

By Senator Horne

6-1127-98

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A bill to be entitled
An act relating to pyramid promotional schemes;
prohibiting persons from promoting pyramid
promotional schemes; providing definitions;
providing a penalty; providing an effective
date.
Be It Enacted by the Legislature of the State of Florida:
Section 1. (1) As used in this section, the term:
(a) "Compensation" means the payment of money, a thing
of value, or any financial benefit, but does not include:
1. Payment to persons based upon sales of products
purchased for actual use or consumption, including products
used or consumed by persons in the plan.
2. Payment to persons under reasonable commercial
terms.
(b) "Consideration" means the payment of cash or
purchase of products, but does not include:
1. Purchase of products furnished at cost to be used
in making sales and not for resale.
2. Purchase of products where the seller offers to
repurchase the buyer's products under reasonable commercial
terms.
3. A person's time and effort in pursuit of sales or
recruiting activities.
(c) "Participant" means a person who contributes money
into a pyramid promotional scheme.
(d) "Person" means an individual, a corporation, a
partnership, or any association, or unincorporated
organization.

CODING:Words ~~stricken~~ are deletions; words underlined are additions.

1 (e) "Product" means goods, a service, or an intangible
2 property.

3 (f) "Promote" means:

4 1. To contrive, prepare, establish, plan, operate, or
5 advertise a pyramid promotional scheme; or

6 2. To induce or attempt to induce another person to be
7 a participant in a pyramid promotional scheme.

8 (g) "Pyramid promotional scheme" means any plan or
9 operation by which a participant gives consideration for the
10 opportunity to receive compensation that is derived primarily
11 from the participant's introduction of other persons into a
12 plan or operation rather than from the sale of products by the
13 participant or other persons introduced into the plan or
14 operation.

15 (h) "Reasonable commercial terms" includes repurchase
16 by the seller, at the buyer's request or upon termination of
17 the business relationship or contract with the seller, of all
18 unencumbered products purchased by the buyer from the seller
19 within the previous 12 months which are unused and in
20 commercially resalable condition, at a price that is not less
21 than 90 percent of the actual amount paid by the buyer to the
22 seller of the products, less any consideration received by the
23 buyer for purchase of the products that are being repurchased.

24 A product is not considered nonresalable solely because the
25 product is no longer marketed by the seller, unless it is
26 clearly disclosed to the buyer at the time of the sale that
27 the product is a seasonal, discontinued, or special
28 promotional product and is not subject to the repurchase
29 obligation.

30 (2) A person may not promote in this state a pyramid
31 promotional scheme.

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(3) A person who violates this section is guilty of a felony of the second degree as provided in section 775.082 or section 775.083, Florida Statutes.

Section 2. This act shall take effect July 1, 1998.

SENATE SUMMARY

Prohibits any person from promoting a pyramid promotional scheme. Provides definitions. Provides that a person who violates the prohibition is guilty of a second-degree felony.