

THE STATUTES OF THE REPUBLIC OF SINGAPORE

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

(CHAPTER 190)

**Act
50 of 1973**

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Multi-Level Marketing and Pyramid Selling (Prohibition) Act

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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.

Inter-pretation.

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;

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“company” means a company as defined in the Companies Act 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 of a commodity whereby a person may for valuable consideration in any manner acquire a commodity or a right or a licence to acquire the 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) 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.

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.

Unlawful to promote or hold out that a person is promoting or participating in a pyramid selling 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 \$30,000 or to imprisonment for a term not exceeding 5 years or to both.

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.

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

(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 and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 5 years or to both.

5. Upon the commencement 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.

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

Registration of a company which proposes to promote a pyramid selling scheme or arrangement prohibited. Cap. 50.

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.

(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 and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 5 years or to both.

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

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

(2) The relevant company shall within 60 days from the date of the commencement of this Act either —

- (a) resolve by special resolution that it be wound up voluntarily under section 290 (1) (b) of the Companies Act; or
- (b) resolve by special resolution that it be wound up by the court and accordingly present a petition to the court under section 253 (1) (a) of the Companies Act for an order that it be wound up.

(3) If default is made by the relevant company in complying with subsection (1) or (2) that company and every officer thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 5 years or to both.

Winding up on application of Minister.

8.—(1) If the relevant company fails to take action under section 7 (2) or if, having taken action, it fails to complete its winding up or obtain the order of the court that it be wound up, as the case may be, the Minister shall present a petition to the court —

- (a) for the winding up of the relevant company; or
- (b) in the case of a foreign company for the winding up of the affairs of the relevant company so far as the assets thereof within Singapore are concerned,

pursuant to section 253 (1) (e) of the Companies Act and the petition shall be dealt with by the court on the ground referred to in section 254 (1) (l) of the Companies Act. Cap. 50.

(2) For the purposes of any proceedings under the Companies Act for the winding up of the relevant company the rules relating to the winding up of companies shall be applicable with such modifications and adaptations as the court, in its discretion, considers expedient or necessary.

9.—(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. Criminal liability.

(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 such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions and to all other circumstances.

(3) For the purpose of this section, “company” includes —

- (a) any body corporate; and
- (b) a firm or other association of individuals.

(4) This section shall be in addition to and not in derogation of any other provisions of this Act.

10. Nothing in this Act shall be construed to make unlawful the sale to consumers of commodities received by the seller under a multi-level marketing scheme or arrangement or under a pyramid selling scheme or arrangement the promotion of which becomes unlawful under this Act if the commodities were received by the seller at any time before this Act comes into operation. Sale to consumer of commodities received before operation of this Act not unlawful.

Distribution and sale of commodities under any scheme or arrangement made lawful by regulations.

11. Nothing in this Act shall be construed to make unlawful any scheme or arrangement promoted by a business or company for the distribution and sale of commodities the elements of which are not included in the definition of a pyramid selling scheme or arrangement in section 2 and the Minister may, by regulations, specify the elements under which any such scheme or arrangement may lawfully be promoted by a business or company in Singapore.

Act to prevail.
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12. The provisions of this Act shall be without prejudice to the Business Registration Act or the Companies Act but where there is a conflict between the Business Registration Act and the Companies Act and this Act, the provisions of this Act shall prevail.

Regulations.

13. The Minister may make regulations for carrying into effect the objects and purposes of this Act.