



10

Do you know all the correct answers to the following ten crucial questions about multi?

Q&A



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Do you know all the correct answers?



Q1

Are multi-level marketing businesses legal or illegal?



Five assessment principles



- 1 Whether recruiting new participants is its main source of income of participants
- 2 Whether the prices of products or services are reasonable
- 3 Whether new participants need to pay a large amount of money as the membership fee and purchase costly products or those that are difficult to be sell out within a short period
- 4 Whether the multi-level marketing business provides a complete written participation contract in which related regulations of the Multi-level Marketing Supervision Act are specified
- 5 Whether the multi-level marketing business has registered with the Fair Trade Commission according to relevant laws

Two reminders

- 1 Think twice and wisely! Do not join a multi-level marketing scheme as a result of an impulsive decision or for returning a favor.
- 2 Be thoroughly aware of the limited period allowed for contract cancellation or termination as well as related regulations, and also carefully preserve the contract and proof of transaction.

Q2

How to find information about whether a multi-level business is legally registered?

Visit the website of the Fair Trade Commission and click on the “**List of Registered Multi-level Marketing Enterprises**”. The names of businesses and their main office locations will be displayed. You may also click on “**File Link**” to make queries about the products marketed and participation contract contents.

Click me to enter-
List of Registered Multi-level
Marketing Enterprises



序號	統一編號	事業名稱	資本額	核准設立日期	主要營業所	聯絡電話	報備日期	檔案連結
1	45883111	一人一樹生物科技股份有限公司	10000000	1050614	臺中市北屯區文心路三段447號4樓之一	(04)2298-2888	1050628	連結
2	24201689	八馬國際事業有限公司	10000000	970731	桃園市中壢區新街里環北路400號9樓之5	(03)426-6186	970827	連結
3	43701798	久鼎行銷科技股份有限公司	1000000	1050415	臺北市中正區博愛路130號六樓之一	(02)2388-3700	1050524	連結
4	24783778	大日生醫股份有限公司	10000000	1031231	臺北市大同區重慶北路2段153巷2樓	(02)2552-0033	1040320	連結
5	54861645	大易生醫股份有限公司	1000000	1041014	新竹市少年街39號	(03)5624-888	1050222	連結

Q3

How to cancel the participation contract with a multi-level marketing business ? (and begin to process the withdrawal and returned goods)

Whether you have signed the contract to return a favor but have not yet made the payment, and feel like quitting due to poor sales or simply do not want to do that anymore...

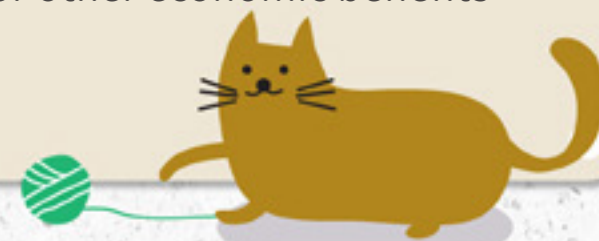
You can.....

Act according to Articles 20 and 21 of the Multi-level Marketing Act and issue a “**written**” notice to the multi-level marketing business to cancel or terminate the contract.

No liquidated damage is required!

As set forth in Articles 22 and 23 of the Multi-level Marketing Supervision Act, a multi-level marketing business shall no :

- ❶ Request its participants for damage compensation or impose liquidated damages on participants for contract cancellation or termination.
- ❷ Improperly hinder a participant from returning goods based on laws
- ❸ Improperly withhold commissions, bonuses, or other economic benefits payable to participants.



For future presentation of evidence, participants are suggested to purchase legal attest letter formats from the Post Office, fill it out in accordance with the guidelines, and send the original copy to the multi-level marketing business along with the copy to the Fair Trade Commission.



The templates are as below:

1 Contract cancellation template
(available to be used within 30 days after the contract signature the cooling-off period)

[Learn more](#)

2 Contract termination template
(available to be used after the 30-day cooling-off period)

[Learn more](#)

[More information \(1\)](#)

[More information \(2\)](#)

Q4

How to conduct the refunding for returned goods be after a participant withdraws from the scheme of a multi-level marketing business?



The contract really matters!

- 1 Each registered multi-level marketing business stipulates in its participation contract regulations associated with product depreciation standards and refunding. Participants shall carefully and properly preserve the contract to ensure their rights and interests.
- 2 According to Articles 20 and 21 of the Multi-level Marketing Supervision Act, participants may issue a “**written**” notice to the multi-level marketing business to cancel or terminate the contract and request to return goods. The multi-level marketing business shall thereby process the refunding according to laws.
(See the next page for the simplified tables)

Request to withdraw and return goods within the cooling-off period
(30-day period after the contract signature)

Yes

No, the 30-day cooling-off period is exceeded

Contract cancellation

(Article 20 of the Multi-level Marketing Supervision Act)

Returning full product value

The MLM business is required to return the money within 30 days after contract cancellation takes effect, but it may deduct the amount of:

- 1 Product damage value
- 2 Bonuses given for the products returned

Contract termination

(Article 21 of the Multi-level Marketing Supervision Act)

Goods return
“service”
(Courses, for example)

“Products” returned
(Foods, for example)

Over six months since the
deadline for product
collection

No

Yes

Returning 90% of the purchase price

The MLM business is required to return the money within 30 days after contract termination takes effect, but it may deduct the amount of:

- 1 Product depreciation value
- 2 Bonuses given for the products return

The MLM business
may refuse to accept
returned goods by
citing contract
regulations.



Here is an example of Mr. A...

Mr. A signed the contract to become a MLM participant of Company B. He paid an NT\$300 membership fee, purchased food products that totaled NT\$5,000, and also received a bonus of NT\$500.

Mr. A cancelled the contract on April 20 (within 30 days after contract signature)

Before May 20 (within 30 days after contract cancellation took effect), Company B shall

- 1 Accept the products returned by Mr. A and return NT\$5,000
- 2 Return the NT\$300 membership fee
- 3 Deduct the NT\$500 bonus
→The collectible amount of Mr. A would be $\text{NT\$5,000} + 300 - 500 = \text{NT\$4,800}$.

except the products
are damaged or lost!

Mr. A terminated the contract on June 5 (more than 30 days after contract signature)

Before July 5 (within 30 days after contract termination took effect), Company B shall

- 1 Repurchase the products at 90% of the original purchase price, but it may deduct product **depreciation value**. In other words, the amount Mr. A could collect would be $\text{NT\$5,000} * 90\% - \text{value depreciation}$.
- 2 Deduct the NT\$500 bonus
→The amount Mr. A could collect would be $\text{NT\$5,000} * 90\% - \text{product depreciation value} - 500$.

different product depreciation
levels could be taken into account;
enterprises having value
depreciation standards should
include them in the contract



Mr. A terminated the contract on December 1
(exceeding six months after the contract signature)

Because Mr. A was in possession of the **products** for over six months after the deadline the products could be picked up, Company B could refuse to refund Mr. A according to contract stipulations.

However, if Company B provides “services” (such as cyberspace or courses) instead of products (such as food products or cosmetics), the “services” Mr. A purchased shall not be subject to the limited period for returning goods six months after the contract signature.

More information (1)

More information (2)



Q5

What is an illegitimate multi-level marketing?



1. According to Article 18 of the Multi-level Marketing Supervision Act: “Multi-levels sales enterprises shall have participants engage in promoting and selling goods or services at reasonable market prices as their major income, instead of earning mainly by introducing new participants.”
2. In layman’s term, this is the “**pyramid schemes**”, meaning that participants earn their main income by introducing new participants instead of by promoting and selling goods or services at reasonable market prices. Significantly more expensive prices of the products and services or harsh product return conditions are also common characteristics among illegitimate multi-level marketing.

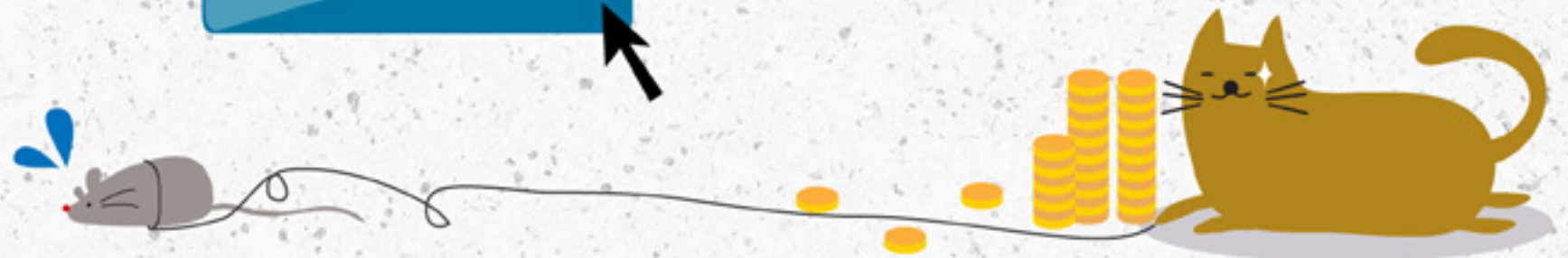


Be careful!
Don't be cheated!



3. Illegitimate multi-level marketing is highly likely to turn into a variety of illegal fundraising, the acts in violation of the Banking Act or acts of fraud punishable by the Criminal Code. One shall think twice and wisely before joining any marketing scheme to prevent financial loss or violation of laws.
4. As illegitimate multi-level marketing involves criminal liability, it is suggested that people suffering damages or discovering any relevant **illegal activities** to **inform jurisdiction authorities** by presenting related evidence.

Learn more



Q6

Can an individual who has not reached their 18th year of age engage in multi-level marketing ?

1. As specified in Article 16 of the Multi-level Marketing Supervision Act, “Multi-level marketing enterprises may not recruit people with no capacity for civil conduct to be participants. A multi-level marketing enterprise recruiting a person with limited capacity for civil conduct to be a participant shall first obtain the written consent of the legal representative of such a person and also attach the written consent to the contract.”
2. As specified in the Civil Code, “Majority” is a person reaching the 18th year of age. Therefore, an individual who has not reached their 18th year of age is a person with limited capacity for juridical acts (with an age between 7 and 18 years). A multi-level marketing business recruiting such person must acquire the “**written**” consent of his or her legal representative (s).

[Learn more](#)

Q7

Can participants request to view the financial statements of the multi-level marketing businesses they engage in?



Of course!

According to Article 17 of the Multi-level Marketing Supervision Act, participants may request to inspect the financial statements of the multi-level marketing enterprise to which they belong and the multi-level marketing enterprise may not refuse such requests without justification.

Click

[Learn more](#)

Q8

What can be done when there is too much inventory due to poor sales or defective products?

There are provisions in the Multi-level Marketing Supervision Act regarding return of goods as a result of participant withdrawal. If some goods are returned due to poor sales or defective conditions, such an issue shall be handled according to the contract signed by the participant and the multi-level marketing business. Participants shall keep a track of the inventory condition and avoid hoarding.

Say no to hoarding!

Reason for Return of Goods	How to Process?	Applicable Regulations
Return of goods as a result of withdrawal from the multi-level marketing organization	Issuance of a written notice to the multi-level marketing business to request for contract cancellation or termination	The withdrawal and goods return regulations set forth in the Multi-level Marketing Supervision Act shall apply
Return of goods as a result of poor sales or defective condition of products	To be processed according to the contract signed by the participant and the multi-level marketing business	To be settled via the civil procedure according to related regulations set forth in the Civil Code


[Learn more](#)

Q9

Can participants be punished by the competent authority and what would be the likely violation?



The regulations on participants set forth in the Multi-level Marketing Supervision Act can be categorized as “**recruitment regulations**” and “**sales regulations**”:

Recruitment :

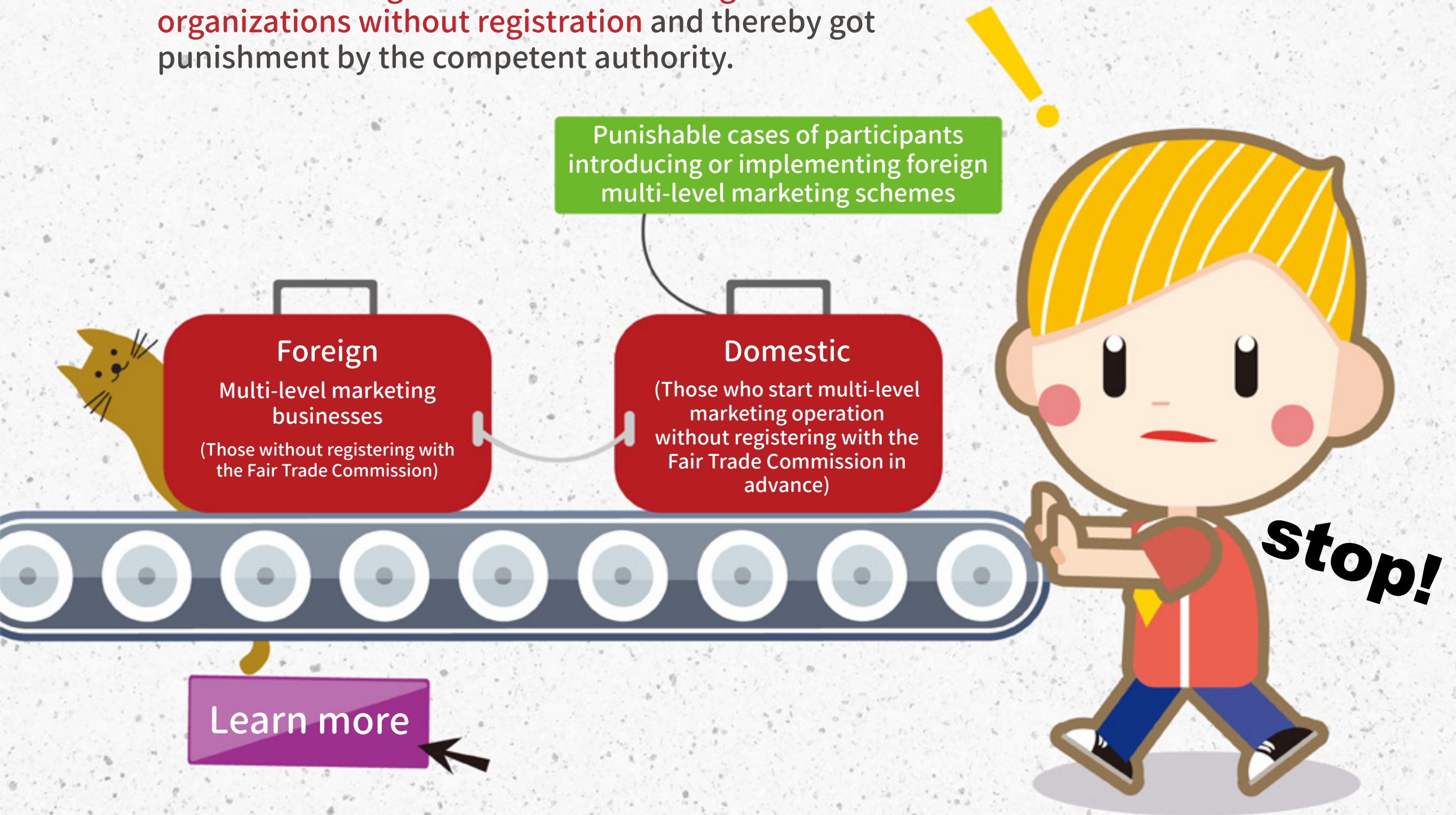
- 1 When introducing new participants, a participant may not engage in any false or misleading representation with regard to the sales system, participation conditions, and products or services.
- 2 When recruiting via advertising or other methods, a participant shall clearly indicate that new recruits will be engaging in multi-level marketing and shall not recruit under the disguise of recruiting for standard full-time/part-time jobs.
- 3 When using successful cases to promote and market products or services or recruit new participants, the cases cited shall not contain any false or misleading representation.

Sales :

- 1** A participant shall not request new participants to pay fees apparently out of proportion to the cost when holding training courses, workshops reunions, meetings, or giving promotions.
- 2** A participant shall not request new participants to pay bonds, liquidated damages or any other expenses with the amount that is obviously inappropriate.
- 3** A participant shall not urge new participants to purchase products at quantities that normal people cannot sell out within a short period.
- 4** A participant shall not urge new participants to purchase or allow them to have rights to promote two or more multi-level marketing organizations.
- 5** A participant shall not adopt inappropriate approaches to impede new participants from withdrawing from the multi-level marketing organization and returning goods by cancelling or terminating the contract.
- 6** A participant shall not request new participants to fulfill obligations that are obviously unfair.



In recent years, there are cases in which **some participants introduced foreign multi-level marketing schemes or organizations without registration** and thereby got punishment by the competent authority.



Q10

I still have questions and how do I search for related information ?

Visit the Fair Trade Commission website for inquiries.



公平交易委員會
FAIR TRADE COMMISSION

Or call the Fair Trade Commission Service Center at

(02)23510022 or (02)23517588#380



Multi-level Marketing
Designated Section
QR code



In addition, if you are already a participant, you may choose to pay and join the **Multi-level Marketing Protection Foundation** to get better protection.

I feel so relieved to have protection.



Official Site of Multi-level
Marketing Protection
Foundation



Learn more

