

The Criminal Regulation of Organized Fake Transactions and Inflated Reviews

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Abstract. This paper examines the phenomenon of censorship and manipulation in e-commerce, which seriously damaged the rights and interests of consumers, disrupted fair competition, and posed a major threat to the credibility of the platform and the healthy development of the market. The inadequacy of the current regulatory measures urgently requires the intervention of criminal law. By analyzing the actual harm of examination manipulation and the necessity of criminal law system, this article highlights the theoretical basis of criminal intervention and points out the inconsistency between criminal classification and sentencing standards in judicial practice. On this basis, a comprehensive legal analysis is carried out on the classification of examination of manipulation, the characteristics of cybercrime, multi-dimensional damage to legal interests, and multi-faceted considerations of criminal regulation. The study identified the challenges in the application of relevant illegal acts, including illegal business operation, false advertising and damage to commercial reputation, and explored their limitations. On this basis, this article advocates legislative reform, taking organized examination and manipulation as the object of crime, emphasizing the importance of civil and administrative relief, the importance of platform technology innovation, and the complementary role of criminal law as a last resort. Practical proposals were put forward to improve regulation at the legislative, judicial and social levels, aimed at providing a strong framework for combating censorship manipulation and ensuring fair competition in e-commerce.

Keywords: review manipulation, illegal business operations, false advertising, criminal law interpretation

1. Introduction

1.1. Research background

The rapid development of e-commerce has become a key driver of economic growth. According to the *Digital China Development Report (2022)*, the total volume of e-commerce transactions in China steadily increased from 2017 to 2021, reaching an impressive online retail sales figure of 13.1 trillion RMB in 2021. This highlights e-commerce's central role in stimulating domestic demand and advancing the digital economy.

However, this growth is accompanied by the phenomenon of false transactions and exaggerated comments, commonly known as “刷单炒信” (shua dan chao xin), Merchants artificially increase

sales and positive evaluations to attract consumers by falsifying transactions. This behavior is very common on platforms such as Taobao and Pinduoduo, especially in newly established stores. Due to low initial sales and credibility, these stores are often difficult to get recommendations. Therefore, many businessmen use this kind of deception.

False transactions and false comments not only infringe on the rights and interests of consumers and undermine fair market competition, but also disrupt the normal operation of online commerce, posing a major threat to the healthy development of e-commerce. Although e-commerce platforms and regulators have tried to curb such activities, it has proven that these measures have not been as effective as expected. There are more and more calls for criminal law intervention, but judicial practice shows that the judgments of such cases are inconsistent, and similar cases often get different judgments. This highlights the urgent need for an in-depth review of the conviction mechanism for such acts.

1.2. Research significance

The study of criminal regulations on false transactions and false review is of great significance in many aspects:

First of all, from the perspective of protecting consumers' rights and interests and maintaining market order, this behavior seriously violates consumers' right to know and fair trade. It misleads consumers to buy goods based on false information, which may lead to poor product quality. In addition, false transactions and false comments disrupt fair market competition, put honest merchants at a disadvantage, and unethical merchants gain unfair advantages by falsifying data. By exploring the criminal regulations of such acts, this study aims to clarify the scope and conditions of criminal application, so as to effectively safeguard the rights and interests of consumers, maintain market order, and promote the healthy development of the e-commerce market.

Secondly, improving the legal and regulatory framework of e-commerce is another key goal of this study. The rapid development of e-commerce has posed new challenges to the legal system. Existing laws and regulations are not enough to solve the problems of false transactions and exaggerated review. This study examines this issue from the perspective of criminal law and provides valuable insights for improving the legal framework of e-commerce. By addressing the shortcomings of existing regulations, it aims to provide a solid legal foundation for the sustainable development of the e-commerce industry.

Finally, the research in this article is conducive to the development of criminal law theory and practice. As a new form of cybercrime, false transactions and false censorship pose unique challenges to the theory and practice of criminal law. Through in-depth analysis of the criminal regulations of cybercrime, this research aims to promote the development of criminal law theory and enrich the research on cybercrime in the field of criminal law. In addition, the research results can provide practical guidance for judicial practitioners to help them better understand and apply criminal law and combat such acts more effectively.

Through the systematic analysis of the characteristics of false transactions and false review, it can clarify their social hazards and provide a strong theoretical basis for criminal regulation. Improve the applicable standards of criminal charges and explore the integration of criminal law with other legal measures. Finally, it is an attempt to build a comprehensive legal regulatory framework to enhance the practical and guiding value of this study.

2. Necessity and controversy of criminal law intervention

2.1. Deficiencies in existing regulatory measures

In view of the significant harm caused by false transactions and false examination, the inadequacy of the current civil and administrative supervision measures requires the intervention of the criminal law. However, this kind of intervention is not without controversy. Although the civil law can regulate the review of false transactions and false reports, its effect is limited. Civil lawsuits usually require consumers or merchants to file a lawsuit, and the burden of proof is heavy, causing many victims to give up their claims because it is difficult to collect enough evidence. In addition, the amount of civil compensation often does not fully compensate for the victim's loss and does not have enough deterrent effect on such behavior.

On the other hand, administrative supervision mainly relies on penalties such as fines and revocation of business licenses. However, these penalties are relatively light and the cost of implementation is high, and it is difficult to comprehensively and effectively deal with large-scale false transactions and false censorship. In addition, the execution of administrative penalties is often complicated, and the difficulty of enforcement makes many offenders evade punishment.

2.2. Theoretical basis for criminal law intervention

The seriousness of the harm caused by false transactions and false censorship proves the theoretical basis of criminal law intervention, which is rooted in the principle of infringement of legal interests and the principle of proportionality. This behavior directly undermines the integrity mechanism of e-commerce, which is an abstract and superpersonal legal interest necessary for the healthy development of the digital market. In addition, it violates consumers' right to know, choice and property rights, as well as competitors' right to fair competition and business credibility. These legal interests have been seriously damaged and require criminal intervention.

2.3. Disputes over legal classification and standards in judicial practice

In judicial practice, there is a lot of controversy about the legal classification of false transactions and false high examination. The disputes mainly involve three criminal acts: illegal operation, false advertising and illegal use of information networks. Courts often apply different charges in similar cases, resulting in inconsistent judgments.

For example, in the case of "Li's Illegal Business Operation", the court characterized Li's behavior as illegal operation and sentenced him to 5 years and 6 months in prison and a fine of 920,000 yuan. The court found that Li's behavior violated the state's regulations on Internet information services and constituted illegal business activities [1]. However, this classification is controversial, because the scope of illegal business is very wide, which may lead to the excessive use of such "all-encompassing" accusations.

In another case of "Zhang's False Advertising", the court found Zhang guilty of false advertising and sentenced him to one year and eleven months in prison. The judgment is based on Zhang's forgery of transactions and comments, which constitutes false propaganda and misleads consumers [2]. In addition, some courts classify similar acts as illegal use of information networks, believing that violators facilitate false transactions and exaggerated comments by establishing websites or communication groups.

The lack of consensus in judicial practice regarding the classification of fake transactions and inflated reviews results in inconsistent adjudication standards. Therefore, it is imperative to further explore and clarify the classification criteria for such behavior, unify judicial standards, enhance the

regulatory function of criminal law, and improve the certainty and predictability of judicial decisions.

3. Multidimensional legal analysis of fake transactions and inflated reviews

3.1. Classification of fake transactions and inflated reviews

3.1.1. Positive fake transactions and inflated reviews

Positive fake transactions and inflated reviews refer to practices where merchants fabricate transactions and positive reviews to boost their own credibility and sales, aiming to attract more consumers or secure platform subsidies and rewards. This behavior typically involves merchants themselves or hired individuals conducting fake purchases and leaving fraudulent positive reviews. For example, merchants may register multiple accounts or employ individuals to engage in false transactions to enhance their store's credit rating and product sales. In the case of "Li's Illegal Business Operation", Li established the "Zero Distance E-commerce Alliance" website, organizing members to conduct fake transactions and inflated reviews for profit.

3.1.2. Negative fake transactions and inflated reviews

Negative fake transactions and inflated reviews involve merchants maliciously posting negative reviews or fake positive reviews to damage competitors' reputations, thereby undermining their market competitiveness. This behavior usually entails merchants or their agents making fake purchases from competitors' stores and leaving malicious negative reviews or fabricating misleading positive reviews to tarnish the competitors' credibility, resulting in reduced sales. For instance, in the case of "Dong and Xie's Disruption of Business Operations", Dong hired Xie to repeatedly use the same account to make malicious purchases from a competitor's Taobao store and leave negative reviews. Consequently, the competitor's store was penalized by the Taobao platform for engaging in fraudulent transactions and subjected to downgrading sanctions.

3.2. Characteristics of fake transactions and inflated reviews as cybercrimes

3.2.1. Heavy dependence on the internet

Fake transactions and false comments are heavily dependent on the Internet, and their execution relies entirely on online communication tools, including the establishment of a dedicated online operation platform. The concealment and breadth of these activities greatly increase the difficulty of supervision. In this process, coordination and organization are carried out through the network platform, and the communication and transaction between the task publisher and the task finisher are carried out through the Internet. This makes the whole operation difficult to detect and track. In addition, the anonymity and cross-regional nature of the Internet facilitate such activities, make it easy for offenders to avoid legal risks, and further complicate the supervision and governance of such behavior.

3.2.2. Auxiliary and "service-oriented" illegal acts

False transactions and false reviews show the characteristics of auxiliary and "service", aiming to meet the illegal requirements of merchants to improve their business credibility. Such behavior not only violates consumers' right to know and choose, but also undermines fair competition in the market and causes significant social harm. Platform operators can assist issuers to complete false transaction tasks by providing technical support and organizational coordination, so as to obtain

considerable profits. Although such auxiliary actions may seem neutral, they directly support unfair competition practices and are therefore subject to legal sanctions.

3.3. Multidimensional analysis of legal interest infringement

3.3.1. Consumers' right to information and choice

False transactions and exaggerated comments falsify sales data and praise, and manufacture false goods or services. This leads to information asymmetry and hinders consumers from obtaining the true and accurate information necessary for decision-making. Therefore, consumers cannot make wise decisions that are in their interests. This asymmetry not only violates consumers' right to know, but also undermines their ability to exercise their right to choose. Therefore, consumers face a higher risk of decision-making, which often leads to purchases that do not meet expectations and cause economic losses.

3.3.2. Competitors' commercial interests

This practice constitutes unfair competition and is mainly regulated by laws such as the the *Anti-Unfair Competition Law*. The positive false comment plan improves the reputation of merchants by forging transactions and obtains more trade opportunities at the expense of competitors' commercial interests. On the contrary, the negative and false comment scheme involves malicious negative comments or misleading favorable comments, indicating that competitors are engaged in fraudulent activities. This has led to penalties for e-commerce platforms and reduced the market ranking and trading opportunities of competitors. As a result, honest enterprises are at a disadvantage, while criminals gain an unfair competitive advantage.

3.3.3. E-commerce platform operational environment

The credibility mechanism of the e-commerce platform is the core of its operation, attracting consumers and merchants to participate in transactions. False transactions and exaggerated comments destroy this mechanism, distort the data, and fail to reflect the actual performance of the merchant. The credibility of the platform's credibility system has been eroded, which has reduced the trust of consumers. Repeated bad experiences, such as buying unqualified goods, will promote people's suspicion of the platform, reduce user retention, and lead to customer loss. This will endanger the long-term development of the platform.

3.3.4. Market fair competition order

The legal protection of market order is a necessary condition for the healthy development of the market economy. False transactions and exaggerated comments shift people's attention from the quality of goods and services to manipulation based on false information, thus undermining fair competition. This behavior not only harms the interests of other merchants, but also erodes the trust of consumers, ultimately endangering the health and sustainable development of the whole market.

3.4. Multiple considerations for the application of criminal law

3.4.1. Criminal law application considerations for different subjects

3.4.1.1. Exclusion of criminal sanctions for order placing and order taking parties

Although both the order initiators and the order takers participate in false transactions in order inflation and review manipulation behaviors, their levels of involvement and methods of profit

differ, making them unsuitable as the primary focus of criminal sanctions. The order initiators mainly aim to enhance their own reputation and gain more trading opportunities, while the order takers seek small rewards. From the perspective of the principle of criminal law restraint, criminal sanctions against these parties should be cautious to avoid excessively expanding the scope of criminal law application. In contrast, the operators of review manipulation platforms, as organizers and profit-makers of the behavior, should be the key targets of criminal regulation.

3.4.1.2. Focus of criminal law application for platform operators

Operators of review manipulation platforms establish platforms, organize, and coordinate review inflation and fake transaction behaviors, profiting immensely from these activities, which severely harm market order and consumer rights. Therefore, the application of criminal law to platform operators should be given particular attention, ensuring that their actions meet the criminal elements prescribed by criminal law, thus enabling effective criminal sanctions against them.

3.4.2. Analysis of specific offenses and their application

3.4.2.1. Illegal business operations

Academic debates on the crime of illegal business operations center on whether review manipulation and fake transactions violate the Article 8 of the *Anti-Unfair Competition Law*. Wang Huawei holds that such behavior, which disrupts market order and harms rights, meets the elements of the crime [3]. However, other scholars argue that the application of this crime should be strictly limited to avoid it becoming an overused “catch-all crime”. Review manipulation doesn’t directly infringe upon the legal interests protected by the crime of illegal business operations, which relates to the state’s administrative licensing system. Categorizing it under this crime may violate the principle of legality and cause legal confusion.

3.4.2.2. False advertising

The debate on the crime of false advertising mainly focuses on the examination of whether Article 222 of the *Criminal Law* applies to manipulation and false transactions. Ma Yongqiang believes that comment manipulation has an advertising function, which can mislead consumers and meets the definition of false advertising [4]. Article 17 of the Electronic Commerce Law also clearly stipulates that any false or misleading transaction is a form of false promotion. However, some scholars believe that the subject of manipulating comments does not meet the constituent elements of the crime of false advertising. The perpetrator of false advertising must be the advertiser, the advertiser or the publisher. In contrast, the service provider of the comment manipulation platform is not an advertising operator, and its behavior does not directly involve false promotional content, but facilitates false transactions. In addition, false advertising requires direct fraudulent intent, and the motive behind the comment manipulation may be more complex, with the aim of gaining unfair market advantages.

3.4.2.3. Disruption of production and operations

The debate over the crime of disrupting production and business operations mainly focuses on whether review manipulation and fake transactions fall within the scope of Article 276 of the *Criminal Law*. Ma Yongqiang believes that reverse review manipulation, which aims to retaliate by maliciously lowering a competitor’s reputation, disrupts the production and business order of e-commerce platforms, fitting the elements of the crime [4]. However, some scholars argue that the means required for this crime must involve physical destruction of property, while malicious review

manipulation does not cause physical damage. Moreover, the crime requires the intent to directly disrupt production and business activities, whereas the intent behind review manipulation may be more focused on unfair competition.

3.4.2.4. Exploration of other relevant crimes

3.4.2.4.1. Illegal use of information networks

The applicability of the crime of illegal use of information networks centers on whether review manipulation and fake transactions meet the provisions of Article 287-1 of the *Criminal Law*. Scholar Ma Yongqiang argues that such behavior, by disseminating false information through online platforms and facilitating unlawful transactions, disrupts market order and satisfies the constitutive elements of this crime [4]. However, some scholars contend that the core of review manipulation lies in false advertising and unfair competition, with its social harm primarily reflected in the disruption of market economic order rather than constituting a direct cybercrime. Therefore, when determining criminal liability, greater emphasis should be placed on its impact on market order rather than viewing it solely from the perspective of cybercrime.

3.4.2.4.2. Damage to commercial reputation and product reputation

Scholar Ye Liangfang also pointed out that reverse examination manipulation can be applied to the crime of damaging business credibility or the crime of product reputation [5]. Reverse examination manipulation damages the credit rating of merchants through “fabricating and disseminating” false information, which is in accordance with the provisions of Article 221 of the *Criminal Law*. This behavior damages the commercial credibility and product credibility of the merchant by fabricating bad reviews or malicious evaluations, and causes substantial damage to the operation of the merchant. However, some scholars believe that the subjective intention of this behavior is not “malicious fraud”, but related to the reputation status of the store and the security of transactions [6]. In addition, it does not meet the basic quantitative standard of the crime of damaging goodwill. In addition, the intention to review manipulation is more focused on unfair competition than directly damaging the reputation of others.

As mentioned above, the discussion around existing illegal acts is logically consistent and has a certain degree of validity, but each illegal act also faces insurmountable restrictions and cannot be accurately consistent with the characteristics of examination and manipulation. Therefore, this article advocates improving legislation, establishing independent charges, and specifically standardizing the review of the behavior of platform operators. This approach is consistent with the principle of restraint in criminal law, avoids the risk of expanding the scope of application of existing crimes, and enhances the clarity and operability of the law by defining specific crimes and constituent elements. It provides precise guidance for judicial practice, so that the review and manipulation can be effectively managed.

4. Criminal regulation and governance improvement of review manipulation in E-commerce platforms

4.1. The supplementary role of criminal law in the multi-dimensional governance of E-commerce platforms

4.1.1. The multi-layered nature of governance strategies

4.1.1.1. The priority application of civil and administrative regulation

The governance of review manipulation requires a multi-layered strategy. Civil and administrative regulations should take precedence. Consumers can seek compensation from merchants under laws such as the *Consumer Rights Protection Law*, while e-commerce platforms should assume supervisory responsibilities and provide advance compensation when necessary. On the administrative side, market regulatory authorities should strengthen oversight, establish credit punishment mechanisms, and blacklist non-compliant merchants, restricting their market access and business activities.

4.1.1.2. The role of technological innovation and responsibility in e-commerce platforms

Technological innovation and responsibility on the part of e-commerce platforms are crucial. Platforms should leverage big data and artificial intelligence technologies to monitor transaction data, establish models for detecting abnormal transactions, and issue warnings and conduct investigations into suspected review manipulation. Additionally, platforms must strengthen merchant management by requiring accurate information, penalizing non-compliant merchants, and fulfilling their social responsibilities. Efforts should also focus on raising legal and ethical awareness among merchants and consumers to promote integrity.

4.1.2. The role and function of criminal sanctions

4.1.2.1. The positioning of criminal law as a last resort

Criminal law should serve as the last resort, with a clearly defined supplementary role. It should only be invoked when civil and administrative regulations prove ineffective, and the conduct in question poses significant social harm. The application of criminal law must adhere to the principles of legality and restraint, ensuring its justification and legitimacy.

4.1.2.2. Achieving effective deterrence by increasing the cost of violations

The primary function of criminal sanctions is to increase the cost of illegal activities and achieve effective deterrence. Severe punishments and huge fines can deprive criminals of the ability to commit crimes again and undermine their economic base. In addition, the confiscation of illegal income and the recovery of criminal tools have further increased the cost of illegality. Strengthening the coordination between criminal law and other legal frameworks is crucial to establishing a comprehensive governance synergy.

4.2. Suggestions for improving criminal regulation of review manipulation

4.2.1. Legislative level

At the legislative level, it is recommended to clearly define the offenses and constitutive elements of falsified transactions and review manipulation to enhance the certainty and operability of the law.

Legislators should refine ambiguous terms such as “other methods”, establishing specific standards for their interpretation. Clear limits on analogous and expansive interpretations should also be set to prevent the misuse of offenses through overextension. By explicitly defining offenses and their constitutive elements and regulating the scope of interpretation, judicial practice can apply the law more precisely, thereby effectively strengthening the criminal regulation of falsified transactions and review manipulation and upholding the fairness and authority of the law.

Increasing the disqualification penalty for cybercrime is another important legislative improvement. Cybercrime has the characteristics of high concealment, fast spread and wide impact. Traditional sanctions are not enough to curb their spread. Disqualification punishment, that is, depriving violators of the right to engage in specific activities or enjoy certain privileges, can prevent them from using the online platform to commit further crimes.

4.2.2. Judicial level

At the judicial level, it is necessary to standardize the judgment standards and issue a unified judicial interpretation. At present, due to differences in the standards of conviction and sentencing for false transactions and examination and manipulation, the verdicts of similar cases are often inconsistent. It is recommended that the Supreme People’s Court and the Supreme People’s Procuratorate jointly issue judicial interpretations, clarify and refine the characteristics, constituent elements, circumstance determination and other issues of such cases, and unify the trial standards.

Strengthen judicial cooperation and form a cohesive working mechanism. The examination of false transactions and manipulation involves multiple stages and parties, and requires the close cooperation of public security organs, procuratorial organs and courts. For example, in the investigation stage, public security organs should work closely with e-commerce platforms to obtain relevant evidence; in the prosecution and trial stage, procuratorial organs and judicial organs should strengthen communication and coordination to ensure fair and impartial handling of cases.

4.2.3. Societal level

At the social level, awareness-raising and educational campaigns are crucial. The governance of false transactions and censorship manipulation depends on the collective participation and support of society. Government agencies, media and educational institutions should actively participate in publicizing legal knowledge and its harmful consequences, and enhance the public’s legal awareness and integrity. This will guide the public to consciously resist false transactions and censorship manipulation.

As a self-discipline organization in the industry, industry associations also play a key role. They should formulate industry standards and self-discipline guidelines to strengthen the management and supervision of members. For example, the e-commerce industry association can develop standards for identifying and handling false transactions and examining manipulation, and impose penalties such as warnings, fines and membership cancellation on non-compliant members, so as to promote the healthy and orderly development of the industry.

5. Conclusion

In summary, it is of great theoretical and practical value to study the criminal regulation of organized and fraudulent transactions and censorship. By analyzing the harmfulness, necessity of supervision, legal analysis and possible solutions of e-commerce, this article aims to provide systematic theoretical support for e-commerce, promote the coordinated development of criminal law theory and practice, improve the effectiveness of execution, improve the legal framework of e-commerce, and consolidate the development of the e-commerce industry. Legal basis.

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