

## Wal-Mart Scandal-7 persons facing criminal charges in Chongqing

### Description

According to the news on Ifeng.com, Wal-Mart is now in big trouble in Chongqing. Ten (10) stores are ordered to suspending business for inspection and rectification within 15 days on top of fines up to RMB 2.69 million after media exposed that Wal-Mart had been selling fake "œœgreen pork/organic pork" which was actually ordinary pork.

Moreover, seven (7) persons in charge of those stores were detained by police on criminal account of selling fake and shoddy products.

Crime of manufacturing, selling fake and shoddy products

Article 140 of PRC Criminal Code provides:

"Any producer or seller who mixes up or adulterates products, passes fake imitations for genuine, sells seconds at best quality price, or passes unqualified products as qualified ones, with a sale amount of not less than 50,000 yuan and not more than 200,000 yuan, is to be sentenced to not more than two years of fixed-term imprisonment or criminal detention and may in addition or exclusively be sentenced to a fine of not less than 50 percent and not more than 200 percent of the sale amount; when the sale amount is not less than 200,000 yuan and not more than 500,000 yuan, is to be sentenced to not less than two years and not more than seven years of fixed-term imprisonment and may in addition be sentenced to a fine of not less than 50 percent and not more than 200 percent of the sale amount; when the sale amount is not less than 500,000 yuan and not more than 2 million yuan, is to be sentenced to not less than seven years and may in addition be sentenced to a fine of not less than 50 percent and not more than 200 percent of the sale amount; when the sale amount is not less than two million yuan, is to be sentenced to 15 years of fixed-term imprisonment or life imprisonment and may in addition be sentenced to a fine of not less than 50 percent and not more than 200 percent of the sale amount or confiscation of property•.

It shall be noted that this crime is imposed not only on individuals but also on corporations that are engaged in the prescribed activities. In the case of a company convicted of committing this crime, the fines prescribed in the clause shall be borne by the company itself, and persons in charge of those activities shall be punished by other penalties provided therein.

Foreign invested companies selling products in China shall heed this clause. In practice, the boundary between a civil dispute and criminal offense sometimes blurred. Chinese merchants well-connected with local polices can well play this provision with foreign investors. It is important that foreign investors should always pay attention to any criminal implications in their business activities in China.

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Update: Media reported that behind the harsh crackdown, the party boss and mayor in Chongqing have both given instructions calling for serious treatment of the scandal. I cannot help thinking that while it is a right thing to do, there might be political motive behind the scene. Such an event involving

a foreign giant famous company may well be exploited to boost the image of local government and its boss who has been seen as princeling jockeying for a powerful seat at the polibureau. Anyway, I welcome this.

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