

**A Study on the Pyramid Scheme of Article 18 of the Multi-Level
Marketing Supervision Act
— with the Criminal Legislation in Economic Crimes**

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Abstract

As Economic Criminal Law integrates “Economic Law” and “Criminal Law,” an important legislative issue has come into being. That is, indefinite elements of the law constitute a common legislative problem in Economic Criminal Law. In order to advance with the times, Economic Criminal Law requires legislative flexibility. However, Criminal Law operates in accordance with the basic principle “*nulla poena sine lege*,” There is a considerable conflict between the two forms of legislation. This article discusses the legislation and practice of the deteriorating Multi-Level Marketing system (Pyramid Scheme). Furthermore, in Taiwan, the Multi-Level Marketing Supervision Act was promulgated and came into effect on January 29th 2014, which has great significance for the legalization of multi-level marketing business.

This thesis discusses the evolution of legislation and normative content while referring to the latest laws and rules, and analyzing the clauses in relevant regulation and their application. The study of practical cases in the last 10 years, referred to as the “Guangxi-Nanning Cases,” are the most typical cases that extend the description regarding the clause on “intangible goods”. In addition, it needs to be asked how the terms “main” and “reasonable market price” should be applied. “Limited Interpretation” in Japanese Theory should be applicable, including the terms “Substantive Explanation” and “Expansion of Interpretation Boundaries.” Furthermore, the “Economic Analysis of Law” provides the “Rational Choice Rule,” including value choices and legal opinions. Both provide important explanatory theory and contribute to the explanation of unclear

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constituent elements. This article discusses the deficiency of current regulations, and based on *nulla poena sine lege*, whether there should be legislation on the issue of “intangible goods”. Owing to the commodities and services provided by society having become more diversified, in light of the main motivation behind such a trend being diversification, we should be willing to expand the scope of the meaning of commodities, and achieve the goal of inhibiting economic crimes. Furthermore, the viewpoint regarding Judicial Yuan Interpretation No. 602 could also be used as a critical point.

Keywords: Multi-Level Marketing Supervision Act, Pyramid Scheme, Main, Reasonable Market Price, Intangible Goods, Limited Interpretation, *nulla poena sine lege*, Guangxi-Nanning Cases, Economic Analysis of Law, Judicial Yuan Interpretation No. 602.