

## **Government Supervision of TVI Express: Multi-Level Marketing Business**

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### **ABSTRACT**

*This study aims to determine the form of government supervision of TVI Express activities in Bone Regency. In addition, to analyze the role of the Government in responding to the business under the guise of MLM. This type of research is empirical legal research. The interview method was used to obtain research data, conducted by interviewing directly to informants related to the problems studied in this study. The data obtained in this study were then analyzed qualitatively. The results show that the Regional Government Bone Regency is still less responsive in handling public complaints against TVI Express. Furthermore, the Regional Government of Bone Regency did not take concrete steps to anticipate the increasing number of fraud victims from the activities of TVI Express in Bone Regency. Therefore, the Regional Government must take concrete steps and actions and be proactive in handling the existence of businesses under the guise of MLM and illegal companies. In addition, the Government and members of the House of Representatives establish a special Law on the Anti-Pyramid System or the Anti-Money Game System Law. With the existence of this particular law, it is hoped that it can be a means of preventing and eradicating business practices under the guise of MLM. So that in the future, there will be no more similar problems that arise in the community. In this case, the community was not deceived and suffered losses due to business activities under the guise of MLM and illegal companies in Bone Regency.*

**Keyword:** *Illegal Companies; MLM; Pyramid Scheme System; Role of Regional Government; TVI Express.*

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Submitted: March 4, 2022

Accepted: April 16, 2022

Published: May 3, 2022

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Doi: <https://doi.org/10.56087/aijih.v25i1.288>

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### **INTRODUCTION**

The development of the economy, particularly in industry and national trade, has resulted in various goods and or services.<sup>1</sup> In addition, globalization and free trade supported by advances in telecommunications and information technology have expanded the movement space for the flow of goods and or services transactions

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<sup>1</sup>Rahmah, L., *et al.* (2017). *Bisnis Multi Level Marketing dalam Tinjauan Fatwa DSN MUI No: 75/DSN-MUI/VII/2009 (Studi Kasus Pada Member MLM 4Jovem di Situbondo)*. *Istidlal: Jurnal Ekonomi dan Hukum Islam*, 1(2), p. 100.

across a country's boundaries.<sup>2</sup> On the one hand, such conditions benefit consumers because the consumer's needs for the desired goods and or services can be fulfilled. On the other hand, the conditions mentioned above can result in the position of business actors and consumers being unbalanced and consumers being in a weak position.

The above conditions can also impact the wider Indonesian business world, one of which is carried out by a buy-sell system. Buy-sell is an agreement in which one party binds himself to deliver an object, and the other party pays the promised price. The main elements in the buy-sell are goods and prices. Buy-sell objects are certain goods whose form and quantity can be determined, and these goods are not prohibited by law from being traded.

One of the variations of buy-sell businesses currently developing is franchising, especially Multi-Level Marketing (MLM).<sup>3</sup> More than 100 Indonesian companies are currently involved in the MLM business industry. MLM is a business engaged in the trade in goods and or services that use a tiered marketing system as its business strategy.<sup>4</sup> The MLM system itself is a method used by a parent company in marketing its products to consumers through a network of independent business people.<sup>5</sup>

MLMs that use a network strategy in marketing their products must accommodate the rights and obligations of business actors based on Law of the Republic of Indonesia Number 8 of 1999 on Consumer Protection (hereinafter referred to as Law No. 8 of 1999). However, many MLMs are mushrooming in Indonesia without going through the procedures and conditions based on the law.

One MLM mushrooming in Indonesia is Travel Ventures International Express (TVI Express). TVI Express is a business engaged in world travel and tourism services that relies on a network system or member get member. As for the activities of TVI Express members who do not get a downline, they have to wait for their money back indefinitely. Starting from this rule, if the member does not get a downline and the money does not come back, then legal problems will arise. For example, Yusuf, a fish seller from Mallajena, Welanae Village, Tenete Riattang District, Bone Regency, was deceived by a TVI Express distributor because he believed the distributor's words. In this case, if Yusuf deposited the money within two months, it would increase to IDR 100,000,000.00. However, the money deposited by Yusuf amounting to IDR

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<sup>2</sup>Nurhisam, L. (2019). Multi Level Marketing dalam Tinjauan Hukum Islam (Studi Fatwa DSN-MUI Nomor: 75/DSN-MUI/VII/2009 tentang Pedoman Penjualan Langsung Berjenjang Syariah). *Tawazun: Journal of Sharia Economic Law*, 2(2), p. 190.

<sup>3</sup>Marimin, A., et al. (2016). Bisnis Multi Level Marketing (MLM) dalam Pandangan Islam. *Jurnal Ilmiah Ekonomi Islam*, 2(2), p. 116.

<sup>4</sup>Cahyadi, I. F. (2019). Strategi Repositioning Bisnis Multi Level Marketing dan Tinjauan dari Perspektif Syariah. *Bisnis: Jurnal Bisnis dan Manajemen Islam*, 7(1), p. 122.

<sup>5</sup>Irsyadi, A. (2019). Pertanggungjawaban Pidana Pelaku Korporasi Bisnis Multi Level Marketing yang Menerapkan Skema Piramida. *Jurist-Diction*, 2(6), p. 1952.

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20,800,000.00 in the end disappeared.<sup>6</sup>

The legal issues that can be raised in this case are about the legalization of MLM in conducting business activities and the role of the relevant authorities in responding to criminal acts of fraud under the guise of MLM.<sup>7</sup> In the context of Bone Regency, law enforcement officials do not seem to care about reports of fraud victims from TVI Express. This condition continues to trigger legal problems for the emergence of business practices under the guise of MLM in Indonesia.

There have been many studies in Indonesia that examine the government's supervision of the existence of MLM in Indonesia. Anisa concluded in her research that:<sup>8</sup>

*"The application of direct selling or MLM regulations in Indonesia is still weak because it is only regulated in the Decision of the Minister of Industry and Trade. The scope of its validity is still minimal. In addition, the weak licensing system in Indonesia has caused not a few money game companies or pyramids under the guise of MLM, who managed to get away with the alibi that their business was not included in the IUPB. Furthermore, business actors under the guise of MLM who commit violations will only be given administrative sanctions. For example, it is only limited to revocation of tiered business licenses, so many MLM consumers are still harmed."*

D. C. Kosasih & A. Budhisulistyawati concluded in her research that:<sup>9</sup>

*"The protection of members as consumers due to PT Sukses Integritas Perkasa's unlawful acts has been regulated in the company's code of ethics and Law No. 30 of 1999. This law also contains a code of ethics and is verified by the Indonesian Direct Selling Association (APLI) to guarantee protection for each MLM member."*

J. S. Sihotang, *et al.*, concluded in her research that:<sup>10</sup>

*"Sanctions given to business actors who implement the pyramid scheme system in the distribution of goods are regulated in Article 105 of Law No. 7 of 2014. With these sanctions, every business actor who commits a criminal offense will be held accountable for his actions, and there is no justification for it."*

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<sup>6</sup>Amar, A. A. P. (2014). "Bisnis Multi Level Marketing Travel Ventures International Express dalam Perspektif Perlindungan Konsumen". *Thesis*. Universitas Hasanuddin, p. 17.

<sup>7</sup>Fauziah, N. D., *et al.* (2017). Multi Level Marketing dalam Perspektif Syariah. *Al-Adalah: Jurnal Syariah dan Hukum Islam*, 2(3), p. 172.

<sup>8</sup>Anisa, A. (2017). Perlindungan Hukum terhadap Anggota Multi Level Marketing (MLM) dalam Investasi melalui Sistem MLM. *Legal Opinion: Jurnal Ilmu Hukum*, 5(4), pp. 13-14.

<sup>9</sup>Kosasih, D. C. & Budhisulistyawati, A. (2019). Perlindungan Hukum bagi Anggota Multi Level Marketing (MLM) yang Berbasis Aplikasi di Indonesia (Studi Kasus Pada PT Sukses Integritas Perkasa). *Jurnal Hukum dan Pembangunan Ekonomi (JHPE)*, 7(2), p. 209.

<sup>10</sup>Sihotang, J. S., *et al.* (2020). Tindak Pidana Menerapkan Sistem Skema Piramida dalam Pendistribusian Barang oleh Pelaku Usaha. *Jurnal Darma Agung*, 28(3), p. 470.

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From the description above, it can be understood that there are businesses under the guise of MLM that generally use pyramid schemes. In addition, the regulation regarding MLM is only regulated by the Decision of the Minister of Industry and Trade. Criminal sanctions for business actors who use pyramid schemes are based on Law of the Republic of Indonesia Number 7 of 2014 on Trade (hereinafter referred to as Law No. 7 of 2014). The main focus of this research is to find out the government's supervision of the activities of a company under the guise of MLM in Bone Regency, so it is vital to research.

Based on the introduction description above, this study aims to determine the form of government supervision of TVI Express activities in Bone Regency. In addition, to analyze the role of the Government in responding to the business under the guise of MLM.

## METHOD

This type of research is empirical legal research, namely legal research whose object of study includes the provisions of laws and regulations (*in abstracto*) and their application to legal events (*in concreto*).<sup>11</sup> The nature of legal research is analytical descriptive, that is, uncovering laws and regulations relating to legal theories in society. This research was conducted in 2013 in Makassar City and Bone Regency, South Sulawesi Province. In this case, the Office of the Consumer Dispute Settlement Agency (BPSK) is in Makassar City, and cases related to TVI Express activities are in Bone Regency. The population in this study includes TVI Express Members, BPSK, Bone Resort Police, and the Department of Industry and Trade of Bone Regency. The determination of the sample as an informant was carried out by purposive sampling and amounted to 6 informants. The types and sources of data used in this study are as follows:<sup>12</sup>

1. Primary Data is data obtained directly from informants based on population and sample determination;
2. Secondary Data is data obtained from searching legal literature, including laws and regulations, references, legal scientific journals, legal encyclopedias, and texts or official publications.

The interview method was used to obtain research data, conducted by interviewing directly to informants related to the problems studied in this study. The data obtained in this study were then analyzed qualitatively, namely by describing the data in prose language, when linked with other data to get clarity on truth or vice versa to make a clear conclusion.

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<sup>11</sup>Qamar, N. & Rezah, F. S. (2020). *Metode Penelitian Hukum: Doktrinal dan Non-Doktrinal*. Makassar: CV. Social Politic Genius (SIGn), p. 5.

<sup>12</sup>Husen, L. O., *et al.* (2020). Pengamanan Intelijen Kepolisian Terhadap Putusan Pengadilan Atas Objek Sengketa. *SIGn Jurnal Hukum*, 1(2), p. 138.

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## RESULTS AND DISCUSSION

### A. MLM Legality in Indonesia

MLM entered Indonesia around the 1980s. Many people think MLM is a breakthrough and is the best way to earn money. The fact that can be obtained in the field is that MLM is not a magical business that easily earns money, in the opinion of people who may not know the MLM system.<sup>13</sup> MLM is just one method or way to market a product. So, it should be emphasized that MLM is only an alternative business method related to marketing and distribution.<sup>14</sup>

In carrying out MLM activities in Indonesia, it must be based on a legal basis. The legal basis governing MLM includes:

1. Government Regulation of the Republic of Indonesia Number 29 of 2021 on Implementation of the Trade Sector;
2. Regulation of Minister of Trade of the Republic of Indonesia Number 70 of 2019 on Distribution of Goods Directly.

Based on Article 42 section (2) point b of Government Regulation No. 29 of 2021 regulates that *"The Direct Selling System is carried out by means of Multi-Level Direct Selling."* Based on Article 43 section (1) of Government Regulation No. 29 of 2021 regulates that Companies that carry out Goods Distribution activities with a Direct Selling system must meet the following criteria:

- a. have Exclusive Distribution Rights on Goods to be distributed through direct selling;
- b. have a Marketing Plan;
- c. have a code of ethics;
- d. recruiting Direct Sellers through a network system; and
- e. selling goods directly to consumers through a marketing network developed by Direct Sellers.

Furthermore, based on Article 50 of Government Regulation No. 29 of 2021, regulates that *"Distribution Business Actors in the Direct Selling system are companies that have a Business License as a Direct Selling Company."*

Article 18 section (2) of Regulation of Minister of Trade No. 70 of 2019, regulates that *"to obtain a SIUP, the Company submits an application for the issuance of a SIUP through the OSS Institution."*

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<sup>13</sup>Qonitatillah, D. M. (2020). Analisis Faktor-Faktor Bisnis Multi Level Marketing terhadap Kebebasan Finansial Distributor pada PT. K-Link Syariah Lumajang. *Muhasabatuna: Jurnal Akuntansi Syariah*, 2(1), p. 4.

<sup>14</sup>Khoirurroji'in, K. (2019). MLM dalam Perspektif Ulama' Fiqih dan Hadis. *At Taajir: Jurnal Ekonomi, Bisnis dan Keuangan Syariah*, 1(1), pp. 3-4.

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From the above provisions, it can be understood that MLM is a legal entity business and must have a SIUP in carrying out its activities. On the other hand, Article 8 section (3) of Regulation of Minister of Trade No. 70 of 2019 regulates that “*the Marketing Plan ... is verified by associations in the field of Direct Selling.*” APLI is a forum for the association referred to in these provisions.

Based on the provisions above, the government must act decisively on MLMs that do not have SIUP and refuse to have their marketing system verified by APLI.

## **B. Business Under the Guise of MLM**

MLM companies must have the criteria regulated in Article 43 section (1) of Government Regulation No. 29 of 2021. However, in its implementation, there are still many business actors who commit crimes under the guise of MLM business. Business under the guise of MLM in Indonesia has developed through a pyramid scheme system. Article 9 of Law No. 7 of 2014 regulates that “*Distribution Business Actors are prohibited from implementing a pyramid scheme system in distributing goods.*”

Businesses with pyramid schemes are also known as money games or money doubling.<sup>15</sup> This business concept is usually identified with the method of collecting public funds. In addition, businesses under the guise of MLM only use the new member registration fee as a member bonus and not from the sale of goods and or services.<sup>16</sup> Based on Article 30 of Regulation of Minister of Trade No. 70 of 2019, regulates that the Pyramid Scheme ... has criteria which include:

- a. Commissions and or Bonuses are earned from membership dues or Direct Seller recruitment;
- b. Receive membership registration as a Direct Seller with the same identity and business rights more than 1 (one) time; or
- c. The Marketing Plan generates a Commission and or Bonus when the Company does not sell the Goods.

The harmful effect of pyramid schemes is that they take funds from the public in a form that promises to double the profits in the near term. At the same time, the profit comes from registration fees for people who enter later. In addition, if there is a business product, the price does not match the market price. Therefore, the product is only a cover to attract significant funds from business members under the guise of MLM. This pyramid scheme system can be seen in the working

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<sup>15</sup>Amanda, S., *et al.* (2022). Law Enforcement Against the Practice of Money Games With Ponzi Scheme in Illegal Investments in the Tiktok E-Cash Application in Indonesia. *Res Nullius Law Journal*, 4(1), p. 61.

<sup>16</sup>Arum, I. M. (2012). Multi Level Marketing (MLM) Syariah: Solusi Praktis Menekan Praktik Bisnis Riba, Money Game. *Muqtasid: Jurnal Ekonomi dan Perbankan Syariah*, 3(1), p. 31.

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mechanism of TVI Express members in running their business.<sup>17</sup>

## C. Government Supervision of TVI Express Activities

### 1. Government Supervision Capacity and Intensity

TVI Express carries out its activities using a pyramid scheme system as described in the previous subchapter. Therefore, the government's role, especially in Bone Regency, is needed in responding to TVI Express activities. In this case, the government is the party that has a vital role in supervising economic and trade activities. Therefore, it can also provide guarantees for the enforcement of consumer rights.

Regulation of Minister of Trade No. 70 of 2019 has also explained some basic understandings of the direct selling system. For example, requirements for business activities, procedures, and requirements for issuing SIUP, prohibitions, and sanctions may be imposed on direct selling companies. The involvement of members as direct sellers must obtain complete and transparent information through brochures, catalogs, or other official information that the MLM company has determined. However, sometimes MLM does not provide complete and transparent information to its members. Therefore, MLM companies must provide complete information to members so that members as direct sellers can also provide complete information to consumers.

This regulation also regulates the prohibition of MLM companies against their members and consumers. In this case, if MLM commits a violation, it will be subject to criminal sanctions according to applicable laws and regulations. However, when this research was conducted, no MLM companies dealt with national laws. In this case, there have been no cases related to the MLM system that have reached litigation in the Court. With the prohibitions contained in Government Regulation No. 29 of 2021 and Regulation of Minister of Trade No. 70 of 2019, the government has proven its concern for members and consumers of MLM companies. This regulation is also government protection for consumers so that consumers do not suffer losses from businesses under the guise of MLM. As for the requirements for MLM companies in carrying out their business activities in Bone Regency, they must meet licensing requirements, including:<sup>18</sup>

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<sup>17</sup>Amar, A. A. P. (2022). TVI Express Member Rights based on Consumer Protection Perspective. *SIGN Jurnal Hukum*, 3(2), p. 90.

<sup>18</sup>Results of Interview with A. Murni A. R. Head of Trade Training and Development Division, Department of Industry and Trade of Bone Regency. July 11, 2013.

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1. Disturbance Permit with a validity period of up to 3 years, as based on Regional Regulation of Bone Regency Number 4 of 2011 on Certain Permit Retribution;
2. SIUP and TDP with a validity period of up to 5 years, as based on Regional Regulation of Bone Regency Number 23 of 2009 on Industry and Trade Business Permit Retribution.

Isaac stated that:<sup>19</sup>

*“Most of the MLM companies that run their business activities in Bone Regency do not have permits. TVI Express also does not have a permit to run its business activities in Bone Regency. Therefore, TVI Express is considered a company that illegally carries out its business activities.”*

Furthermore, Isaac stated that:<sup>20</sup>

*“If an MLM company runs its business without a permit, the relevant agency will take direct action to resolve the issue and bring order to the Company. The relevant agencies consist of the Department of Industry and Trade and BPPT as the agency that issues permits and the Civil Service Police Unit as the regional regulation enforcement officer.”*

From the statement above, it can be judged that the Government seems to have neglected TVI Express. In this case, the Regional Government knows that several MLM companies, one of which is TVI Express, carry out activities in Bone Regency. So the impact of the lack of supervision and socialization carried out by the Regional Government causes much harm to the community. In this case, there are victims of fraud from TVI Express activities in Bone Regency.<sup>21</sup> In addition, the Regional Government Bone Regency is still less responsive in handling public complaints against TVI Express. Furthermore, the Regional Government of Bone Regency did not take concrete steps to anticipate the increasing number of fraud victims from the activities of TVI Express in Bone Regency.

## **2. Government Functional Supervision and Handling of Public Complaints**

During the research process in Bone Regency, it was seen that the functional supervision carried out by the Government was still very lacking. In this case, there is still no handling of public complaints against fraud cases committed by TVI Express. Most members who feel aggrieved by TVI Express also do not report to the relevant parties because they do not know which institution

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<sup>19</sup>Results of Interview with Ishak. Head of Program Foster Division, Department of Industry and Trade of Bone Regency. July 11, 2013.

<sup>20</sup>*Ibid.*

<sup>21</sup>Amar, A. A. P. (2022). *Op. Cit.*, p. 85.



or office can be used as a place for complaint services. Syamsuriadi and M. Amrullah acknowledged that:<sup>22</sup>

*“We do not know where to go to complain about our loss. Many of us submit complaints to uplines but do not get a satisfactory answer from the upline. Uplines argue that they only offer services and products as stated by the distributor.”*

From the recognition above, the community does not feel the presence of the Government as a place to solve problems. This condition is very ironic because many people have suffered losses. However, the Regional Government does not show its existence through policymaking as sustainable anticipation of the activities of TVI Express in Bone Regency. Therefore, the Regional Government must take concrete steps and actions and be proactive in handling the existence of businesses under the guise of MLM and illegal companies. So that in the future, there will be no more similar problems that arise in the community. In this case, the community was not deceived and suffered losses due to business activities under the guise of MLM and illegal companies in Bone Regency.

The Regional Government must form a particular institution that handles consumer dispute resolution in Bone Regency to overcome the problems above. It is different from the Regional Government of Makassar Municipal, which has formed a BPSK institution. BPSK is an agency tasked with resolving problems that arise in consumer disputes. In addition, BPSK is tasked with providing consultation and supervision on the inclusion of standard clauses in the agreement between MLM Companies and members as Direct Sellers. Furthermore, BPSK is a place for complaints about consumers if there are MLM companies committing violations based on Law No. 8 of 1999. BPSK also investigated business actors suspected of violating Law No. 8 of 1999. Sri Rejeki stated that:<sup>23</sup>

*“Not all Regional Governments in Regency/Municipal in South Sulawesi have established BPSK. In this case, there are only BPSK in Makassar Municipal, Pinrang Regency, Pare-Pare Municipal, Jeneponto Regency, and Maros Regency.”*

If there are complaints from consumers, BPSK will form an assembly consisting of three elements, including:<sup>24</sup>

1. 3 (three) people from elements of the Government;

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<sup>22</sup>Results of Interview with Syamsuriadi and M. Amrullah. TVI Express Members have the Status of Bone Regency Network downlines. July 9, 2013.

<sup>23</sup>Results of Interview with Sri Rejeki. Head of Consumer Protection Division, Department of Industry and Trade of Makassar Municipal. July 25, 2013.

<sup>24</sup>*Ibid.*

2. 3 (three) people from the consumer element; and
3. 3 (three) people from elements of business actors.

The consumer dispute resolution at BPSK is carried out in three ways, namely:<sup>25</sup>

1. Conciliation, namely disputes resolution through dialogue between consumers and business actors until an agreement is reached in the assembly forum.
2. Mediation, namely dispute resolution by positioning the assembly as a mediator between consumers and business actors;
3. Arbitration, namely dispute resolution with a trial mechanism, each party appoints two people as witnesses, and there is one representative from the Government. The outcome of the arbitral tribunal is final and binding. After that, the results are submitted to the District Court for execution. If there is one party who refuses/objects, it will enter the cassation process without going through the appeal process.

On the other hand, Muhammad Pahrún stated that:<sup>26</sup>

*“Several people make reports about losses due to fraud from the TVI Express. However, the report only submitted clue evidence and witness statements. So that the prosecutor’s office at the Public Attorney’s Office will find it difficult to defend during the court process. In this case, the clue evidence is still considered very weak to be used as evidence. In addition, there are agreements made between uplines/distributors and downlines/victims. So this report more precisely leads to civil cases. Suppose there are disputes resolution in the Bone Resort Police. In that case, it will use the principle of discretion, which is an action that is not based on legal provisions (the principle of legality and the principle of jurisdiction) but can be legally justified.”*

The handling of MLM business crimes based on the Criminal Code is considered ineffective because it has not touched the preventive side. Criminal law enforcement in Indonesia in tackling business practices under the guise of MLM is still relatively weak, both because of weak legal instruments and law enforcement processes. This condition is inseparable from the still solid legal culture inherited from the New Order, which made law only a power tool and sought material gain. The legal mafia is still rampant everywhere, thus weakening the performance of law enforcement officers and institutions such as the Police, the Attorney General’s Office, and the Judiciary.<sup>27</sup>

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<sup>25</sup>*Ibid.*

<sup>26</sup>Results of Interview with IPDA Muhammad Pahrún. Head of the General Investigation Unit, Detective and Criminal Unit, in Bone Resort Police. July 5, 2013.

<sup>27</sup>Purnomo, R. S. D., et al. (2011). *Multi Level Marketing Money Game & Skema Piramid*. Jakarta: Elex Media Komputindo, p. 269.

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Furthermore, Muhammad Pahrún stated that:<sup>28</sup>

*“The handling of business crimes under the guise of MLM will also be hampered if the people who are victims do not want to report the problems they are experiencing for various reasons. Most victims feel ashamed to report what happened. Only a handful of people reported their losses. However, the biggest obstacle is the problem of proof.”*

On the other hand, Sri Rejeki stated that:<sup>29</sup>

*“Actually, the government has officially revoked the foreign investment permit (PMA) owned by the tourism bureau service company PT TVI Express. So the TVI Express tourism business permit is also not valid. PMA license revocation refers to the Decree of the Investment Coordinating Board of the Republic of Indonesia Number 61/C/VIII/PMA/2011, on August 24, 2011. The revocation is carried out because business activities are not based on the BKPM permit. The BKPM’s decision also considers the recommendations of the Task Force for Handling Alleged Unlawful Actions in the Field of Community Fund Raising and Investment Management. The Task Force believes that TVI Express has abused the implementation of investment activities, which are not based on its permit.”*

From the description above, it is understood that TVI Express only has a business license for trading tourism services, such as selling hotel and restaurant vouchers. However, TVI Express carries out public fundraising and direct selling activities, even though they do not yet have a direct selling business permit. The activities carried out by MLM companies such as TVI Express are very disturbing to the public. Moreover, it can trigger the emergence of business practices in the name or under the guise of MLM.

Another factor that can allow business practices under the guise of MLM to develop in Indonesia to date is the weak regulation factor in the field of organizing MLM business activities.<sup>30</sup> Sanctions for violating the activities of MLM companies are only regulated based on the Regulation of the Minister of Trade. As is well known, the Regulation of Minister can only provide administrative sanctions. Criminal sanctions can only be regulated in the form of a law involving the legislature. If a legitimate MLM company deviates from the MLM system, the MLM company will only get administrative sanctions. Article 31 point b of Regulation of Minister of Trade No. 70 of 2019, regulates that *“Companies that violate the provisions ... are subject to administrative sanctions in the form of revocation of SIUP.”*

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<sup>28</sup>Results of Interview with IPDA Muhammad Pahrún. (2013). *Loc Cit.*

<sup>29</sup>Results of Interview with Sri Rejeki. (2013). *Loc Cit.*

<sup>30</sup>Mirza, I. (2016). Keabsahan Akad Jual Beli Multi Level Marketing dalam Perspektif Teori Hukum Perjanjian Syari’ah (Nazhâriyyat Al-’Uqûd). *Asy-Syari’ah*, 18(2), p. 259.

The provisions above show that it will impact the difficulty of realizing consumer protection, especially for TVI Express members. Even though there is Law No. 8 of 1999 and laws and regulations related to consumer protection, very few members of TVI Express are serious about resolving the issue by legal action. Therefore, seriousness from the government is needed to make the supervisory function of MLM companies more effective. In addition, the government is also active in conducting outreach to the community. In this case, problems related to fraud from the business under the guise of MLM do not recur, and the image of other MLM companies does not deteriorate in the future. People who will join the MLM business should also be careful when choosing an MLM company. The safest solution is to ask the relevant parties whether there is a SIUP in the MLM company, namely:

- a. Director of Business Development and Company Registration, Ministry of Trade of the Republic of Indonesia;
- b. Department of Industry and Trade of Regency/Municipal;
- c. BKPM; and
- d. APLI.

The institutions mentioned above are the ones who know best about the SIUP issuance process, so they are deemed worthy of being asked for confirmation. Although there are several laws and regulations in Indonesia related to MLM companies, these laws and regulations have not been effective enough to eliminate public misunderstandings about the existence of the MLM business. The MLM business is still reaping the pros and cons. Most people who do not understand the MLM business, not even a few, are very anti when they hear the word MLM. This condition is inseparable from the weak enforcement of criminal law and also the lack of an active role of the government in tackling business practices under the guise of MLM. No regulation explicitly prohibits business practices under the guise of MLM from impacting the community, so it is difficult to understand the working scheme of the MLM business. It takes an active role of the government in providing socialization to the public about the dangers of an MLM business that uses a pyramid scheme system.

The substantial effort that should be taken by the Government and members of the House of Representatives to overcome this problem is to establish a special Law on the Anti-Pyramid System or the Anti-Money Game System Law. With the existence of this particular law, it is hoped that it can be a means of preventing and eradicating business practices under the guise of MLM. An equally important condition is that with the existence of this particular law, public misunderstandings about the MLM business industry can be eliminated. Of course, this condition must be supported by the Government's active role

and the mass media in disseminating knowledge about the dangers of pyramid schemes from businesses under the guise of MLM.

## CONCLUSIONS AND SUGGESTIONS

Based on the description of the results and discussion above, it can be concluded that the Regional Government Bone Regency is still less responsive in handling public complaints against TVI Express. Furthermore, the Regional Government of Bone Regency did not take concrete steps to anticipate the increasing number of fraud victims from the activities of TVI Express in Bone Regency. Based on the description of these conclusions, it is recommended that the Regional Government take concrete steps and actions and be proactive in handling the existence of businesses under the guise of MLM and illegal companies. In addition, the Government and members of the House of Representatives establish a special Law on the Anti-Pyramid System or the Anti-Money Game System Law. With the existence of this particular law, it is hoped that it can be a means of preventing and eradicating business practices under the guise of MLM. So that in the future, there will be no more similar problems that arise in the community. In this case, the community was not deceived and suffered losses due to business activities under the guise of MLM and illegal companies in Bone Regency.

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