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Govt can probe company in the public interest

PETALING JAYA: The Government cannot ban a company but can investigate its affairs if it deemed it to be of public interest.

"Under Section 195 of the Companies Act 1965, the Minister is empowered to declare a company against public interest," said Jerald Gomez, chairman of the Bar Council's corporate and commercial law committee.

"This then allows the minister to appoint inspectors to investigate the company and based on its report, the minister can then apply to court to wind up the company," he said in an interview yesterday.

Gomez said this when asked whether action could be taken against Rufaqa' Corporation Sdn Bhd, of which former leader of the al-Arqam movement Ashaari Muhammad is executive chairman.

The Selangor Islamic Affairs Department (Jais) had called for the Rufaqa' movement to be banned following the detention of 107 people attending a meeting on the second floor of a bakery in Section 13 in Shah Alam on Saturday that was allegedly promoting the banned

teachings of the al-Arqam.

While Jais acknowledged that Rufaqa' Corporation was a legitimate business entity it claimed the company was supporting a movement that was reviving the al-Aqram teachings banned under a fatwa 12 years ago.

Unlike a company, Gomez said, a movement could be banned if it was a threat to national security or against public order and tranquillity.

"If a corporation complies with the requirements pertaining to the Companies Act, its Memorandum and Articles of Association is registered with the Registrar of Companies, and it abides by the laws of the land, it cannot be banned because the company is a separate legal entity," he added.

"However, criminal action can be taken against the directors of the company if it is, for example, guilty of money laundering under the Money-Laundering Act and it may be wound up under the Companies Act to protect the interests of shareholders, creditors or the third parties."