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Junid: Stop misusing MSC, Cyber names

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MORE than 100,000 companies have been registered using "cyber" or "MSC" in their names. The authorities are not amused as these are RM2 companies set up by those who later sell them off for hefty profits to genuine entrepreneurs.

Domestic Trade and Consumer Affairs Minister Datuk Seri Megat Junid Megat Ayob said the Government wants this form of MSCmania or cybermania to stop. A RM10,000 levy may be imposed on these companies if they do not start operations after a year.

He said Prime Minister Datuk Seri Dr Mahathir Mohamad views seriously this blatant use of the popularity of Multimedia Super Corridor (MSC) and cyber by these RM2 operators. At last week's Cabinet meeting, he instructed the ministry to look into the matter.

Megat Junid said the Registrar of Companies (ROC) will introduce amendments to the Companies Act 1965 to curb the activities of individuals trying to profit by registering companies using names such as MSC and Cyber and then selling them at a high price.

"The proposed levy, for example, is aimed at curbing the activities of individuals who set up companies only to sell them to businessmen who genuinely want to do business," he said.

He told reporters after the ministry's monthly assembly that the ROC had uncovered about 100,00 companies that have been set up with a paid-up capital of RM2 registered with the above names.

"Some of these individuals have even sold their companies for RM100,000," he added.

The individuals behind these companies first set up these companies and later take advantage of the IT boom to sell them to businessmen who genuinely want to set up companies incorporating these names.

Megat Junid said no action has been taken on companies that have been set up but have not started business.

A levy, he said, had been suggested where for example companies that have not started their business after one year of registration would be imposed a levy of RM10,000. And if after three or four years have lapsed without the company starting its business than a levy of RM20,00 would be imposed.

ROC Ramly Ali added that the amount was just a suggestion and the ROC is working with the Attorney-General to come up with amendments to the Act that would put these levies into effect.

He hoped that these amendments would be tabled in Parliament at its sitting next month. The ROC, added Ramly, is also planning to introduce a form to ensure that every new company notifies the ROC when it has started its business.

However, he added that holdings of shares and assets, especially in the case of holdings companies are considered a business activity.

The ROC had earlier in May reached an agreement with Multimedia Development Corp (MDC) where only companies that have attained MSC status from MDC could apply and register their companies using these names.

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