

Crime of Conducting a Pyramid Promotional Scheme; HB 2231

HB 2231 excludes from the definition of the crime of conducting a pyramid promotional scheme plans and operations in which participants give consideration in return for the right to receive compensation based upon purchases, provided that the plan or operation does not cause “inventory loading.”

The bill defines “inventory loading” to mean the requirement or encouragement by a plan or operation to have an independent salesperson purchase inventory in an amount that exceeds the amount the salesperson can expect to resell or to use or consume in a reasonable time period. The bill provides additional definitions.