

MAINE STATE LEGISLATURE

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(New Title)
New Draft of: H. P. 631, L. D. 861

ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1712

H. P. 1306

House of Representatives, May 6, 1971

Reported by Mr. Lund from Committee on Judiciary and printed under
Joint Rules No. 18.

BERTHA W. JOHNSON, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT to Prohibit Pyramid Clubs and Other Similar Devices.

Be it enacted by the People of the State of Maine, as follows:

R. S., T. 17, § 2305. additional. Title 17 of the Revised Statutes is amended by adding a new section 2305, to read as follows:

§ 2305. Multi-level distributorships, pyramid clubs, etc., declared a lottery; prohibited; penalties

The organization of any multi-level distributorship arrangement, pyramid club or other group, organized or brought together under any plan or device whereby fees or dues or anything of material value to be paid or given by members thereof are to be paid or given to any other member thereof who has been required to pay or give anything of material value for the right to receive such sums, with the exception of payments based exclusively on sales of goods or services to persons who are not participants in the plan and who are not purchasing in order to participate in the plan, which plan or device includes any provision for the increase in such membership through a chain process of new members securing other new members and thereby advancing themselves in the group to a position where such members in turn receive fees, dues or things of material value from other members, is declared to be a lottery, and whoever shall organize or participate in any such lottery by organizing or inducing membership in any such group or organization shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 11 months, or by both.

A violation of this section shall constitute a violation of Title 5, chapter 10, Unfair Trade Practices Act.

STATEMENT OF FACT

It is the intent of this Act to prevent further consumer fraud and deception through the use of pyramid or multi-level distributorship schemes. Such schemes and devices have been utilized to swindle a great number of Maine residents. The past year has seen an alarming influx of such fraudulent devices.