

Meikeda Co., Ltd.

1509th Commissioners' Meeting (2020)

Case: MKD violated the Multi-level Marketing Supervision Act

Keyword(s): Multi-level marketing, contract termination, fee

Reference: Fair Trade Commission Decision of October 7, 2020 (the 1509th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.109055

Industry: Direct Selling Establishments (4872)

Relevant Law(s): Article 21 of the Multi-level Marketing Supervision Act

Summary:

1. The FTC's investigators visited the main office of Meikeda Co., Ltd. (hereinafter referred to as "MKD") in March 2020 to conduct a business inspection. It was discovered that the company deducted the remittance fee from the refund for five participants who had withdrew from the multi-level marketing scheme and returned the products after the terminations of contracts. Since the remittance fee was not a statutory deduction item. The practice was in violation of Article 21(2) of the Multi-level marketing Supervision Act.
2. Findings of the FTC after investigation:
MKD deducted the remittance fee from the refund for five participants who had withdrew from the multi-level scheme and returned the products after their contracts were terminated. Because MKD only had been banking with the First Commercial Bank, MKD would deduct the remittance fee when transferring funds to accounts at other banks.
3. Grounds for disposition
 - (1) When conducting a business inspection at the main office of MKD in March 2020, the FTC discovered that the contract termination applications from five participants carried the wording of "the remittance fee to be deducted on participants who did not provide an receiving account at the First Commercial Bank" and the company had indeed deducted the remittance. However, the remittance was not a statutory deduction item at all. As a result, the fact that MKD made the deduction when transferring the refund to participants that terminating the contract was in violation of Article 21(2) of the Multi-level Marketing Supervision Act.
 - (2) When giving its statement at the FTC, MKD did admit that it had deducted the remittance fee from participants who did not have an account at the First Commercial Bank. Although the company stated that it had returned the money to those participants, it did not change the fact that the company's violated the law.

Appendix:

Meikeda Co., Ltd.'s s Uniform Invoice Number: 27857175

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