

promotional schemes.

BY adding to

Article 27 - Crimes and Punishments
Section 233D to be under the new subheading "Fraud - Pyramid
Promotional Schemes"
Annotated Code of Maryland
(1982 Replacement Volume and 1983 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
MARYLAND, That the Laws of Maryland read as follows:

Article 27 - Crimes and Punishments

FRAUD - PYRAMID PROMOTIONAL SCHEMES

233D.

(A) IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(1) "COMPENSATION" INCLUDES PAYMENT BASED ON A SALE
OR DISTRIBUTION MADE TO A PERSON WHO IS EITHER A PARTICIPANT IN A
PLAN OR OPERATION OR WHO, UPON MAKING PAYMENT, THEN HAS THE RIGHT
TO BECOME A PARTICIPANT.

(2) "CONSIDERATION" DOES NOT INCLUDE:

(I) PAYMENT FOR PURCHASE OF GOODS OR SERVICES
FURNISHED AT COST FOR USE IN MAKING SALES TO PERSONS WHO ARE NOT
PARTICIPANTS IN THE SCHEME AND WHO ARE NOT PURCHASING IN ORDER TO
PARTICIPATE IN THE SCHEME;

(II) TIME OR EFFORT SPENT IN PURSUIT OF SALES
OR RECRUITING ACTIVITIES; OR

(III) THE RIGHT TO RECEIVE A DISCOUNT OR REBATE
BASED ON THE PURCHASE OR ACQUISITION OF GOODS OR SERVICES BY A
BONA FIDE COOPERATIVE BUYING GROUP OR ASSOCIATION.

(3) "PROMOTE" MEANS TO INDUCE ONE OR MORE OTHER
PERSONS TO BECOME A PARTICIPANT.

(4) "PYRAMID PROMOTIONAL SCHEME" MEANS ANY PLAN OR
OPERATION BY WHICH A PARTICIPANT GIVES CONSIDERATION FOR THE
OPPORTUNITY TO RECEIVE COMPENSATION TO BE DERIVED PRIMARILY FROM
ANY PERSON'S INTRODUCTION OF OTHER PERSONS INTO PARTICIPATION IN
THE PLAN OR OPERATION RATHER THAN FROM THE SALE OF GOODS,
SERVICES, OR OTHER INTANGIBLE PROPERTY BY THE PARTICIPANT OR
OTHER PERSONS INTRODUCED INTO THE PLAN OR OPERATION.

(B) A PERSON MAY NOT ESTABLISH, OPERATE, ADVERTISE, OR