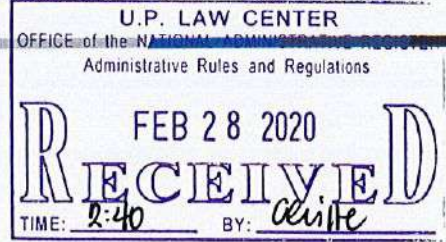




REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF TRANSPORTATION  
**OFFICE OF TRANSPORTATION COOPERATIVES**



**MEMORANDUM CIRCULAR NO. 2020 -01-003** *copy*

**FOR :** ALL ACCREDITED TRANSPORT SERVICE COOPERATIVES  
ALL OTHERS CONCERNED

**SUBJECT :** GUIDELINES ON THE CANCELLATION OF CERTIFICATE  
OF ACCREDITATION AND DELISTING OF  
TRANSPORTATION COOPERATIVES

**DATE :** 27 January 2020

Whereas, OTC Administrative Order No. 2000-001 provides that a Certificate of Accreditation shall be issued by the OTC to a Transport Cooperative (TC) upon compliance with all the requirements and approval by the OTC Board on its application for accreditation;

Whereas, the Board also considered the application for accreditation of TCs with lacking vehicle and franchise requirements under Provisional Accreditation subject to full compliance thereto within a period of one (1) year or up to June 30, 2020 whichever comes first;

Whereas, the said AO also required all TCs to submit annual reportorial requirements to OTC for the issuance of Certificate of Good Standing (CGS). TCs that failed to secure CGS for three (3) consecutive years are not entitled to any assistance from OTC and will be classified as non-reporting and/or non-operating/non-existing as the case maybe as a result of inspection and monitoring;

Whereas, the OTC is gearing towards the qualitative development of TCs and facilitate the organization of genuine transport cooperative in order to become highly competitive business organization. Thus, it is only proper to cancel the accreditation of TCs which are no longer reporting/operating or non-existing from the OTC roster of accredited TCs;

Now Therefore, the following Guidelines on the Cancellation of Certificate of Accreditation and Delisting of TSCs is hereby adopted:

**Article 1. Title. – Guidelines On The Cancellation Of Certificate Of Accreditation and Delisting of Transportation Cooperatives**

**Article 2. Authority.**

As per Executive Order 898, series of 1983 as amended by E.O. 1030, the Office of Transportation Cooperatives (OTC) is mandated to promulgate and implement rules and



regulation that will govern the promotion, organization, registration, supervision, regulations and development of transport cooperatives (TCs).

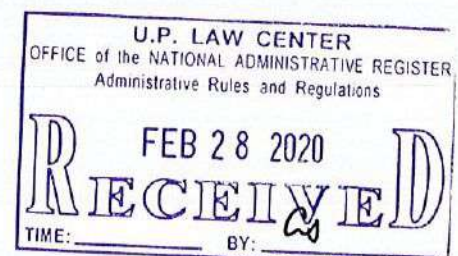
With the enactment of new laws on cooperatives and creation of the Cooperative Development Authority (CDA), registration of TCs of OTC was transferred by Republic Act No. 6939, An Act Creating the CDA, as amended by R.A. 9520, Philippine Cooperative Code of 2008, and by R.A. 11364, Cooperative Development Authority Charter of 2019, to CDA. In return, the CDA-OTC Joint Implementing Guidelines, one of the major provisions of the joint guidelines is that after registration with CDA, it requires that TC's shall apply for accreditation with OTC.

### **Article 3. Definition of Terms.**

- a. Cooperative Development Authority – refers to the government agency in charge of the registration and regulation of cooperatives.
- b. Land Transportation Franchising and Regulatory Board – refers to the agency under the Department of Transportation tasked to regulate the operation of public transportation in the road sector and formulate, promulgate, administer, implement, and enforce rules and regulations thereto.
- c. Office of Transportation Cooperatives - refers to the agency created under Executive Order 898 as amended by E.O. 1030, series of 1985. The board members of which are tasked to promulgate and implement rules and regulations to govern the promotion, organization, supervision, and development of the transportation cooperatives, subject to the approval of the Ministry of Transportation and Communications.
- d. Promotion, Organization, and Accreditation Section (POAS) – Section attached to the Operations Division of OTC in charge with the initial review and verification of the submitted requirements of TCs for accreditation with OTC and registration with CDA.
- e. Cancellation of Accreditation – termination or invalidation of TC accreditation thru OTC Board action and withdrawal of assistance, capacity-building programs, and endorsement to other government agencies.
- f. Delisting of TCs - removal of the name of the cooperative from the roster of accredited cooperatives as a result of Cancellation of Accreditation.

### **Article 4. Grounds for cancellation of accreditation and delisting of Transport Cooperatives:**

- a. Existing/operating but non-reporting TCs for more than two (2) consecutive years;
- b. Non-existing/operating TCs;
- c. Cancellation of Certificate of Registration by CDA; and
- d. Violation and non-compliance with existing laws, rules, and regulations, such as but not limited to the following:
  - i. Violation of their Articles of Cooperation and/or by-laws;
  - ii. Violation of their Certificate/s of Public Convenience and Necessity;
  - iii. Violation of CDA and LTFRB memorandum circulars, orders, and issuances;
  - iv. Based on a judgement of a court of competent jurisdiction, in the application of the principle: “piercing the veil of corporate fiction”, that the cooperative is a vehicle for the evasion of an existing obligation, fraud, or alter ego or business conduit of a person;





- v. Non-compliance with their Certificate of Good Standing and existing rules and regulations of OTC;
- vi. Failure of compliance with the conditions for provisional accreditation of TC's; and
- vii. Any order, judgement, and/or decision that will be injurious to the public and/or contrary to public policy or law.

## **Article 5. Process Flow and procedures in the Cancellation of TC Accreditation**

Section 1. All matters concerning cancellation of TC Accreditation shall be initiated by the Operations Division thru its Promotion, Organization and Accreditation Section (POAS) shall determine the grounds stated in the immediately preceding article. Upon finding just cause, the POAS shall submit the necessary recommendation to the Technical Accreditation Committee (TAC). Once considered, TAC shall recommend to the OTC Board, for final approval, the cancellation of TC accreditation. The specific procedures are stated in the succeeding section.

### **Section 2. Procedures and Process for Cancellation of Accreditation**

#### **2.1. On the level of POAS**

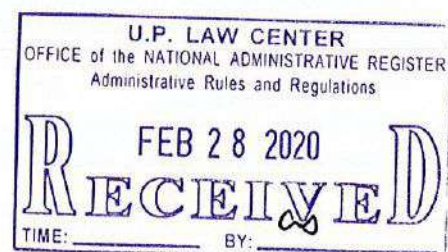
- a. A written notice shall be addressed to the Board of Directors and/or Chairman, informing them that their TC's accreditation is a candidate for cancellation on the grounds stated in Article 4, except for item c thereof. It will cite the ground for cancellation and shall give the cooperative thirty (30) days upon receipt to submit/comply with the updated record/documentary requirements or motion for reconsideration/justification. Otherwise, the cancellation proceeding shall continue;
- b. A formal inquiry with CDA and LTFRB shall likewise be initiated and must exhaust all possible efforts, which includes but not limited to field inspection/verification, in order to determine the operational status of the subject TC and its franchise/s, respectively.
- c. In case of violation and/or non-compliance by the transport cooperative with existing rules and regulations, by the transport cooperative, further internal and/or external inquiries/verification shall likewise be initiated.
- c. As a result of the aforementioned processes, POAS shall submit its reports and recommendation to the TAC for action.

#### **2.2 On the level of the TAC**

- a. Shall review the findings of the POAS and deliberate on the submitted recommendation.
- b. May conduct further verification and authentication as the need may arise.
- c. Submit final report and recommendation to the OTC Board for action.

#### **2.3 On the level of the OTC Board**

- a. Act and decide on the recommendation of the TAC.
- b. The OTC Board may submit the matter for further investigation and demand additional documents related thereto, or refer the matter to a competent authority.





- c. If a valid and existing Certificate of Public Convenience (CPC) had been issued to the cooperative, the OTC Board shall determine the proper action on the CPC and recommend it to LTFRB and other concerned agencies.

#### **Article 6. Reconsideration of the Board**

Subject TCs, whose cancellation of accreditation were approved by the OTC Board, may file a motion for reconsideration of the decision within thirty (30) days from the date of receipt of the Notice of Cancellation. The motion must indicate valid reasons for the reconsideration of the cancellation. The same will again be presented to them on the next scheduled board meeting for deliberation and final action. The TC Appellant will be notified on the action taken on the motion within fifteen (15) days after the Board's decision thereon.

The decision of the OTC Board on the cancellation, if no motion for reconsideration had been filed within the aforementioned period, shall be final and executory. If a motion for reconsideration was granted and the decision was reversed or revised, the decision shall be final and executory upon receipt of the copy of the decision by the concerned TC.

#### **Article 7. Rights of the adverse party and recommending agency**

All parties concerned shall be informed in writing on the action taken on the matters brought or filed by them under these guidelines.

**Article 8. Separability clause.** If any provision of these Guidelines is declared unconstitutional or otherwise invalid, the validity of the other provisions shall not be affected thereby.

**Article 9. Effectivity-** These guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation and the filing of three (3) certified copies hereof with the UP Law Center pursuant to Presidential Memorandum Circular No. 11, dated October 09, 1992.

Approved by the OTC Board on December 12, 2019.

So Ordered.



**MEDEL H. AFALLA**

Officer in Charge, Office of the Chairman

