

(H. B. 3562)

**(No. 123)**

(Approved September 20, 2007)

### **AN ACT**

To add a new Section 32-A to Act No. 114 of August 17, 2001, as amended, known as the “Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico Act,” in order to provide that the Corporation shall render to the Governor and the Legislature, through the Committees with jurisdiction over cooperatives, issues an annual report stating the social investment of cooperatives in the socioeconomic development of Puerto Rico at the end of each fiscal year not later than August 30 of each year.

### **STATEMENT OF MOTIVES**

The “Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico,” an entity created by virtue of Act No. 114 of August 17, 2001 at present has the important duty of inspecting and supervising in a comprehensive and consolidated manner the Cooperative Savings and Credit Unions that operate or do business in Puerto Rico, exclusively watching over the full compliance by said cooperative savings and credit unions with all present and future laws pertaining to their operations, business, products and/or services.

On the other hand, the Corporation has the duty to provide share and deposit insurances to all cooperative savings and credit unions; to oversee the financial solvency of cooperatives, particularly, savings credit unions; and to watch over the rights and prerogatives of the shareholders thereof, protecting their financial interests, their right to be well informed and

preventing deceitful and fraudulent practices in the offer, sale, purchase and any other transaction for or related to the shares of Cooperatives, among other things.

However, the “Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico” does not assess or indicate the investments made in social development by cooperatives under its jurisdiction.

In terms of social incidence, the Cooperatives of Puerto Rico make contributions through educational and leadership development activities as well as through social, cultural, sports, and civic activities, among others. Cooperatives grant scholarships, conduct oratory, art, and music contests, sponsor cultural organizations and organizations that support women and the elderly. That is, without taking into consideration that by 2005, Puerto Rican Cooperative Savings and Credit Unions managed 6.239 million dollars in assets, had 842,799 members and employed almost 3,000 persons.

In view of the above and due to their nature, Cooperative Savings and Credit Unions are exempted from the payment of taxes. They are considered non-profit entities. Thus, cooperatives are within the framework of a juridical organization concept which aims at achieving the social goal of distributive justice and economic democracy. They are also under the parameters of an economic system based on voluntary partnership of individual who wish to satisfy common needs, availing themselves of the advantages resulting from a joint supply and demand and the elimination of mediators.

In brief, a cooperative is an autonomous partnership of persons who have come together voluntarily to satisfy the financial, social and cultural needs and aspirations they have in common through a joint venture democratically controlled property.

Taking into account the important role played by the cooperative movement in Puerto Rico, it is necessary to fully assess their social work in order to guarantee its development and understanding. For all of the above, the present Legislature of Puerto Rico believes that it is necessary and imperative to provide that the “Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico” shall render to the Governor and the Legislature, through the Committees with jurisdiction over cooperatives an annual report, stating the social investment of cooperatives in the socio-economic development of Puerto Rico at the end of each fiscal year not later than August 30 of each year. This information shall serve as a tool for the development of new policies that foster the cooperative model in Puerto Rico.

***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.- A new Section 32-A is hereby added to Act No. 114 of August 17, 2001, as amended, to read as follows:

“Section 32-A.- Annual Report on the Social Investment of Cooperatives

The Corporation shall render to the Governor and the Legislature, through the Committees with jurisdiction over cooperatives issues an annual report stating the social investment of cooperatives in the socio-economic development of Puerto Rico at the end of each fiscal year not later than August 30 of each year. Said report shall be signed by the Executive President and endorsed by the Board of Directors.

Without it being construed as a limitation, the report to be rendered by the Corporation shall include a qualitative and quantitative compilation of the investment and social development elements of cooperatives in areas such as education, culture, sports, community interaction, the elderly, and

the youth, among others. The scope, content, and structure of the report shall be established by the Board of Directors of the Corporation and the same shall include the participation, comments, and contributions of the different central bodies, associations, and cooperative entities of second and third degree of the Cooperative Movement.

Copy of the annual report shall be submitted to the consideration of the Cooperative League of Puerto Rico, which shall evaluate the same and shall inform the Corporation, the Governor and the Legislature, through those committees with jurisdiction over cooperatives issues of any deficiencies and recommendations it deems necessary with regard to the social investment of cooperatives in the socio-economic development of the Island.”

Section 2.- This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 123 (H.B. 3562) of the 6<sup>th</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to add a new Section 32-A to Act No. 114 of August 17, 2001, as amended, known as the “Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico Act,” in order to provide that the Corporation shall render to the Governor and the Legislature, through the Committees with jurisdiction over cooperatives, issues an annual report stating the social investment of cooperatives in the socioeconomic development of Puerto Rico at the end of each fiscal year not later than August 30 of each year,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 15<sup>th</sup> of January of 2008.

Francisco J. Domenech  
Director