

# **Multi-Level Marketing and Pyramid Selling (Prohibition) Act (CHAPTER 190)**

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# **MULTI-LEVEL MARKETING AND PYRAMID SELLING (PROHIBITION) ACT**

## **(CHAPTER 190)**

(Original Enactment: Act 50 of 1973)

REVISED EDITION 2000

(30th December 2000)

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.

[28th September 1973]

### **Short title**

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

### **Interpretation**

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

“benefit” includes any gratuity, commission, cross commission, bonus, refund, discount, dividend and any other payment, service or advantage of whatever description, but does not include —

- (a) the purchase of a sample of a commodity furnished at a price not exceeding the cost of the sample and which is not for resale; and
- (b) time and effort spent in pursuit of sales, distribution or recruiting activities;

“commodity” means any goods, service, right or other property, whether tangible or intangible, capable of being the subject of a sale, lease or licence;

“company” means a company as defined in the Companies Act (Cap. 50) and includes a corporation as defined in that Act;

“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 or the purported distribution of a commodity whereby —

- (a) a person may in any manner acquire a commodity or a right or a licence to acquire the commodity for sale, lease, licence or other distribution;
- (b) that person receives any benefit, directly or indirectly, as a result of —
  - (i) the recruitment, acquisition, action or performance of one or more additional participants in the scheme or arrangement; or
  - (ii) the sale, lease, licence or other distribution of the commodity by one or more additional participants in the scheme or arrangement; and
- (c) any benefit is or may be received by any other person who promotes, or participates in, the scheme or arrangement (other than a person referred to in paragraph (a) or an additional participant referred to in paragraph (b)).

[19/2000]

(2) In this Act, “pyramid selling scheme or arrangement” shall be taken not to include such schemes or arrangements for the sale, lease, licence or other distribution of a commodity, or any class of such schemes or arrangements, as the Minister may by order prescribe, subject to such terms or conditions as may be specified in the order.

[19/2000]

(3) 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 participate in, or hold out that person is promoting or participating in, 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 a pyramid selling scheme or arrangement or to hold out that he is promoting or participating in such a scheme or arrangement.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall

be liable on conviction to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding 5 years or to both.

[19/2000]

### **Registration of 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 a 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 a pyramid selling scheme or arrangement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding 5 years or to both.

[19/2000]

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

5.—(1) No company which proposes to promote a multi-level marketing scheme or arrangement or a pyramid selling scheme or arrangement shall be incorporated or registered under the Companies Act (Cap. 50).

(2) Where a company which is designed to promote a multi-level marketing scheme or arrangement or a 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 and shall be liable on conviction to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding 5 years or to both.

[6

[19/2000]

### **Offences by bodies corporate**

6.—(1) If the person committing an offence under this Act is a company, every individual who at the time the offence was committed was a director, general manager, manager, secretary or other officer of the company concerned in the management of the company or who was purporting to act in any such capacity, as well as the company, shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(2) It shall be a defence for the individual referred to in subsection (1) if he proves that the offence was committed without his consent or connivance and that he exercised