

Multi-Level Marketing and Pyramid Selling (Prohibition) Bill

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Bill No: 45/1973

Read the first time: 25th July 1973

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Multi-Level Marketing and Pyramid Selling (Prohibition) Bill

Bill No. 45/1973

Read the first time on 25th July 1973.

An Act to prohibit the registration of businesses that are designed to promote multi-level marketing schemes or arrangements or pyramid selling schemes or arrangements in relation to the distribution and sale of commodities; to prohibit the incorporation or registration of companies which propose to promote multi-level marketing schemes or arrangements or pyramid selling schemes or arrangements in relation to the distribution and sale of commodities and to make it unlawful for any person to promote such schemes or arrangements and to provide for matters connected therewith.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows: —

Short title

1. This Act may be cited as the Multi-Level Marketing and Pyramid Selling (Prohibition) Act, 1973.

Interpretation

2.—(1) In this Act, unless the context otherwise requires —

“commodity” means any goods, services, rights or other property whether tangible or intangible capable of being the subject of sale or lease;

“company” means a company as defined in the Companies Act (Cap. 185) and includes a corporation as defined in that Act;

“Minister” means the Minister for Finance;

“multi-level marketing scheme or arrangement” has the same meaning as “pyramid selling scheme or arrangement” in this Act;

“promote”, with its grammatical variations and cognate expressions, includes to manage, form, operate, carry on, engage in or otherwise to organise;

“pyramid selling scheme or arrangement” means any scheme or arrangement for the distribution of a commodity whereby a person may for valuable consideration in any manner acquire a commodity or a right or a licence to acquire such commodity for sale, lease or otherwise —

(a) where that person receives a gratuity or consideration, directly or indirectly, as a result of the recruitment, acquisitions, actions or performances of one or more additional participants; or

(b) where that person is or may be paid, directly or indirectly, commissions, cross commissions, bonuses, refunds, discounts, dividends, gratuities or other consideration as a result of a sale, lease or other distribution of such commodity by any additional participant,

and under circumstances where any part of the benefits referred to in paragraph (a) or (b) above accrue to any other person participating in the scheme or arrangement.

(2) Any reference in this Act to the winding up of a company includes in the case of a foreign company a reference to the winding up of the affairs of a foreign company so far as the assets of the foreign company within Singapore are concerned.

Unlawful to promote or hold out that a person is promoting or participating in a pyramid selling scheme or arrangement

3.—(1) It shall be unlawful for any person to promote or participate in a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement or hold out that he is promoting or participating in such a scheme or arrangement.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence under this Act and shall be liable on conviction to a fine not exceeding thirty thousand dollars or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Registration of a business which is designed to promote pyramid selling scheme or arrangement prohibited

4.—(1) No business which is designed to promote a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement shall be registered under any written law relating to the registration of businesses.

(2) A person who in contravention of subsection (1) obtains registration of a business which is designed to promote a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement shall be guilty of an offence under this Act and shall be liable on conviction to a fine not exceeding thirty thousand dollars or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

A business that promotes a pyramid selling scheme or arrangement to cease business

5. Upon the coming into operation of this Act a business which promotes a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement shall forthwith cease to promote that scheme or arrangement.

Registration of a company which proposes to promote a pyramid selling scheme or arrangement prohibited

6.—(1) No company which proposes to promote a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement shall be incorporated or registered under the Companies Act (Cap. 185).

(2) Where a company which is designed to promote a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement contravenes subsection (1) by obtaining incorporation or registration under the Companies Act, that company and every officer thereof shall be guilty of an offence under this Act and shall be liable on conviction to a fine not exceeding thirty thousand dollars or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Company which promotes a pyramid selling scheme or arrangement to cease promoting the same

7.—(1) Upon the coming into operation of this Act a company which promotes a multi-level marketing scheme or arrangement or pyramid selling scheme or arrangement (in this section and section 8 referred to as “the relevant company”) shall forthwith cease