MUNAI ISAAC KIPKORIR	148,875.00
644	4950	MR CHELOTI ANTONY BARASA	157,875.00
645	4951	MS SONGOK ELIZABETH J.	124,275.00
646	4952	MR. RUTTOH WILSON KIPROP	25,300.00
647	4959	MR CHEBET PAUL	115,075.00
648	4964	MR YEGON PIUS KIPROTICH	104,075.00
649	4968	MR. KIRAREI NAHASHON KIP	212,875.00
650	4973	MR. CHELOBEI JAMES K.	81,300.00
651	4974	MR SEREM BARNABAS	148,475.00
652	4976	MR ROP WILLIAM KIPCHUMBA	206,975.00
653	4978	MR CHERONO LUKA	139,975.00

654	4979	MR. KIROP RAPHAEL	132,975.00
655	4987	MR ROTICH ELIUS	185,375.00
656	4988	MR. CHESEREK JACOB K.	160,775.00
657	4989	MR. KOYO MICHAEL MAYOYO	82,575.00
658	4995	Ms. CHERUIYOT REBECCA JEL	175,375.00
659	5021	MR KEMBOI GIDEON KOSGEI	124,175.00
660	5024	MR. ROTICH BERNARD KEMBOI	145,075.00
661	5025	MR. KEMEI STEPHEN KIPKEMB	169,775.00
662	5035	MS. TANUI JEPCHUMBA	30,200.00
663	5040	MR. CHEMWENO EMMANUEL K.	1,683,875.00
664	5043	MS. OYAMO PAMELA A.	145,075.00
665	5068	MR. MARU ANDREW K.	749,475.00
666	5186	Fr.Dr. KAIRU NJOROGÉ FRED	1,017,575.00
667	5194	MR. WENANI KILONGI ANDREW	235,600.00
668	5213	Ms. KOGO EMMY JEPKORIR	137,355.00
669	5219	MRS. CHELAGAT SHEILA	145,775.00
670	5222	MR METTO K JOSIAH	31,000.00
671	5223	MRS. TOO NAOMI CHEROP	168,175.00
672	5225	MS. NGETICH C. JOYCE	205,975.00
673	5226	MR BETT PAUL K.	143,575.00
674	5235	MR. LANGAT KENNETH	137,200.00
675	5250	MS. KURGAT IRENE JERONO	675
676	5257	Mr. RONO GILBERT K.T.	262,175.00
677	5258	MR. CHUMBA JULIUS	117,475.00
678	5272	MR MIHANGO BENSON NGURE	27,875.00
679	5311	MR. SANG ABRAHAM K.	119,475.00
680	5322	MR. LAGAT SIMON K.	382,275.00
681	5337	JEPKOECH ZIPHORAH	76,875.00
682	5349	MS. KIBIEGO JUDITH JEBIW	105,575.00
683	5351	BETT JOSEPH K.	163,875.00
684	5355	MR. SONGOK DANIEL KIPKOEK	116,675.00
685	5359	MS. MURSI EMILY J.	163,475.00
686	5367	MR MAYENGA DAVID NYAMORA	175,675.00
687	5372	MR TIROP K STEPHEN	69,285.00
688	5373	MR RUGUT EZEKIEL KIPSEREM	110,675.00
689	5380	MRS. KOECH ANN J.	123,075.00
690	5381	MR. CHESANG MARTIN K.	204,775.00
691	5382	MR. KANDIE LUKA	284,875.00
692	5386	MR. CHEPKWONY D. CHERUIYO	209,775.00
693	5392	MS. ODILIA CHEPKORIR L	130,975.00
694	5393	MRS. KITUR IRINE C.	97,325.00
695	5394	MS KUTO JENIFFER SUTER	112,175.00
696	5418	DR. KHALAYI BILLIAN OTUN	682,575.00
697	5427	MR WANELUNGO JACOB KASILI	94,975.00
698	5440	MR. KAMUREN SILAH KANDI	183,275.00
699	5442	MR RUGUT ELIUD KIPROTICH	223,775.00
700	5443	MR. ONGAKI ERIC MESOCHO	163,675.00

701	5447	MS TARUS PRISCA JEMURSOI	87,865.00
702	5450	MR. ROTICH JOSEPH K.	176,347.00
703	5451	MS ODIYO MILDRED ACHIEN	238,375.00
704	5455	MS ALFAYO JOYCE CHERONO	155,699.65
705	5457	MR LAGAT PHILLIP K.	68,575.00
706	5459	MR MENJOH PHILEMON K.	129,275.00
707	5462	MR BETT TITUS KIPKOECH	154,175.00
708	5467	MS LOKWIADOW K. MARY	142,475.00
709	5475	MR KIPCHIRCHIR AUGUSTINE	76,000.00
710	5481	DR. MINING PACIFICA CHEPK	670,375.00
711	5498	MR. TARUS WILLY CHEPSIROR	134,475.00
712	5502	MRS. LAGAT C. AMINA	121,675.00
713	5505	MS RONO SALINA JEPKOE	141,475.00
714	5519	MR. EURAT FRANCIS O.	12,000.00
715	5527	MS. CHRISTINE CHESANG	105,275.00
716	5530	MS RONO PHYLIS JEMAIYO	119,875.00
717	5535	MS SEUREI PAMELA J.	104,960.00
718	5536	MR. ODERA NEHEMIAH J.A.	149,175.00
719	5539	MR. TERER ELKANA KIPROP	92,675.00
720	5558	MR. KIMETO SAMMY	67,175.00
721	5565	REV TANUI SAUL KIPKOSGEI	543,875.00
722	5608	MR. ROTICH RICHARD	176,250.00
723	5610	MRS. KORIR SUSAN JELAGAT	116,600.00
724	5653	MS KIPTOO FREDAH J.	339,375.00
725	5666	MR. KEMEI JULIUS KIPLAGAT	115,958.90
726	5673	MS. NGETICH ANNE JEMUTAI	81,155.00
727	5682	MS. MAIYO JOYCE JERONO	36,375.00
728	5690	MR. CHIRCHIR ABRAHAM KIBI	390,800.00
729	5691	MS. TARUS CELESTINE JEROT	75,675.00
730	5706	MR. BETT KIPROTICH RICHA	177,775.00
731	5716	DR. KERRE PATRICK MAELO	679,875.00
732	5724	MR. KIPLAGAT YEGON DUNCAN	137,375.00
733	5738	MRS. LANGAT MONICAH CHEBE	232,775.00
734	5743	MISS YATOR HELLEN J.	3,500.00
735	5761	MR. TARUS ELIUD	161,975.00
736	5777	MS JEPKORIR MONICAH	92,775.00
737	5779	MR TENAI ANDREW KIPRON	69,875.00
738	5788	MS. AJIAMBO FLORENCE AMUM	98,800.00
739	5789	MR. MAIYO ALEXANDER KIPRO	40,400.00
740	5829	MR. KANDIE KIPRUTO EMMAN	39,000.00
741	5872	MR. KIMAIYO DANIEL KIPLAG	127,500.00
742	5887	MRS KIPTOO PROVIDENCE J.	741,375.00
743	5892	MR. LANGAT KIPYEGON	120,675.00
744	5916	MS. KIPTOO PURITY JEPCHIR	117,175.00
745	5922	CHEPKEMOI BEATRICE	78,675.00
746	5949	MS WANANGWE JOSPHINE MIRI	20,000.00
747	5952	MS. SAMOEI LORNA CHERUTO	79,355.00

748	5963	MR. KURGAT MARTIN CHEPTAL	341,575.00
749	5968	MS. JEPTANUI TARUS EUNICE	81,375.00
750	5977	DR. LAKTABAI JEREMIAH	90,900.00
751	6018	MRS TARUS EUNICE JEPKEMB	85,275.00
752	6019	MR NYANGO EDWARD KIPTUM	153,075.00
753	6020	MR NGETICH JACKSON KIPKEM	47,675.00
754	6021	MRS KOGO SELAH JEPKOECH	76,275.00
755	6022	MRS SITIENEI IRINE JEPKIR	55,775.00
756	6023	MS KEINO RAEJ JEMISIK	69,475.00
757	6024	MS MARITIM LEAH JEMELI	67,275.00
758	6026	MR SIRMA WILLIAM KIMURG	70,275.00
759	6027	MRS. KOSGEI LUCY JEMURGOR	150,575.00
760	6029	MS JEPKOECH SALLY	74,275.00
761	6032	MR. EURATA MOSES SAJA	48,200.00
762	6034	MS MAIWA EDNAH CHELANGA	104,275.00
763	6036	MS. SIRU ESTHER JEPKETER	106,775.00
764	6039	MR BOEN JULIUS K	72,475.00
765	6040	MR KIBUSIA DAVID KANDIE	75,275.00
766	6047	MS. KIMUTAI MONICAH JEPKO	112,975.00
767	6200	MS KURGAT HELLEN CHESEREM	0
768	6204	MR BETT GODWIL KIPKIRUI	2,000.00
769	6211	MS MUTAI URSILA JEPKEME	66,175.00
770	6354	MR SEREM PHILIP KIPTOO	17,300.00
771	6477	DR WANDERA ANDREW OJIAMB	567,990.00
772	6527	MR KIPKOECH GEOFFREY YEGO	293,275.00
773	6552	MR NGANAI SIMEON KIPTARUS	56,275.00
774	6639	MR BOEN ANDREW	15,000.00
775	6643	MR BITOK STEPHEN KOSGEI	144,175.00
776	6666	MR RUGUT SILAHS CHEMWAINA	459,000.00
		Sub Total: 776	323,048,573.30
		Grand Total: 776	323,048,573.30

REF:RMUSCO/CO-OP/VOL.1/89

Date: 17th November 2017

Your Ref:
The Commissioner for Cooperative Development,
Ministry of Industry, Trade and Cooperatives,
Social Security Building, Bishops Road,
P.O Box 40811-00100,
NAIROBI.

Dear Madam.

RE: DELAY BY MOI UNIVERSITY TO REMIT PAYROLL DEDUCTIONS(PRD).

This is to notify you that Moi University has deliberately delayed our PRD's despite our numerous demand notices. They have also ignored your letter dated 5/4/2017 ref.cs/4319/vol.111/12. We have reliable information that the University has remitted to banks upto September, 2017 and left us out.

The University has not remitted our PRD's for the months of April 2017 to date and the amount owed stands at Kshs. **38, 393,144.95**. This move has caused the Sacco serious liquidity challenges.

The Sacco is not able to meet the following obligations:


- ◆ Loan demands; This has led to some members withdrawing from the Sacco because they cannot access loans.
- ◆ Refunds to withdrawees; This has made some members seek legal redress
- ◆ Refunds to Retirees.
- ◆ Refunds of benefits to Next Of Kin.
- ◆ Servicing of Bank Loans.
- ◆ Sacco General Operations.

Based on the explanation given, the Sacco is facing reputation risk and damaging of its image which has taken time to build. We are requesting your good office Madam to intervene by demanding Moi University to release all our pending PRD's to enable the Sacco operate smoothly.

Your urgent attention on this request will be highly appreciated.

Thank you,

Yours faithfully.


Mr. Francis B Komen **Ms. Monicah J Keino** **Mr. Michael K Kangogo** **Mr. David K Kiptoo**
Chairman Hon Secretary Treasurer Chief Executive Officer

DIRECTORS: Mr. Francis B. Komen, Chairman, Mr. Chepkoech P.N. Kubowon, Vice Chairman, Mr. Michael K. Kangogo, Treasurer, Ms Monicah J. Keino, Hon Secretary

DOC 4

CO-OPERATIVE BANK

We are you

The Co-operative Bank of Kenya Limited
Co-operative Bank House
Haile Selassie Avenue
P.O.Box 48231 - 00100 GPO Nairobi
Tel: (020) 3276100
Fax: (020) 2227747 / 2219831
Website: www.co-opbank.co.ke

"WITHOUT PREJUDICE"

JMO/CMD/MOI/SACCO/3/18

MAN,
UNIVERSITY SACCO LTD,
Box 23-30100,
Nairobi.

Madam,

REQUEST FOR EXTENSION OF TIME

In your letter dated 05 March 2018 and the contents therein duly noted.

Amounts in arrears of Kes 88,243,619.97dr as at 19 March 2018; further, you owe the Bank Kes 474,918,589.09dr as at 19 March 2018, which balance continues to accrue interest at 12% until paid in full.

I have acceded to the request for extension of time for six months effective March 01, 2018. I shall enable you source for a buyer for the property LR No. Eldoret Municipality/Blk 4/321. The Bank has acceded to the request that the rental proceeds be channelled through Co-operative Bank with the society being given access to the same unhindered for the duration of the extension.

Please note that this letter is written to you for information only and strictly on a without prejudice basis to the notices already issued and should not be construed otherwise.

Please feel free to contact the undersigned at our Credit Management Division, Co-operative Bank Building, and Mezzanine 2. Tel: 020-3276329/0711049329/0732106329.

Sincerely,

JACQUELYN KHADAMBI,
HEAD-REMEDIAL MGT.,
CREDIT MANAGEMENT DIV.

JACQUELYN KHADAMBI,
HEAD-REMEDIAL MGT.,
CREDIT MANAGEMENT DIV.

This is the exhibit marked SK 25 referred to the
annexed Affidavit of STANLEY KIBOR
Sworn / Declared before me this 15TH day of
of MARCH 2018 at ELDORET
ELDORET
Commissioner for Oath

Chairman, Dr. Gideon Muriuki (Group Managing Director & CEO), M. Malonza (Vice Chairman),
B. Simiyu, P. Githendu, W. Ongoro, R. Kimanthi, W. Mwambia, R. Simani (Mrs), L. Karissa, G. Mburia.

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DeG

MOI UNIVERSITY SACCO LTD (UNDER LIQUIDATION)
LIQUIDATION ACCOUNT FROM 1ST JULY 2018 TO 30TH AUGUST 2020
Email: liquidation@moisacco.com

MOI UNIVERSITY SACCO LTD (UNDER LIQUIDATION)
LIQUIDATION ACCOUNT FROM 1ST JULY 2018 TO 30TH AUGUST 2020

RECEIPTS

- PROF
- RENT
- INTEREST
- DIVIDEND
- LOAN OFFSHORE
- TOTAL

AMOUNT KES

- 65,319,825.55
- 24,845,255.30
- 100,000.00
- 46,854.25
- 2,605,257.15
- 92,502,464.45

EXPENSES

- GENERAL EXPENSES
- GUARD SERVICES
- LABOUR & ELECTRICAL MATERIAL
- REPAIR AND MAINTENANCE
- SAVING BY BILLS
- CIC AGENCY
- STANDARD GROUP
- SASRA
- STATION SECURITY
- MOI UNIVERSITY BENEVOLENT FUND
- KISCO LTD
- BOX RENTAL
- POWER & ELECTRICITY
- WATER BILL
- GENERATOR SERVICE, SPARES & FUEL
- WATER PUMP
- WATER PUMP REPAIRS
- LIFT SERVICE & SPARES
- NEW OFFICE RENOVATIONS & PARTS
- OFFICE REPAIRS AND MAINTENANCE
- SECURITY BOARD

- 1,305,628.00
- 1,000,000.00
- 420,000.00
- 601,376.00
- 47,500.00
- 68,000.00
- 216,811.00
- 323,025.00
- 120,000.00
- 261,600.00
- 345,000.00
- 9,450.00
- 3,104,040.00
- 1,602,815.00
- 1,433,000.00
- 400,000.00
- 912,000.00
- 4,462,450.00
- 936,000.00
- 254,160.00
- 40,000.00

Bank Charges	-81,286.00
ACCOUNTANCY	-770,000.00
DAILY SUBSISTENCE	-230,950.00
TRAVEL & SUBSISTENCE	-1,781,100.00
LIQUIDATION EXPENSES	-894,000.00
NHIF	-28,400.00
VAT	-9,763,576.40
TAXES	-7,845,777.00
POSTAGE & TELEPHONE	-34,000.00
PRINTER & LAPTOP	-165,000.00
COMPUTER REPAIRS	-166,000.00
PRINTING AND STATIONERY	-84,800.00
LEGAL FEES	-6,510,000.00
VALUATION & PROFESSIONAL FEES	-2,350,000.00
OFFICE EQUIPMENT	-134,518.00
PUBLICATION	-28,500.00
TOTAL (A)	-49,816,468.90

for the year ending 31st Dec 2013

CASUALS	-1,439,000.00
SALARIES	-2,822,235.00
STAFF ALLOWANCE	-1,248,000.00
STAFF BENEFITS-FORMER	-750,000.00
DEDUCTIONS-REFUNDS TO MEMBERS	-2,448,000.00
FIXED DEPOSIT- MEMBERS REFUNDS	-2,074,618.00
DOSA - REFUNDS TO MEMBERS	-10,000.00
LOSA- REFUNDS TO MEMBERS	-2,418,175.00
TOSA- REFUNDS TO MEMBERS	-10,435,341.00
BOSA-REFUNDS TO MEMBERS	-7,900,347.00
DECEASED REFUNDS	-6,323,962.00
TOTAL (B)	-37,869,678.00

BALANCE	4,816,117.55
PREPARED BY	

JOEL BARBENGI

HESBON KIURA

JOINT LIQUIDATORS

file

MUSCO SACCO SOCIETY (UNDER LIQUIDATION)
STATEMENT OF AFFAIRS AS AT 31TH. MAY 2019

Page 1

	31/05/2019
	Kshs
AVAILABLE/RECEIVABLE	
1 (i) Cash and Cash Equivalents	
National Bank - Savings A/C	109,723
Cidian bank - Current Account	37,917
KCB CURRENT A/C	4,456,857
National Bank - main account	3,974,152
Total	8,578,649
 (ii) Receivables - Non members	
EATEC Plot Owners	2,453,400
Debtors (Tenants)	2,187,760
Kuscco CFP	1,950,000
Co-op ESS Savings	1,800,000
PRD Receivables - Moi University	48,084,635
- University of Eldoret	134,499
- MTRH	10,440
Total	56,620,734
 (iii) Receivable - Members	
BOSA loans (schedule)	164,306,875
FOSA loans (schedule)	15,046,322
FOSA Overdraft (schedule)	48,823,677
FOSA Advances (schedule)	1,253,236
Total	229,430,110
 (iv) Receivable - Investments (book value)	
Shares in Co-operative Bank	1,797,400
Shares in C.I.C.K. Ltd.	5,312,544
Shares in KUSCCO Ltd.	11,456,775
Shares in Safaricom Ltd. (IPO)	212,500
Shares in National Bank of Kenya	210,000
Shares in Kengen Ltd.	76,529
Total	19,065,748
 (v) Receivable - Property, plant and equipment	
property eldoret municipality block 4/321(valuation)	485,500,000
Property Musco plaza - (valuation)	32,000,000
Motor vehicle - (valuation)	1,200,000
Office equipments - (book value)	2,007,729
Furniture and fittings - (book value)	456,102
Total	521,163,831
GRANT TOTAL	834,859,072

2 PAYABLES

Page 2

(i) Statutory Claims

KRA -Corp. tax, VAT, Payee & benalties/interest - 2017	18,582,174
Corporation Tax 2018	5,460,632
Rent & Rates	69,259
Total	24,112,065

(ii) Payables to Members

BOSA Deposits (schedule)	714,961,065
DOSA deposits (schedule)	138,500
LOSA Deposits (schedule)	8,904,766
FOSA Savings (schedule)	43,812,842
Deceased deposits	32,910,469
Cic insurance claims	10,711,275
FOSA Fixed deposits (Schedule)	3,750,600
Total	815,189,517

(iii) Trade Creditors as per claims

Co-op. bank loan	482,403,928
Dinesh contractors	210,328,537
Kusco ltd	9,400,000
Kone ltd	2,850,300 *
Station security	120,000
Lavingtone security	82,500
Co-op. consultancy & insurance agency	68,000
Standard group	216,911
Rentokil initial	5,838
Sasra	323,022
Beam cleaners	20,000
Kuto kaira nabasenge advocates	2,828,000
Joseph cheptarus advocates	850,000
Moi university benevolent fund	261,600
	709,758,636
Members deposits and creditors claim	1,549,060,218
Members shares	
Share Capital (schedule)	28,759,317
MUSCO PLAZA Shares (schedule)	10,442,150
MUSCO TOWERS Shares (schedule)	175,428,095
Total Shares	214,629,562
TOTAL CLAIMS	1,763,689,780
DEFICIT TO SHAREHOLDERS/CREDITORS	(928,830,708)

PRESENTED BY MR JOEL BARBENGI ON 13TH JUNE 2019 AT
STAKEHOLDERS MEETING HELD AT COUNTY CHAMBERS.

Doc 7

MUSCO STATEMENT FOR BOSA AND FOSA ACCOUNTS FROM JULY 2017 TO FEB 2020				
MONTH & YEAR	Back Office Savings Account	Front Office Savings Account	TOTAL	
Jul-17	7,302,440.98	282,318.92	7,584,759.90	
Aug-17	6,941,090.24	271,172.11	7,212,262.35	
Sep-17	7,240,026.10	267,480.42	7,507,506.52	
Oct-17	7,549,179.42	277,727.60	7,826,907.02	
Nov-17	7,402,856.73	271,383.43	7,674,240.16	
Dec-17	7,324,899.99	283,490.65	7,608,390.64	
Jan-18	7,923,950.89	299,912.34	8,223,863.23	
Feb-18	8,533,976.67	313,969.99	8,847,946.66	
Mar-18	8,259,044.10	305,644.99	8,564,689.09	
Apr-18	8,509,312.00	302,109.20	8,811,421.20	
May-18	8,032,969.48	324,204.30	8,357,173.78	
Jun-18	8,079,641.91	337,315.35	8,416,957.26	
Jul-18	5,513,736.67	299,560.65	5,813,297.32	
Aug-18	5,080,092.04	289,314.59	5,369,406.63	
Sep-18	4,615,063.62	274,656.05	4,889,719.67	
Oct-18	4,194,196.03	280,004.08	4,474,200.11	
Nov-18	1,548,950.48	188,229.93	1,737,180.41	
Dec-18	1,438,031.86	170,344.98	1,608,376.84	
Jan-19	1,063,977.69	142,697.88	1,206,675.57	
Feb-19	941,165.57	119,297.83	1,060,463.40	
Mar-19	880,192.44	106,180.03	986,372.47	
Apr-19	835,647.17	78,641.78	914,288.95	
May-19	807,965.17	71,401.73	879,366.90	
Jun-19	691,551.17	70,055.43	761,606.60	
Jul-19	685,434.84	38,410.23	723,845.07	
Aug-19	641,182.93	26,921.13	668,104.06	
Sep-19	620,664.34	23,741.33	644,405.67	
Oct-19	602,250.65	23,741.35	625,992.00	
Nov-19	580,176.45	20,796.35	600,972.80	
Dec-19	556,468.25	15,111.35	571,579.60	
Jan-20	518,340.25	7,689.35	526,029.60	
Feb-20	405,962.70	7,689.35	413,652.05	
TOTAL	125,320,438.83	5,791,214.70	131,111,653.53	



DOC 8

JOSEPH.C.K CHEPTARUS & COMPANY ADVOCATES
& COMMISSIONER FOR OATHS

KOMORA CENTRE
3RD FLOOR (RM 302)
ELIJAH CHERUIYOT STREET,
OPPOSITE ELDORET POLICE STATION, (Email: cheptarusjoseph@gmail.com)

P.O.BOX 8103,
ELDORET
Cell-phone:-0722346799

5th July, 2018

TO:

NAME: JONAH KIPRUTO

JOB TITLE: MESSENGER/CLEANER

% SECURITY DESK AT THE SOCIETY'S PREMISES

Dear Sir/Madam,

RE: EMPLOYMENT TERMINATION LETTER

The joint Liquidators on 4-7-2018 gave us instructions to prepare letters to former employees of MUSCO SACCO SOCIETY LIMITED.

This is to inform you as a former employee of MOI UNIVERSITY SACCO SOCIETY LIMITED (UNDER LIQUIDATION) that your employment with the society will end.

You have been terminated for the following reason(s):-

- (a) The society ceased to exist as a body corporate with effect from 29th, June, 2017.
- (b) The society is under Liquidation.
- (c) The joint Liquidators have already taken over all the society's property in accordance with the law.

This decision is not reversible.

You will receive or be paid your dues upon admission of all claims and computation of the same.

You can pick this letter upon signing the delivery note from the Security Desk at the Society's Premises.

Yours faithfully,


Joseph.C.K. Cheptarus
Advocate, P.O. Box 8103-36100, Eldoret

Cc The Joint Liquidators
Moi University Sacco Ltd (Under Liquidation)
P.O. BOX 23-30107
MOI UNIVERSITY.

JOSEPH.C.K CHEPTARUS & COMPANY ADVOCATES
& COMMISSIONER FOR OATHS

DOL8

KOMORA CENTRE
3RD FLOOR (RM 302)
ELIJAH CHERUIYOT STREET,
OPPOSITE ELDORET POLICE STATION, (Email: cheptarusjoseph@gmail.com)

P.O.BOX 8103,
ELDORET
Cell-phone:-0722346799

5th July, 2018

TO:

NAME: WILSON BIRGEN

JOB TITLE: REGISTRY

c/o SECURITY DESK AT THE SOCIETY'S PREMISES

Dear Sir/Madam,

RE: EMPLOYMENT TERMINATION LETTER

The joint Liquidators on 4-7-2018 gave us instructions to prepare letters to former employees of MUSCO SACCO SOCIETY LIMITED.

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Yours faithfully,

Joseph.C.K. Cheptarus
Advocate,



Cc The Joint Liquidators
Moi University Sacco Ltd (Under Liquidation)
P.O. BOX 23-30107
MOI UNIVERSITY.

JOSEPH.C.K CHEPTARUS & COMPANY ADVOCATES
& COMMISSIONER FOR OATHS

DOC 8

KOMORA CENTRE
3RD FLOOR (RM 302)
ELIJAH CHERUIYOT STREET,
OPPOSITE ELDORET POLICE STATION, (Email: cheptarusjoseph@gmail.com)
P.O. BOX 8103,
ELDORET
Cell-phones: 0722346799

5th July, 2018

TO:

NAME: JULIUS MAIYO

JOB TITLE: SECURITY GUARD

c/o SECURITY DESK AT THE SOCIETY'S PREMISES

Dear Sir/Madam,

RE: EMPLOYMENT TERMINATION LETTER

The joint Liquidators on 4-7-2018 gave us instructions to prepare letters to former employees of MUSCO SACCO SOCIETY LIMITED.

This is to inform you as a former employee of MOI UNIVERSITY SACCO SOCIETY LIMITED (UNDER LIQUIDATION) that your employment with the society will end. You have been terminated for the following reason(s):-

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Yours faithfully,

Joseph C.K. Cheptarus
Advocate & Commissioner for Oaths
P.O. Box 8103-30100, Eldoret

Cc The Joint Liquidators

Moi University Sacco Ltd (Under Liquidation)

P.O. BOX 23-30107

MOI UNIVERSITY.

Docs

**JOSEPH.C.K CHEPTARUS & COMPANY ADVOCATES
& COMMISSIONER FOR OATHS**

KOMORA CENTRE
3RD FLOOR (RM 302)
ELIJAH CHERUIYOT STREET,
OPPOSITE ELDORET POLICE STATION, (Email: cheptarusjoseph@gmail.com)

P.O.BOX 8103,
ELDORET
Cell-phone:-0722346799

5th July, 2018

TO:

NAME: SIMON MAIYO

JOB TITLE: SECURITY GUARD

% SECURITY DESK AT THE SOCIETY'S PREMISES

Dear Sir/Madam,

RE: EMPLOYMENT TERMINATION LETTER

The joint Liquidators on 4-7-2018 gave us instructions to prepare letters to former employees of MUSCO SACCO SOCIETY LIMITED.

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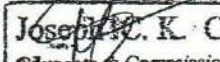
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Yours faithfully

Joseph.C.K
Advocate,


Joseph.C.K. Cheptarus
Commissioner for Oaths
P.O. Box 3103-30100, Eldoret

Cc The Joint Liquidators

Moi University Sacco Ltd (Under Liquidation)

P.O. BOX 23-30107

MOI UNIVERSITY.

RealAppraisal LIMITED

Valuers, Property Managers & Estate Agents

REPORT & VALUATION

NAIROBI
Trans National Plaza,

3rd Floor Suite 331,

City Hall Way

P.O. Box 3326-00100, NAIROBI

Tel: 020-2213413/5, Fax: 020-2213417

Salto Centre Building

2nd Floor, Room 208

Oloo Street

P.O. Box 6830-30100, ELDORET

Tel: 053-2033003, Fax: 053-2032226

Central Plaza, 2nd Floor

Tel: 061-2032576

KISUMU OFFICE

Sifa House, 1st Floor

Tel: 057-2023633

RealAppraisal
LIMITED

Valuers, Property Managers & Estate Agents

info@realappraisal.co.ke

www.realappraisal.co.ke

OUR REF: RAE/AO/19/12/03

**REPORT AND VALUATION OF
TITLE NO. ELDORET MUNICIPALITY
BLOCK 4/321, MUSCO TOWERS
ELDORET TOWN.**

CLIENT:

**M/S KALYA & CO. ADVOCATES
ELDORET**

DECEMBER 2019

DIRECTORS: E.W. Lupao, B.A. Land Econ (Hons), U.O.N, MISK

D.K. Ngich, B.A. Land Econ (Hons), U.O.N, MISK

*REPORT AND VALUATION OF TITLE NO. ELDORET MUNICIPALITY BLOCK 4/321
MUSCO TOWERS, ELDORET TOWN.*

1.0 TERMS OF REFERENCE

We received instructions from *M/s Kalya & Co. Advocates* to inspect the above referenced property and advise on the *Open Market Value and Rental Values* for *Court Purposes*.

Following is our **Report and Valuation**.

*REPORT AND VALUATION OF TITLE NO. ELDORET MUNICIPALITY BLOCK 4/321
MUSCO TOWERS, ELDORET TOWN.*

2.0 LIMITING CONDITIONS

This **Report and Valuation** is subject to the following limiting conditions: -

- 2.1 The responsibility of Real Appraisal Ltd in connection with this Report and Valuation is limited to the client to whom the Report is addressed.
- 2.2 Neither the whole nor any part of this Report and Valuation or any reference to it may be included in any published document, circular to statement nor published in any way without the prior written approval of the Company of the form and context in which it may appear.
- 2.3 Where it is stated in the report that information has been supplied to the Company by another party, this information is believed to be reliable but the Company can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our own search of records and examination of documents or by enquiry from Government Offices or other appropriate departments.
- 2.4 While due care is taken to note significant building defects in the course of inspection this is a Report and Valuation and not a structural survey and no guarantee is given in respect of rot, termite and pest infestation or any other defects whether exposed or unexposed.
- 2.5 The values assessed in this Report are for the subject property/asset and any allocation of values between parts of the property/asset apply only in the terms of and for the purpose of this Report. The value assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 2.6 Where market values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting a sale.
- 2.7 The Valuation reflects only those encumbrances that are registered against the title(s) according to the search.
- 2.8 It is the responsibility of the addressee to verify all legal aspects with lawyers.
- 2.9 To be valid, this valuation must be **dated, signed by a director and sealed.**

**REPORT AND VALUATION OF TITLE NO. ELDORET MUNICIPALITY BLOCK 4/321
MUSCO TOWERS, ELDORET TOWN.**

3.0 BASIS OF VALUATION:

Our report has been prepared in accordance with the International Valuation Standards and the Institution of Surveyors of Kenya Handbook.

In accordance with your instructions, we have provided opinions of the value on the following bases:

3.1. Current Market Value

The basis of valuation was **Market Value**, which is defined as the most probable amount for which the property would reasonably be expected to sell at the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper and reasonable marketing period wherein the parties under negotiation have each acted knowledgeably, prudently and without compulsion.

Current Rental Value: The basis was market rent, which is the amount a property is expected to let between a willing tenant and willing landlord at the time of valuation where each party acts willingly and knowledgeably without compulsion assuming an optimum occupancy rate and fair rental rate.

3.2 Methodology:

The **Cost Approach** has also been adopted in valuing the permanent improvements on the land and adjustment for accrued depreciation made.

The **Income Approach** has also been used in the valuation of the property where the income of the property is capitalized to perpetuity to arrive at the market value.

The market sales comparables has been considered basing on among others a comparable building, opposite the subject that was sold in 2017, making adjustment for size and superiority as indicated by rental values variance and location.

**REPORT AND VALUATION OF TITLE NO. ELDORET MUNICIPALITY BLOCK 4/321
MUSCO TOWERS, ELDORET TOWN.**

4.0 TITLE SEARCH DETAILS:

- 4.1 Search:** A title search for this property was conducted at the Uasin Gishu County Land Registry Offices in Eldoret Town. Details obtained from the Search, a copy of which is enclosed are as follows;
- 4.2 Tenure:** Leasehold interest for a term of 50 years w.e.f 01st August 2009 at an annual ground rent of Kshs17,420.00.
- 4.3 Registered Owner:** The title is registered in the name of *Moi University Savings & Credit Co-operative Society Limited. (Musco)*.
- 4.4 Area:** The plot measures **Zero Decimal Zero Four Six Two (0.0462 Hac)** of a Hectare i.e. **0.1142 of an Acre** or thereabouts.
- 4.5 Encumbrances:** The title is charged to Co-operative Bank Limited for Kshs. 200,000,000.00 dated 18th March 2010.

Lease in favour of University of Eldoret and a caution by Hesbon M. Kuria (liquidator) are registered against the property.

- 4.6 Land Use:** Commercial/office building.

5.0 PHYSICAL INSPECTION INFORMATION:

- 5.1 Date of Inspection:** The property was inspected for Valuation on 19th December 2019.
- 5.2 Survey Maps:** We have inspected the **Registry Index Map for Eldoret Municipality Block 4 Sheet 1** and are satisfied that the property described here in this Report and Valuation concurs with the said maps.
- 5.3 Situation:** The property is situated along Elgeyo Road and opposite Sirikwa Hotel and Mosop House to the North and West respectively. (See the appended location sketch map and photographs for ease of accessing and identifying the property).
- 5.4 Plot Description:** This is a rectangular shaped plot, with a fairly flat gradient and red loam soils. The plot is fully developed. It has a service lane to the rear, a tarmac road to two frontages being a corner plot.

REPUBLIC OF KENYA

ORIGINAL



No. 0000554

Annual Practising Certificate

This is to certify that

David Kiprop Ngelich

is authorized to practise as a

VALUER

for the period

1st January, 2019 to 31st Dec 2019

in accordance with the Valuers Act, Cap. 532, Laws of Kenya.

Signature

[Signature]
Registrar

Date

09/01/2019

Name	Reg No	Address	Qualifications
Bernard W. Kavinya	20	P.O. Box 59211-00200, Nairobi	BA (Land Econ) Hons, Msc, MISK
Bethwel Onyango Oyoo	557	P.O. Box 50691-00100, Nairobi	BA (Land Econ) Hons, Msc, MISK
Bill Mwangi Ndung'u	563	P.O. Box 465-01000, Thika	BA (Land Econ) Hons, Msc, MISK
Bonface K.W. Muse	72	P.O. Box 4009-30200, Kitale	BA (Land Econ) Hons, MISK
Bonface Kariuki Waweru	630	P.O. Box 7816-00200, Nairobi	BA (Land Econ) Hons, MISK
Boniface K. Terer	233	P.O. Box 47155-00100, Nairobi	BA (Land Econ) Hons, Aciarb, MISK
Brian Nabutola Wanala	597	P.O. Box 6551-00200, Nairobi	BA (Land Econ) Hons, MISK
Caroline Aoko Nyimbae	218	P.O. Box 70731-00400, Nairobi	BA (Land Econ) Hons, MISK
Caroline Nkirote Nyororo	352	P.O. Box 70755-00100, Nairobi	BA (Land Econ) Hons, MISK
Castro Oriende	369	P.O. Box 87496-80100, Mombasa	BA (Land Econ) Hons, MISK
Casty Gatakaa Mbae	323	P.O. Box 826-00521, Nairobi	BA (Land Econ) Hons
Catherine Kariuki	201	P.O. Box 64108-00620, Nairobi	BA (Land Econ) Hons, Housing Administration
Catherine K. Nyanjui	54	P.O. Box 1408-00100, Nairobi	BA (Land Econ) Hons, MISK
Catherine Wairimu Njihia	504	P.O. Box 56899-00200, Nairobi	BA (Land Econ) Hons, Msc (Real Estate), MRICS, MISK
Catherine Wanza Masyuki	505	P.O. Box 28938-00200, Nairobi	BA (Land Econ) Hons, MISK
Charles K. Kimani	375	P.O. Box 3560-00100, Nairobi	BA (Land Econ) Hons, MISK
Charles Kanai Migwi	316	P.O. Box 45733-00100, Nairobi	BA (Land Econ) Hons, MISK
Charles Karamia Kariuki	561	P.O. Box 28734-00100, Nairobi	BA (Land Econ) Hons, MISK
Charles M. Kilongo	238	P.O. Box 10205-00100, Nairobi	BA (Land Econ) Hons, MISK
Charles M. Watahi	409	P.O. Box 100871-0101, Nairobi	BA (Land Econ) Hons, MISK
Charles Macharia Mwangi	503	P.O. Box 39773-00623, Nairobi	BA (Land Econ) Hons, MISK
Charles Muigai Kariuki	162	P.O. Box 12571-20100, Nakuru	BA (Land Econ) Hons, MISK
Charles Nderitu Wagura	427	P.O. Box 4396-00100, Nairobi	BA (Land Econ) Hons, MISK
Charles Njenga Nganiya	536	P.O. Box 102705-00101, Nairobi	BA (Land Econ) Hons, MISK
Charles Ohawa Odhiambo	608	P.O. Box 83586-80100, Mombasa	BA (Real Estate) MISK
Charles P. M. Gichira	407	P.O. Box 104441-00101, Nairobi	BA (Land Econ) Hons, MISK
Charles Waihaka Kanugi	564	P.O. Box 50918-00100, Nairobi	BA (Land Econ) Hons, MISK
Christopher E. Mbindah	13	P.O. Box 56188-00200, Nairobi	BA (Land Econ) Hons, MISK
Christopher Mwangi Muriuki	610	P.O. Box 25080-00100, Nairobi	BA (Land Econ) Hons, MISK
Clement Mwangi Ngigi	452	P.O. Box 43848-00100, Nairobi	BA (Land Econ) Hons, MISK
Clement S. Keriasek (Dr.)	48	P.O. Box 73744-00200, Nairobi	BA (Land Econ) Hons, Mal Dev. Phd, MISK
Consolata M. Muchunku	269	P.O. Box 62636-00100, Nairobi	BA (Land Econ) Hons, MISK
Cyprian Kirera Riungu	432	P.O. Box 1931-00100, Nairobi	BA (Land Econ) Hons, Msc (Bs) MISK, (Vems) HSC, FISK
Cyprian W. Omoro	451	P.O. Box 40126-80100, Mombasa	BA (Land Econ) Hons, MISK
Cyrus Kariuki Kanyi	35	P.O. Box 341-01000, Thika	BA (Land Econ) Hons, MISK
Cyrus Magayu Kiama	470	P.O. Box 3220-80100, Mombasa	BA (Land Econ) Hons, MISK
Cyrus Karibe Rwingo	310	P.O. Box 7, Sagana	BA (Land Econ) Hons, MISK
Damaris Wambui Mwaniki	623	P.O. Box 5148-00200, Nairobi	BA (Land Econ) Hons, MISK
Daniel Gachingiri Maru	525	P.O. Box 43848-00100, Nairobi	BA (Land Econ) Hons, MISK
Daniel Kung'u Muiruri	611	P.O. Box 15468-00100, Nairobi	BA (Land Econ) Hons, MISK
Daniel Madegwa	565	P.O. Box 7940-40100, Nairobi	BA (Land Econ) Hons, MISK
Daniel Muriuki Kibuchi	305	P.O. Box 43848-00100, Nairobi	BA (Land Econ) Hons, MISK
Daniel Odera Oriko	144	P.O. Box 50981-00200, Nairobi	BA (Land Econ) Hons, Msc (Ula), MISK
Daniel Orlando Okumu	615	P.O. Box 43848-00100, Nairobi	BA (Land Econ) Hons, MISK, V S
Danson Ngugi Njenga	631	P.O. Box 97596-80112, Mombasa	BA (Land Econ) Hons, MISK
Danson Murhomi Mati	486	P.O. Box 2350-00100, Nairobi	BA (Land Econ) Hons, MISK
David Chege Kariuki	175	P.O. Box 59426-00200, Nairobi	BA (Land Econ) Hons, MISK
David G. Irimu	368	P.O. Box 3326-00100, Nairobi	BA (Land Econ) Hons, MISK
David K. Machua	80	P.O. Box 45733-00100, Nairobi	BA (Land Econ) Hons, MISK
David K. Ndungu	279	P.O. Box 43077-00100, Nairobi	BA (Land Econ) Hons, MISK
David K.B. Ruto	282	P.O. Box 6245-00100, Nairobi	BA (Land Econ) Hons, MISK
David Kipkirui Korir	392	P.O. Box 4170-20100, Nakuru	BA (Land Econ) Hons, MISK
David Kiprop Ngetich	458	P.O. Box 6830-30100, Eldoret	BA (Land Econ) Hons, MISK
David Mueheke Mugaa	108	P.O. Box 9420-00100, Nairobi	BA (Land Econ) Hons, MISK
David Njoroge Muiru	166	P.O. Box 61551-00200, Nairobi	BA (Land Econ) Hons, MISK
David Ntara Arimi	211	P.O. Box 17476-20100, Nakuru	BA (Land Econ) Hons, MISK
David Odhiambo Omulo	429	P.O. Box 7525-00200, Nairobi	BA (Land Econ) Hons, MISK
David Ongeri	404	P.O. Box 40656-00100, Nairobi	BA (Land Econ) Hons, MISK
David W. Masika	6	P.O. Box 45733-00100, Nairobi	BA (Land Econ) Hons, MISK
Dedan Ngegwaa Mburu	579	P.O. Box 10360-30100, Eldoret	BA (Land Econ) Hons, MISK
Dennis Gichango Maina	534	P.O. Box 43848-00100, Nairobi	BA (Land Econ) Hons, MISK
Dennis Onyango Ochang	275	P.O. Box 10724-00400, Nairobi	BA (Land Econ) Hons, MISK
Dickson K. Mwobobia	374	P.O. Box 8712-00300, Nairobi	BA (Land Econ) Hons, MISK
Dickson Owuor Abila	496	P.O. Box 6171-00200, Nairobi	BA (Land Econ) Hons, MISK
Didacus Nyaga Nkonge	258	P.O. Box 9577-00100, Nairobi	BA (Land Econ) Hons, MISK
Dominic M. Mwinzi	287	P.O. Box 39773-00623, Nairobi	BA (Land Econ) Hons, MISK
Dominic Mulwa Muoka	306	P.O. Box 67959-00200, Nairobi	BA (Land Econ) Hons, Ma (Planning), MISK
Dominic O. Auma	96	P.O. Box 46709-00100, Nairobi	BA (Land Econ) Hons, MISK
Douglas Mokuu	463	P.O. Box 4303-20100, Nakuru	BA (Land Econ) Hons, MISK
Duncan Mwangi Gichangi	112	P. Box 169-00517, Nairobi	BA (Land Econ) Hons, MISK



KENYA REVENUE
AUTHORITY

Tax Compliance Certificate

www.kra.go.ke

For General Tax Questions
Contact KRA Call Centre
Tel: +254 (020) 4999 999
Cell: +254(0711)099 999
Email: callcentre@kra.go.ke

Taxpayer PIN : P051196375K

Name and Address :

Real Appraisal Limited

TRANSNATIONAL PLAZA, NAIROBI CITY (SOUTH), Westlands District,
PO Box:3326,
Postal Code:00100

Certificate Date: 10/01/2019

Certificate Number:

KRAWON1135148519



**This is to confirm that Real Appraisal Limited,
Personal Identification Number P051196375K
has filed relevant tax returns and
paid taxes due as provided by Law.**

**This Certificate will be valid for
twelve (12) months up to 09/01/2020.**

Caveat This certificate is issued on the basis of information available with the authority as at the certificate date mentioned above. The Authority reserves the right to withdraw the certificate if new evidence materially alters the tax compliance status of the

Disclaimer : This certificate is system Generated and therefore does not require signature. You may confirm validity of this certificate on the iTax Portal by using the TCC Checker.

APPEAL ON BEHALF OF THE PETITIONERS SUBMITTED BY DR SUSAN K. CHEBET TO THE MEETING WITH SENATORS ON FRIDAY 16TH OCTOBER, 2020

The members of Moi University Sacco through the petitioners wish to appeal to the members of the Senate as follows:

That the Moi University Sacco be revived for the benefit of over 3000 members and dependents.

That the value of the Sacco and its assets are enormous when put together do not warrant to be put under liquidation. The assets include:

- i) Musco Plaza in Main Campus – 50,000,000.
- ii) Musco Towers located in Eldoret CBD – 1,200,000,000.
- iii) Twenty one (21) Parcels of plots located at Kaplimo valued at 6 million each totals to Kshs. 126,000,000.
- iv) Two (2) blocks of plots in EATEC at Ngeria Zone.
- v) Rent collected from rented premises amounting to over 3 million per a month.
- vi) Loans taken by members yet to be paid to the Sacco is Kshs. 500,000,000.
- vii) Defaulters are yet to pay 36,438,644.12

Goodwill by Cooperative Bank, and the County Government of Uasin Gishu.

The County Government of Uasin Gishu was willing to inject some money to the Sacco while the Cooperative Bank which houses the main account of the Sacco gave the Sacco a Moratorium for one year and a six month extension to enable the Sacco pick up only to be placed under liquidation by the Commissioner of Cooperatives before expiry of the Moratorium period.

Revival of Musco Sacco

It is the plea of the members that the Sacco be revived for the benefit of the members and their heirs. The 90% liquidation alleged by the Commissioner is not viable due to the amount of assets and the cheque book. The question is; Who benefits when Musco dies? It will be prudent enough, if the Sacco is revived to save the agony of many shareholders.

Other Revived Saccos

Members' hopes are pecked on examples of other Saccos that have been revived after cancellation of their licenses, examples are:

- i) Hekima Sacco in Nandi
 - ii) Egesa Sacco in Nairobi
 - iii) Green Sacco in Kericho among others.
- Why not Musco?

Saccos with Challenges

- i) Harambee Sacco in Nairobi
- ii) Teachers Sacco in Baringo currently BORESHA Sacco

Justice to Members/Dependents

Over 3000 members stand to lose their lifetime savings. Their dependents some are orphans and widows/widowers, retirees are languishing in poverty as they cannot access benefits from the Sacco.



Dr Susan K. Chebet
PETITIONER