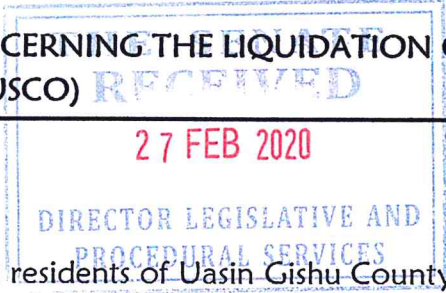


① Mr. Chanz
to process -
24/3/20



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,

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

① DLPS

DRAW the attention of the Senate to the following:

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 Mrs. Macharia
Please review the attached documents and facilitate appropriately.
D. Chemia
02/03/2020

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

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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;

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- 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.

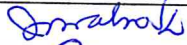
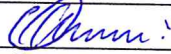



WHEREFORE, your humble petitioners pray that the Senate-

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;


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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	
	DAVID THUO KAMAU	1125, ELD	7085599	
	ROSE KOIMA	3900, ELD	8028623	
	MICHAEL KANGOGO	7431, ELD	11187861	
	PAMELLA MORAA	3900, ELD	7301377	

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


Sen. Prof. Margaret J. Kamar,
Senator for Uasin Gishu County
P.O. Box 41842-00100
NAIROBI

UASIN GISHU COUNTY
SENATE OFFICE
27 FEB 2020