

# JUSTICE DENIED: THE TAIJI MEN CASE IN TAIWAN A WHITE PAPER



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## 1. What Is Tai Ji Men?

This White Paper is about a tax case in Taiwan, which has important international implications. It is an egregious example of how tax laws are used, or rather misused, against spiritual groups some politicians or governmental bureaucrats do not approve of, for whatever reason. To understand this case, some of us traveled to Taiwan (when it was still possible before the COVID-19 pandemic). And all of us continued to interview those involved via Zoom even during the pandemic, and collected legal documents and reactions by Taiwanese media.

In order to understand the case, some preliminary information about Tai Ji Men and its leader, Dr. Hong Tao-Tze, is needed.

Hong was born in Taiwan in 1944. He reported that in 1950, when he was six years old, a mysterious master, Master Shang-Zhi, accepted him as *dizi* (disciple), and initiated him when he was 11 years old into the 6,000-year old wisdom of Tai Ji Men, the most important *menpai* (similar to a school) of esoteric Daoism, preparing him for his future work as Grand Master (*Zhang-men-ren*) of Tai Ji Men.

Hong studied Traditional Chinese Medicine and Philosophy, and earned a doctorate in 1991. He remained, however, mindful of his mission of passing on the Tai Ji Men culture. He worked as a businessman by day and started in 1966 teaching students (*dizi*) at night, establishing Tai Ji Men Qigong Academy in the same year as an academy of esoteric Qi Gong, martial arts, and self-cultivation.

This continued to be for several years a part-time activity, which did not prevent its expansion and success. Later, Hong decided to devote more time to his teaching activities of the esoteric Qi Gong and the martial arts. In 1987, he quit his business occupations altogether, which resulted in a substantial increase in the number of *dizi*. In 1995, there were already 12 Tai Ji Men academies. In 2016, there were 13 academies, and in 2020 there are 15 academies around the world.

In 1996, for reasons discussed in the second chapter, a prosecutor in Taipei launched a campaign against Tai Ji Men. Hong was accused of fraud and violation of the Tax Collection Act and was arrested (Tan, Ding, and Huang 2016). Although he was later exonerated of all charges, and even obtained national compensation for unlawful imprisonment, the court cases compelled the movement to devote significant resources to its legal defense, and slowed down its expansion. However, it did not prevent Hong from taking the movement abroad, and starting in 2000, two academies were opened in California, in Walnut and Cupertino. Hong also promoted high profile initiatives for world peace, an activity he had already started in 1968, and brought traditional Tai Ji Men culture abroad through thousands of cultural events and martial arts performances.

In 1999, Hong started his cooperation with the Association of World Citizens (AWC), which had been founded in 1975 by Douglas Mattern (1933–2011), a well-known American peace and disarmament activist, and had been granted consultative status at the United Nations' ECOSOC (Economic and Social Council). Mattern believed that, by joining forces in an international association, common citizens may effectively assist the United Nations institutions and cooperate in the work of conflict resolution and promotion

of peace. In 2000, Mattern appointed Hong as a member of the AWC's Advisory Board and Honorary Vice-President. After Mattern died, in 2012, the new AWC President, René Wadlow, a US-born French academic specialized in Development Studies, appointed Hong as Vice-President of the organization.

Hong has visited more than 100 countries and has become a familiar figure in international peace gatherings and initiatives held at the United Nations. When the year 2000 approached, Hong created a logo "Love of the World: A Wish for Peace," symbolizing the five continents united for peace. On September 25, 1999, he proclaimed "Love of the World, A Declaration of Peace" and launched an endorsement campaign for this declaration. "Love of the World" was also the title of a song that was officially published on New Year's Eve 1999 and became internationally popular thanks to an agreement with BBC.

In 2014, Tai Ji Men was part of a coalition that launched the Movement of An Era of Conscience. Hong believes that positive change may really be achieved, if only more humans would learn to "follow their conscience, speak conscientious words, do conscientious deed and spread the positive impacts of conscience to change the world for the better" (Association of World Citizens, Federation of World Peace and Love, and Tai Ji Men Qigong Academy 2017, 42). The initiative was praised by offices of the United Nations and the heads of state of several countries.

Tai Ji Men is not a religious organization, and in fact includes *dizi* belonging to several different religions. Although its origins are rooted in esoteric Daoism, Tai Ji Men does not try to convert believers of other faiths to

Daoism. It teaches Qi Gong, martial arts, and self-cultivation to all those who have an interest in these disciplines.

Hong teaches that Daoism includes five esoteric *menpai*, but Tai Ji Men is the oldest and highest. The heart of Tai Ji Men's spiritual worldview is the harmony between *yin* and *yang*, heaven and earth, heart (body) and *qi* (energy). This harmony was part of the original purity of human beings. It was since lost, but it can be restored through exercises aimed at nurturing three aspects of health: physical, mental, and spiritual; purifying the hearts; and cultivating moral character.

Through a number of Qi Gong and *kung fu* techniques, some of them esoteric, the *dizi* are taught to mobilize the positive energies of the universe, both nurturing them and applying them to their own health and self-cultivation. *Kung fu* is usually intended, particularly by Westerners, as a system of martial arts. While martial arts are part of Tai Ji Men's teachings and practices, Hong teaches that the traditional Chinese notion of *kung fu* is much broader, and encompasses a wide range of both exoteric and esoteric practices.

One important theme for Tai Ji Men, which resonates with concerns widespread in Taiwan, is preserving the essence of traditional Chinese culture. Particularly during the years of the Cultural Revolution in China (1966–1976), when treasures of the traditional Chinese civilization and culture were destroyed, many Taiwanese saw themselves as the guardians of a cultural heritage at risk of being lost forever in Mainland China. Hong teaches that the culture of Tai Ji Men, as heir of a tradition passed down for six millennia, preserves the wisdom of traditional China and offers it to humankind as a whole to improve its physical, mental, and spiritual health.

That Tai Ji Men performs an important role in preserving and divulging Chinese traditional culture, a role which greatly benefits the international image of Taiwan, has been recognized by the highest local political authorities. For example, Lee Teng-Hui (1923–2020), who was president of the Republic of China (ROC, i.e. Taiwan) between 1988 and 2000, stated that, “For the past 35 years since it was founded, Tai Ji Men has upheld its objectives of loyalty, filial piety, love of the country, and love of society, uniting like-minded people to promote martial arts, traditional culture, and good social values. It is admirable!”

Lee’s successor, Chen Shui-Bian, who served as Taiwan’s President between 2000 and 2008, said that, “Tai Ji Men is an ancient *menpai* of Qi Gong and martial arts passed down from generation to generation. It is like a big, warm family. All *dizi* are energetic and healthy, physically and mentally. Under the *Zhang-men-ren*’s leadership, the *dizi* not only practice self-cultivation, but also spread kindness to help the world through international cultural exchanges. They foster love for the world, promoting the idea of love and peace worldwide.”

The following president of Taiwan, Ma Ying-Jeou, in office between 2008 and 2016, stated that, “Every time we see Tai Ji Men, we see energy, warmth, and love. We all admire Dr. Hong’s compassion, and would like to see Tai Ji Men practice this worldwide. Let Taiwan stand out, and let the world come in.”

The current Taiwanese President, Tsai Ing-Wen, in office since 2016, said that, “Under the *Zhang-men-ren*’s leadership, Tai Ji Men has actively participated in international events, conducted citizen diplomacy, and raised Taiwan’s global visibility. In the future, I also hope that Tai Ji Men, under



Dr. Hong's leadership, will continue to work with the government. Let us use our positive influence, and move Taiwan forward with continued progress. Let the world see Taiwan" ("How Top Taiwanese Officials Publicly View Tai Ji Men" 2020).

Indeed, with over 3,000 performances in more than 100 countries, Tai Ji Men did become an effective international ambassador for Taiwan. Since its beginnings, Tai Ji Men has never solicited nor received public funds. Its activities are self-funded by Hong and his *dizi*.

Traditional Chinese culture, according to Hong, focuses on ethics, propriety, and conscience. These are universal values that, if properly understood and applied, would guarantee world peace and a civilization based on universal brotherhood and love. Promoting love and peace throughout the world is regarded by Tai Ji Men as an essential part of self-cultivation.

*Dizi* are first taught love and peace for themselves, but gradually the scope of peace and love extend to the whole universe. According to Hong, appropriate physical exercises always also have effects on the mental and spiritual dimensions.

Tai Ji Men is not a religion and does not have religious rituals. Members practice *qi gong* and meditation individually on a daily basis. Once a week, most *dizi* participate in a session where they share their reflections with one another and learn different kinds of *kung fu*, a concept, as mentioned earlier, that includes martial arts but is not limited to them.

A number of *dizi*, particularly young men and women, who have already received a solid martial arts foundation, train for public performances, offered around the world on occasion of international events. For example,

the Love of the World Cultural Goodwill Group features several thousand performers. It performed inter alia at the Sydney Olympics in 2000 and at the opening ceremony of the Taipei Universiade on August 19, 2017. Among the 268 *dizi* who performed on that day, some were veterans who had already performed in Sydney in 2000.

Training for such performances is not only functional to the production of spectacular martial arts presentations, but serves a spiritual purpose. By training for performing at events where love and peace are promoted, the *dizi* cultivate themselves. In turn, audiences, by enjoying the performances and the good energy radiated, gradually discover and understand Tai Ji Men culture.

In traditional Chinese culture, a bell was rung to signal the beginning and the end of a working day. The bell's sound has also a spiritual significance in many Eastern and Western religions. Hong designed and supervised the construction of the Bell of World Peace and Love, which was first rung in Singapore in the year 2000. Today, two Bells exist and tour the world, where Tai Ji Men invites world political, cultural, and religious leaders to ring them. Hong teaches that "ringing the Bell with a genuine heart will let positive energy and peace fill the earth. This is the worldwide responsibility and mission of Tai Ji Men" (Tai Ji Men Qigong Academy 2000, 22).

The Bell is a sacred and symbolic artifact. Its stand has five colors: green, red, yellow, white, and blue. They represent the harmony of the five continents, as well as the five elements according to Chinese tradition, i.e. wood, fire, water, metal, and earth. On the top of the bell there is a crystal ball known in the movement as "the Dragon Fireball." The crystal ball is sustained by two dragon-head, symbolizing justice, strength, and wisdom. On the top of the

Bell are the eight trigrams of the Chinese classic *I Ching*, the Book of Changes, which are born from the interaction of *yin* and *yang* and also correspond to the eight elements of the universe (earth, sky, wind, thunder, mountain, lake, water, and fire).

Around the top of the Bell is inscribed the text of “Love of the World, A Declaration of Peace.” The body of the Bell features four kinds of animals: the mythical one-horned *qilin*, messengers of stability and prosperity; lions playing with a ribbon ball, symbols of safety and happiness; phoenixes, a celestial symbol of peace; and dragons chasing a pearl, signifying harmony and the search for a world free of pain and fear. On the four sides of the bell, a decoration includes sixteen knobs, for a total of sixty-four knobs, representing the sixty-four laws of the nature. The Bell also includes the signatures of the world leaders who rang it.

Hong is the founder of Tai Ji Men Qigong Academy, and is recognized as the current head (*Zhang-men-ren/Shifu*) of the Tai Ji Men ancient *menpai*, inheriting a 6,000-year-old tradition and *yin* and *yang* philosophy.

As mentioned earlier, there are thirteen Academies in Taiwan, plus two in the United States, both in California. Although there are no Academies there, individual *dizi* also practice Tai Ji Men Qi Gong in Canada, Singapore, Malaysia, the United Kingdom, the Netherlands, and other countries.

Hong devotes a large part of his time to teach students and interview each of them before they are accepted as *dizi*. There is an ancient ceremony after the acceptance. *Dizi* show their gratitude to Hong by giving gifts in the so-called “red envelopes,” as is traditional in Chinese Qi Gong schools, and such gifts are given during ceremony of the acceptance and important Chinese

festivals, or irregularly. Everybody understands this is part of a personal relation *dizi* have with their *Shifu*.

Tai Ji Men spreads its ideas also through the public welfare TV series “Energy Family,” of which more than 1,000 episodes have been produced to date. They are available on Tai Ji Men’s own Web site and have been licensed to several TV networks throughout the world.

Early in his service as Tai Ji Men Grand Master of the Academy, Hong started traveling around the world on behalf of the cause of world peace and love. The different associations and organizations he established include both Tai Ji Men *dizi* and persons who are not part of Tai Ji Men.

## 2. Tai Ji Men Persecuted and Vindicated, 1996–2007

Religious liberty is something Taiwan has achieved through a bumpy road only. In 1996, largely for political reasons and in coincidence with the first direct election of Taiwan's president, the government cracked down on religious and spiritual movements accused of supporting opposition political parties. They were accused of being *xie jiao*, a term that has a long history in China and is sometimes translated as “cults.” In fact, it means “heterodox teachings” and, since the Ming era, has indicated groups the political powers come to regard as hostile (Wu 2016, 2017). The campaign also targeted Tai Ji Men, although it had not taken political sides.

The hostility against Tai Ji Men was also fueled by poison-pen letters sent to the authorities. In November 1996, the Prosecutors' Offices of Kaohsiung District and the Hsinchu District investigated the accusations against Tai Ji Men, but did not discover any violation of the law. As a result, they closed the case.

However, on December 19, 1996, Prosecutor Hou Kuan-jen of the Taipei District Prosecutors Office ignored his colleagues' conclusions that Tai Ji Men was innocent, and began his own investigation. That day, Hou commanded hundreds of armed policemen and investigators to raid and search 19 properties, including Tai Ji Men's facilities and *dizi* residences in different parts of Taiwan. He was accompanied by journalists, press photographers, and media camera crews on this operation. Hou became quite popular with the media, and enjoyed the spotlight. It was a “mutually beneficial relationship,” and he was nicknamed the “Judicial Rambo.”

Hong was still being interrogated when the CTV channel was already announcing a breaking story that Tai Ji Men's leader was accused of fraud. In the evening of December 19, Hong was arrested. His wife and two *dizi* were arrested on December 23 and 24. Hong and his wife's assets, including private holdings not connected with Tai Ji Men, were frozen.

It was clear that Hou had developed a personal vendetta against Hong and Tai Ji Men, as was later recognized by Taiwan's Control Yuan, one of the bodies entrusted with checking illegal activities by public officials. In the meantime, Tai Ji Men *dizi* went through a tragedy.

Some disciples were submitted to inhumane interrogation that lasted over 24 hours. Chiu Mei-ying recalls that an investigator asked her to go with him to their field office for interrogation without even knowing her name. She said that he had no right to arrest her, as she had not done anything illegal, but he threatened her. As soon as she entered the Hsinchu Field Office, female investigators grabbed her by the arms, and took her into a small room where they started an exhausting round of interrogations.

On the morning of Christmas Eve, the residences of five Tai Ji Men's *dizi*—Wen Hsiu-chen (1955–1999), Li Cheng-wen, Chang Wan-ting, Chen Tiao-hsin (1943-2014), and Peng Li-chuan—were searched by the order of Prosecutor Hou. These *dizi* were also taken to a Bureau of Investigation office to be interrogated for hours.

Some of the tragic consequences of this judicial-media show was that some Tai Ji Men practitioners were scapegoated at school and workplaces, others lost their job, and a few families were broken up.

Wen Hsiu-chen was surprised when her home was suddenly invaded and searched by the investigators, who then took her for interrogation. Her husband was upset about the negative press reports surrounding this home search, and locked her out of their house after discovering that she went to Tai Ji Men facilities. This traumatic incident caused tremendous mental and physical strain for Wen, and led to the breaking up of her family. Additionally, she was a top executive at a well-known publishing house but after being named in press reports, was demoted by her employer. The hostility and stress that she experienced took a toll on her health, and she died less than three years later.

Li Cheng-wen stated that, “I am from a decent family, with my handling of interpersonal affairs widely recognized by my supervisors and peers. I have been enthusiastic in helping others, and have used my leisure time to work as a volunteer for a hospital for over ten years. It was unexpected that in the early morning of Christmas Eve, several ferocious stocky men visited us with a warrant, rummaging through chests and cupboards. They were unable not only to name the reasons for the search but also to indicate the evidence they were looking for. Later, without giving any reason, I was taken away against my will, leaving behind my wife and my five-year-old child, who were confused and frightened. I learned later that I could have refused to go with them if they failed to show me an interrogation notice. However, most law-abiding citizens do not know how to protect their basic human rights.”

Peng Li-chuan’s home was also searched by Prosecutor Hou that Christmas Eve morning in 1996. She was an elementary school teacher, who had become a Tai Ji Men *dizi* in 1993. She was not given a reason for the search or accused of anything.

Shortly thereafter, she was taken against her will to a Bureau of Investigation field office for interrogation. From 8:00 am to midnight, Prosecutor Hou tried to coerce her into accusing Hong. He frequently pounded the desk to intimidate her, but she refused to make false statements. She was consequently held incommunicado. Neither her family nor her school were informed about her arrest, and her seven-month old child and her handicapped mother-in-law were left without her.

For her husband, colleagues, and students, she had mysteriously and tragically disappeared. They were very anxious and searched for her everywhere, but without any success. Later, the principal of her school filed an inquiry with the Taipei District Prosecutor's Office about her whereabouts. On 31 December 1996, he finally received a response confirming that she had been held incommunicado in the Tucheng Detention Centre for the last seven days. Apparently, someone had forged her signature on her detention notice.

Peng was arraigned for the first time by Prosecutor Hou on the 28<sup>th</sup> day of her detention. She reports that the first thing he said to her was, "I know you are innocent." She begged him tearfully to release her because her child and mother-in-law needed her at home. However, instead he threatened her with a prolongation of her incommunicado detention, hoping to pressure her to testify against Hong.

During her 40 days of detention, she was only interrogated three times. On two occasions, her lawyer was not notified, and the interrogation took place without his assistance.

Peng claims that during the interrogation sessions, Prosecutor Hou distorted her answers. He even told the clerk to record his distorted version of her



answers. These fabricated transcripts were to be used in court to incriminate Hong.

On January 31, 1997, Peng was taken to the Bureau of Investigation in Hsin-Tien for a polygraph test. She answered each question truthfully, and was hopeful it would help her case, as she had not committed any crime. At the end of the test, she was not informed of the outcome. On February 1, Prosecutor Hou released her with bail, but he warned her to not divulge anything about her detention.

In Prosecutor Hou's indictment, he accused her of "lying in [her] answers to all important questions," and asserted his belief that she colluded with other defendants to "conduct fraud in the name of Qi Gong" (ironically, an accusation frequently used in Mainland China to sentence members of new religious movements to heavy jail penalties). However, there was no record of the polygraph test in the files submitted to the court.

After Peng was released on bail, she faced negative pressure from the press, and a lack of support from friends and relatives. This case impacted both her and her husband's careers, as he never got the promotion he deserved, and she was forced to retire from teaching, a job she loved.

While Prosecutor Hou was conducting investigations, Hong was detained for close to four months. During that time, Dr Hong was transferred to different detention centers and purposely placed in cells with violent criminals and serious drug addicts, which was to provoke fear in the mind of Dr Hong and to have some of these criminals frame him.

This was an intentional strategy, as Prosecutor Hou would then ask Hong's cellmates to testify against him. These testimonies often consisted of slander against Tai Ji Men and its leader.

Over the course of the 117-day pre-trial detention before the indictment was published, Hong was only interrogated by Prosecutor Hou three times for a total of 29 minutes. He was asked 13 questions in all. During the interrogation, the prosecutor was very rude and would throw files, pound on tables, rant loudly, and intimidate and coerce Hong, who was even rejected when he asked to have documentary evidence favorable to him submitted to the prosecutor to help clarify the case.

Additionally, during his detention, Hong wrote over ten detailed statements, which totaled tens of thousands of words, and should have been sent to the court for review, but the most important documents among them—three pleas requesting investigation evidence from the prosecutor—were concealed by Hou and never submitted to the court. As a result, Hong continued to be detained, and the judge did not agree to release him on bail until Hong's lawyer Lee Chao-Hsiung urgently provided those three statements and relevant evidence. Throughout this entire process, Prosecutor Hou did not notify Lee of the charges against Hong, which made Lee unable to exercise his rights as the defense attorney.

Furthermore, the living conditions that Hong endured during detention led to a deterioration in his health. He was held in damp, cold cells. The brand new quilt sent by his *dizi* was replaced by an old and dirty one, which was suspected of being manipulated in such a way that it made Hong's whole body so itchy that he would scratch and break his skin and could hardly fall asleep. Eventually, his feet became so swollen and painful that he could

hardly walk. There were concerns his feet would need to be amputated due to the damage done. During the second court hearing, the judge noticed his swollen feet and knees, and asked him to sit through the hearing, and he was released on bail right after the court hearing finished.

During the investigation, Prosecutor Hou continued fueling to the media negative reports about the Tai Ji Men movement, violating the principle that a prosecutorial investigation should be kept confidential. This impacted the general public's perception of this group before the court trial began. The intention was to disintegrate the organization and create devastating consequences.

During the four months of this investigation, there were over 400 sensational newspaper articles and over 70 stories by more than 12 TV stations reporting on the case using information from Prosecutor Hou. This not only led to a one-sided account of the story, but, as mentioned earlier, also ostracized Tai Ji Men *dizi* from their communities and, in some cases, broke up families.

One example is when a city councilor appeared on "Big Scandal," a TV program, and spread false information about the memorial flag that Hong gave to his *dizi*. Although the flag was given for free, it was said that "around NT\$10,000 to NT\$30,000 [from US \$340 to US \$1020] was charged" per flag. Additionally, caps were made by and for the *dizi* themselves and they were free of charge; however, it was said that "NT \$50,000 [US \$1700]" was charged per cap. Outrageous claims such as these strengthened Prosecutor Hou's accusations of fraudulent activity by the Tai Ji Men.

Prosecutor Hou also promoted an anti-cult association of so-called victims of Tai Ji Men, which was later found by different Taiwanese courts to be a false organization, which had created bogus claims. Tsai Chang-pin, the

president of the anti-cult association, stated that he was defrauded of NT\$30 million. However, at a hearing on July 20, 2001 at the Taipei District Court, Judge Chao Tze-jung found that Tsai had lied. Tsai finally admitted that the accusation was false.

On September 19, 2001 at the Taipei District Court, Tseng Pi-yun, the vice president of the anti-cult association, admitted that she had used the names of her two sons and 19 friends and family, in order to falsely claim that she had sustained damages over NT\$3 million from Tai Ji Men's activities. In fact, Tseng ended up being prosecuted herself for forging documents.

Tsai Chia-lung, another member of the anti-cult organization, filed several complaints and even sent a letter to Kung Ling-cheng, the former Director-General of the National Police Agency, falsely claiming that he was defrauded out of hundreds of thousands of dollars by Tai Ji Men. On June 5, 2002, the Taipei District Court rejected all the accusations. It became apparent that the anti-cult association, rather than Tai Ji Men, was the really fraudulent organization.

On April 15, 1997, Prosecutor Hou indicted Hong, and three Tai Ji Men members for operating a *xie jiao*. Hou even accused Hong of "raising goblins," which in Chinese folklore (and movies) means evoking a spirit who would then serve you and perform evil deeds. It is something totally foreign to Tai Ji Men's practices. From his public statements, it looked like Prosecutor Hou was the one who really believed in goblins.

Hou released his indictment to the media on April 16. Not surprisingly, Hou's claim that Hong was "raising goblins" in the indictment was strongly criticized by the media, the public, and the legal community. On the morning of April 17, Hou led investigators to conduct a search with the media in tow

looking for evidence of raising goblins at the Tai Ji Men's facilities in Taan, Nankang, Shulin, and Kaohsiung. At the end of their efforts, they only found a peach wood sword to claim as evidence that Hong had been raising goblins. However, it was only a gift given to him by his *dizi* and had nothing to do with the case. Initially presented to the media with great fanfare, the sword was eventually forgotten and never presented to the court as evidence (Tan, Ding, and Huang 2016, 92).

On the afternoon of April 17, the prosecutor asked Hong for the first time, "Did you raise goblins?" Obviously, Hong denied the accusation. On April 18, as the trial began at the Taipei District Court, Tai Ji Men's *dizi* gathered to support Hong, holding banners that read: "No Goblins, Only Love."

Finally, on 26 May of the same year, bail was granted by the court. Surrounded by a swamp of reporters in a hallway of the Taipei District Court, Hong stated: "I don't know how to raise goblins. I do not conduct any fraud or evade taxes. Everything I do is lawful. As long as my *dizi* wish to learn, I will keep teaching."

On April 25, 1997, Hou issued a letter to the Ministry of the Interior requesting the dissolution of Tai Ji Men. On May 21, 1997, Hou issued similar letters to eight county and city governments in Taiwan to "order" the dissolution of Tai Ji Men. On June 18, 1997, Hou issued yet additional letters to the Public Works Department of Taipei City and the Taipei County Government demanding the termination of water and electricity to Tai Ji Men's facilities, and the execution of his "dissolution order." The closedown and dissolution orders from Hou's letters were revoked in December 1999.

In fact, the whole Prosecutor Hou's case eventually collapsed. On September 25, 2003, Hong and his co-defendants were acquitted of all charges by the

Taipei District Court. On December 13, 2005, the High Court of Taipei confirmed on appeal the first-degree verdict favorable to Tai Ji Men. On July 13, 2007, the criminal division of the Supreme Court of Taiwan pronounced the final acquittal of Tai Ji Men defendants, declaring them innocent of all charges. National compensation for the wrongful detention was given to Hong and his co-defendants.

Starting in 2000, the Control Yuan, the branch of Taiwan's government in charge of handling abuse by government employees, initiated an investigation into the violations of law by Prosecutor Hou in the Tai Ji Men case. Already before the final decision on the criminal case, on March 4, 2002, the Control Yuan found Hou guilty of eight major violations of law in his prosecution of Tai Ji Men. The Ministry of Justice reacted to the Control Yuan's findings by stating that Hou would not be sanctioned immediately, as it was more appropriate to wait for the conclusion of the criminal case.

The final decision on the criminal case was rendered on July 13, 2007. The Ministry of Justice and Taiwan High Procurator Office claimed that the statute of limitations for disciplinary action against Hou expired on June 18, 2007, and that prosecutor Hou could no longer be punished. However, the Taiwan High Prosecutors Office still subpoenaed Hong, his wife and several *dizi* on October 30, 2007; December 17, 2007; February 22, 2008; and March 6, 2008 to investigate the behavior of prosecutor Hou. It is evident that the claim that "disciplinary statute of limitations expired on June 18, 2007" was just an excuse.

The highest courts and authorities of Taiwan had concluded that there was no "cult," no fraud, no violation of the Tax Collection Act—and no goblins. They asked that an apology should be issued to Hong and Tai Ji Men, and

Prosecutor Hou should be punished for his wrongdoings. The case should have been over, and Tai Ji Men left free to devote its energies to its spiritual and cultural activities. Unfortunately, this was not the case.

### **3. The Tax Case Continues, 2007–2020**

A by-product of Prosecutor Hou's ill-fated actions remained. Instigated by Hou, the National Tax Bureau (NTB) had accused Hong of tax evasion.

What was the basis of these claims? As it happens in most spiritual movements, disciples (*dizi*) offer money as a gift to Hong, whom they recognize as their *shifu*, or master. As mentioned earlier, these gifts are included in so-called red envelopes. The National Tax Bureau claimed that the content of the red envelopes should not be considered as a gift but as a tuition fee for receiving training in a so-called "cram school," meaning a school where students engage in intensive study of a subject for a short period of time. Gifts are not taxable, while cram schools tuition fees are.

In Taiwan, there are tens of thousands of martial arts and religious organizations, and no other master is taxed for accepting disciples' monetary gifts or alms (a tax agent had also publicly said so in court). The Ministry of Education of Taiwan, which has direct regulatory authority over cram schools, declared three times, from 1997 through 2000, that Tai Ji Men is not a cram school.

The tax case is part of the actions by Prosecutor Hou, which as we have seen were censored by the Control Yuan as exceeding his powers and deserving appropriate sanction. An alleged violation of the Tax Collection Act was included in the 1997 indictment by Hou against Hong, his wife, and three *dizi*. The only evidence he offered was a testimony by Shih Yue-sheng, a tax collector who had never personally investigated Tai Ji Men, yet falsely



claimed that it was a cram school. Hou also falsely claimed that the balance in the accounts involved was NT \$3.1 billion. As it emerged later, it was in fact only NT \$610,000.

Not only did Hou accuse Hong and his wife of tax evasion in its criminal case. He instigated NTB to move against Hong and his wife, seeking retroactive taxes and heavy fines. In October 1997, the NTB issued tax bills for the years 1991 to 1996, based on Hou's claim and Shi's allegations. Importantly, the NTB did not conduct any independent investigation but only relied on the then pending criminal case. Only in 2004 will a representative of Taipei NTB admit in a court hearing that Tai Ji Men is not a cram school, and only in 2012 this was acknowledged in official documents by the same agency.

Since 1998, Hong sought administrative relief with the Petition and Appeals Committee of the Ministry of Finance against what they believed were inappropriate and illegal tax assessments. In 1999 and 2000, both Taiwan's Finance Minister, Yen Ching-chang, and Deputy Finance Ministers, Wang The-shan and Wang Jung-chou, publicly stated that, since the Tai Ji Men tax prosecution derived from a criminal case, if Hong and his co-defendants will be acquitted in the criminal court, then the tax claims will be withdrawn as well.

Meanwhile, in 2002, following instructions by the Ministry of Finance, the NTB conducted a survey among Tai Ji Men *dizi* to determine whether they regarded their contributions as gifts or tuition fees. All the 206 *dizi* who were randomly chosen responded that they considered their contributions as gifts. However, the Tax Bureau of Taipei declared that only nine respondents had clearly indicated that their contributions were gifts, while the Tax Bureau of the Central Area declared that only five indicated them as gifts. The

statement was false, but the NTB refused to release the answers to the survey. Based on the NTB's false statement about the survey, the Petition and Appeals Committee of the Ministry of Finance on June 17, 2003, dismissed the administrative remedy filed by Hong.

On August 29, 2003, Hong was requested to provide security against the imminent enforcement. As all of his assets were still frozen as a result of Prosecutor Hou's actions, Hong was unable to provide any other property as security. On October 15, 2003, the asset freeze was lifted by the Taipei District Court. The parties (Tai Ji Men and the Tax Bureau) had agreed to use these assets for security, and by law the Tax Bureau could not transfer the case to the enforcement agency for compulsory enforcement. However, in fact the Taipei NTB and the Administrative Enforcement Agency withdrew money from Hong's bank account and sold stocks without the authorization or knowledge of Hong and his wife. Only two years later, a court order compelled them to return these assets to Hong and his wife.

As mentioned in the previous chapter, from 2003 to 2007 three subsequent verdicts acquitted Hong and his co-defendants from all criminal charges. The Ministry of Finance had promised that a final decision favorable to Hong and Tai Ji Men would also end the tax prosecution. However, this did not happen. Hong and his co-defendants were acquitted with a final decision, and even received national compensation for wrongful imprisonment, yet no one has officially and openly apologized to Hong on behalf of the government and the NTB continued to claim that the money in the red envelopes was a disguised cram school tuition fee, and maintained the tax bills. Note that the 2007 Supreme Court decision that acquitted Hong and his co-defendants from all

criminal charges explicitly stated that they were not guilty of tax evasion and that the red envelopes given to Hong were gifts, which were tax-exempt.

On September 2, 2009, the Control Yuan examined again the Tai Ji Men case and concluded that the NTB had committed seven major violations of law. But the NTB ignored it completely and continued to tax Hong illegally.

Taiwan's Supreme Administrative Court ruled in favor of Tai Ji Men on August 6, 2009. On June 17, 2010, the manipulation of the survey conducted in 2002 was exposed at a public hearing in the Legislative Yuan, i.e. Taiwan's Parliament. On July 1, 2011, Taiwan's Presidential Office stated that the NTB should deal with the case according to the court decision. On December 9, 2011, Lin Join-sen, Secretary General of the Executive Yuan, i.e. Taiwan's government, organized an inter-ministerial meeting on the Tai Ji Men case, where it was agreed that a new survey should be carried out and the NTB should act according to its results.

On December 16, 2011, the NTB agreed with the resolutions of the inter-ministerial meeting, and launched an open survey through the Internet and newspapers. Results were disclosed on February 19, 2012, revealing that there had been 7,401 respondents, and all had answered that they regarded the content of the red envelopes as gifts.

The NTB had promised to be guided by the results of the survey, yet they reacted by proposing to consider 50% of the money received in the red envelopes as gifts and 50% as tuition fees. This was obviously not favorable to Tai Ji Men and not consistent with the unequivocal results of the survey.

Tai Ji Men thus started another long journey to seek administrative remedies, supported by legislators and other public authorities, and by

human rights organizations throughout the world. On September 3, 2013, Tai Ji Men started by filing an administrative appeal with the Petition and Appeals Committee of the Ministry of Finance. It was quickly rejected on November 18. Tai Ji Men then took its case to the Taipei High Administrative Court, which on March 24, 2015 ruled that the NTB had not proved that the money in the red envelopes derived from tuition fees. The NTB appealed, and on July 9, 2015 the Supreme Administrative Court rejected the appeal, and remanded the case to the NTB for “appropriate disposition.”

The NTB, however, maintained its tax bills for the years 1991 to 1996, thus compelling Tai Ji Men to start yet another round of actions.

From this long and painful struggle, Tai Ji Men emerged victorious again. In 2018, the Supreme Administrative Court ruled that Tai Ji Men is a *menpai* of qigong, martial arts, and self-cultivation and that the content of the red envelopes was a gift. The basis of the tax bills issued by the NTB had been removed once more.

Unfortunately, this was not the end of Tai Ji Men’s tribulations. After the 2018 decision by the Supreme Administrative Court, the NTB agreed to correct the tax bills for the years 1991, 1993, 1994, 1995 and 1996 to zero. But, based on the claim that for 1992 a decision had been rendered by the Supreme Administrative Court in 2006 and was final, it maintained the tax bill for 1992, including penalties.

Both the *dizi* and the public opinion in Taiwan understood that this was a political vendetta, and resulted from the NTB’s wrongful doings. Clearly, what happened in 1992 was not different from what happened in the other years, and justice would have mandated to deal with it in the same way. The technical argument that with respect to 1992 a final decision by the Supreme

Administrative Court had been rendered in 2006 should have been overcome. It is a general principle of law that patently wrong “final” decisions can always be revised if justice has to be served.

No appeal by Taiwanese or international politicians, scholars, or human rights organizations stopped this vendetta. Not even courts of law were heard. On May 5 and July 23, 2020, Taipei High Administrative Court wrote twice to the National Tax Bureau for the Central Area, asking them to treat 1992 as the other years were treated. All this was to no avail. In August 2020, properties belonging to Hong were seized and auctioned, then confiscated after the auction was not successful, despite massive peaceful street protests in Taiwan and appeals by international NGOs in July and August.

On September 19, while protests continued, a volunteer for tax reform Ms. Huang, was arrested and charged with defamation for holding a sign accusing the bureaucrats responsible for the tax case of corruption. The incident was condemned by several leading Taiwanese scholars of law and religious leaders at a forum held in the U.N. International Day of Peace in National Taiwan University Hospital on “Stopping State Violence, Shaping Peace for Taiwan’s Legal and Tax Environment.”

It may seem that this is a battle about money, but it isn’t for Tai Ji Men. They spent in legal fees only, in twenty-four years of struggles, more than they would have paid had they settled with the NTB. They did not settle for a reason of conscience and justice. By settling, they would have admitted that they had been guilty of tax evasion, something that is both against their principles and factual truth.

On the other hand, we can suspect that it really was about money for some bureaucrats. In cases of alleged tax evasion, they get a bonus on the tax bills. And some did get the bonus for the 1992 Tai Ji Men tax bill.

It is not surprising that scholars and human rights activists from all over the world raised their voice in support of Tai Ji Men. Theirs is not a minor case hanging on technicalities. It has widespread implications, both for Taiwan and the world. Significantly, already in 2005, the Control Yuan had listed the Tai Ji Men case as one of the most important human rights violation cases.

## **4. Why the Tai Ji Men Tax Case Is Important**

Taiwan is in a difficult moment in its history. It needs international friends, and it also benefits from its well-deserved public image of a country where, unlike in Mainland China, human rights and freedom of belief are respected.

The Tai Ji Men case is a relic of a by-gone era, when religious liberty was still not fully respected in Taiwan. The petty tax vendetta against Tai Ji Men, however, raises doubts on whether the problems of the past have been fully overcome, and is detrimental to Taiwan's international image.

The fact that Tai Ji Men's properties were seized and auctioned on the eve of the establishment of Taiwan's National Human Rights Commission on August 1, 2020, was an unfortunate coincidence, which contributed to the impression that the official rhetoric is at odds with the behavior of some rogue bureaucrats.

In October 2020, a "shadow report" on human rights in Taiwan was issued, highlighting how the actions of the tax authorities in the Tai Ji Men case violated several provisions of the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. Taiwan is not a member of the United Nations, which makes taking human rights cases there to the U.N. Human Rights Council difficult if not impossible (Jacobsen 2020). However, it is always useful to remember that one of the main drafters of the Universal Declaration of Human Rights, Chang Peng Chun (1892–1957), represented the Republic of China, i.e. Taiwan. As Taiwan struggles to achieve the international recognition it deserves, it should feel a

moral obligation to comply with the international human rights system it helped building.

The Tai Ji Men case has also international implications. It is a perpetual temptation for politicians and others in power to persecute religious and spiritual minorities that they, for whatever reason, do not like through the misuse of the tax system.

The European Court of Human Rights is just one among several authorities that have ruled repeatedly that tax bills cannot be used to discriminate against religious and spiritual movements a government does not approve of.

In 2011, ruling in favor of the Jehovah's Witnesses in a case they had started against France, the European Court of Human Rights stated that taxes cannot be used as a tool to persecute groups a government has labeled as "cults." The Court went on to explain that considering and taxing as payments monetary offers that devotees have given to their spiritual leaders or organizations, which are obviously gifts, is a typical way some governments use to discriminate against movements they do not like. But this is illegal under international human rights law (European Courts of Human Rights 2011). Parallel cases were decided in favor of the Aumist religion of the Mandarom and the Evangelical Church of the Pentecost in Besançon, also labeled as "cults" and discriminated in France using taxes as a tool (European Court of Human Rights 2013a, 2013b).

The case goes even beyond religion. We live in a time of global crises, where governments need money from taxes. While this is understandable, it is important to guarantee the rights of the taxpayers to obtain redress against unfair or illegal decisions by tax bureaucrats, and due process when needed.



The whole credibility of the tax system rests on the trust of taxpayers that procedures are fair.

Tai Ji Men are not fighting for themselves only. They raise crucial questions of justice, freedom of belief, and human rights. The injustice perpetrated against them is injustice against all of us. This is why we should be all concerned about the Tai Ji Men case.

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