



THE STATUTES OF THE REPUBLIC OF SINGAPORE

**MULTI-LEVEL MARKETING AND
PYRAMID SELLING
(PROHIBITION) ACT 1973**

2020 REVISED EDITION

This revised edition incorporates all amendments up to and including 1 December 2021 and comes into operation on 31 December 2021.

Prepared and Published by

THE LAW REVISION COMMISSION
UNDER THE AUTHORITY OF
THE REVISED EDITION OF THE LAWS ACT 1983

Multi-Level Marketing and Pyramid Selling (Prohibition) Act 1973

ARRANGEMENT OF SECTIONS

Section

1. Short title
2. Interpretation
3. Unlawful to promote or participate in, or hold out that person is promoting or participating in, pyramid selling scheme or arrangement
4. Registration of business designed to promote pyramid selling scheme or arrangement prohibited
5. Registration of company which proposes to promote pyramid selling scheme or arrangement prohibited
6. Offences by bodies corporate
7. Penalty to be imposed in addition to other punishment
8. Jurisdiction of District Courts
9. Act to prevail
10. Regulations

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.

[28 September 1973]

Short title

1. This Act is the Multi-Level Marketing and Pyramid Selling (Prohibition) Act 1973.

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 1967 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” 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 by which —

- (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)).

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

(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 is 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 the person 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.

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

4.—(1) A person must not apply to be registered under the Business Names Registration Act 2014 under any business name in respect of any business that is designed to promote a multi-level marketing scheme or arrangement or a pyramid selling scheme or arrangement.
[29/2014]

(2) A 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.

[29/2014]

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 is to be incorporated or registered under the Companies Act 1967.

(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 1967, that company and every officer of that company 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.

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 is a defence for the individual mentioned in subsection (1) if he or she proves that the offence was committed without his or her consent or connivance and that he or she exercised such diligence to prevent the commission of the offence as he or she ought to have exercised having regard to the nature of his or her 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 is in addition to and not in derogation of any other provisions of this Act.

Penalty to be imposed in addition to other punishment

7.—(1) Where a court convicts any person of committing an offence of promoting or participating in a multi-level marketing scheme or arrangement or a pyramid selling scheme or arrangement under section 3(2) then —

(a) if the person has received any benefit, directly or indirectly, as a result of committing the offence; and

(b) if the benefit received by the person is a sum of money or if the value of the benefit can be assessed,

the court is, in addition to imposing on that person any other punishment, to order that person to pay as a penalty, within the time that may be specified in the order, a sum not exceeding the amount of or, in the opinion of the court, the value of the benefit received by the person, and any such penalty is recoverable as a fine.

(2) In determining the amount of the penalty that a person, being a participant, is required to pay under subsection (1), the court may take into account any benefit that the person may have given for the right to participate in the multi-level marketing scheme or arrangement or the pyramid selling scheme or arrangement (as the case may be) or any loss that the person may have incurred as a result of such participation.

(3) Where a person charged with any offence under section 3(2) is convicted of one or more offences under any other written law, and the outstanding offences are taken into consideration by the court under section 148 of the Criminal Procedure Code 2010 for the purpose of passing sentence, the court may impose the penalty mentioned in subsection (1) for any offence under this Act so taken into consideration.

[15/2010]

(4) Nothing in subsection (1) affects any right which any person may have under any written law or rule of law to recover damages from the person mentioned in subsection (1).

Jurisdiction of District Courts

8. Despite the Criminal Procedure Code 2010, a District Court has jurisdiction to try any offence under this Act or any regulations made under this Act and may impose the full penalty or punishment in respect of such offence.

Act to prevail

9. The provisions of this Act do not affect the Business Names Registration Act 2014 or the Companies Act 1967 but where there is a conflict between the Business Names Registration Act 2014 and the Companies Act 1967 and this Act, the provisions of this Act prevail.

[29/2014]

Regulations

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

LEGISLATIVE HISTORY
MULTI-LEVEL MARKETING AND
PYRAMID SELLING
(PROHIBITION) ACT 1973

This Legislative History is a service provided by the Law Revision Commission on a best-efforts basis. It is not part of the Act.

1. Act 50 of 1973 — Multi-Level Marketing and Pyramid Selling (Prohibition) Act, 1973

Bill	:	45/1973
First Reading	:	25 July 1973
Second and Third Readings	:	28 August 1973
Commencement	:	28 September 1973

2. 1985 Revised Edition — Multi-Level Marketing and Pyramid Selling (Prohibition) Act (Chapter 190)

Operation	:	30 March 1987
-----------	---	---------------

3. G.N. No. S 227/1995 — Revised Edition of the Laws (Rectification) Order 1995

Operation	:	30 March 1987
-----------	---	---------------

4. Act 19 of 2000 — Multi-Level Marketing and Pyramid Selling (Prohibition) (Amendment) Act 2000

Bill	:	14/2000
First Reading	:	25 April 2000
Second and Third Readings	:	9 May 2000
Commencement	:	1 June 2000

5. 2000 Revised Edition — Multi-Level Marketing and Pyramid Selling (Prohibition) Act (Chapter 190)

Operation	:	30 December 2000
-----------	---	------------------

6. Act 15 of 2010 — Criminal Procedure Code 2010

(Amendments made by section 430 read with item 66 of the Sixth Schedule to the above Act)

Bill	:	11/2010
First Reading	:	26 April 2010
Second Reading	:	18 May 2010

Third Reading	:	19 May 2010
Commencement	:	2 January 2011 (section 430 read with item 66 of the Sixth Schedule)

7. Act 29 of 2014 — Business Names Registration Act 2014

(Amendments made by section 47 read with item 13 of the Schedule to the above Act)

Bill	:	26/2014
First Reading	:	8 September 2014
Second and Third Readings	:	8 October 2014
Commencement	:	3 January 2016 (section 47 read with item 13 of the Schedule)

Abbreviations

C.P.	Council Paper
G.N. No. S (N.S.)	Government Notification Number Singapore (New Series)
G.N. No.	Government Notification Number
G.N. No. S	Government Notification Number Singapore
G.N. Sp. No. S	Government Notification Special Number Singapore
L.A.	Legislative Assembly
L.N.	Legal Notification (Federal/Malaysian Subsidiary Legislation)
M. Act	Malayan Act/Malaysia Act
M. Ordinance	Malayan Ordinance
Parl.	Parliament
S.S.G.G. (E) No.	Straits Settlements Government Gazette (Extraordinary) Number
S.S.G.G. No.	Straits Settlements Government Gazette Number