

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1971



ENROLLED

COMMITTEE SUBSTITUTE FOR

HOUSE BILL No. 1038

ORIGINATING IN THE COMMITTEE ON THE JUDICIARY

(By Mr. _____)



PASSED MARCH 11, 1971

In Effect NINETY DAYS FROM Passage



1038

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COMMITTEE SUBSTITUTE
FOR
House Bill No. 1038

(Originating in the Committee on the Judiciary)

[Passed March 11, 1971; in effect ninety days from passage.]

AN ACT to amend chapter forty-seven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto a new article, designated article fifteen, relating to prohibition of pyramid promotional schemes in the regulation of trade; restraining prohibited acts; criminal offenses; penalties.

Be it enacted by the Legislature of West Virginia:

That chapter forty-seven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new article, designated article fifteen, to read as follows:

ARTICLE 15. PYRAMID PROMOTIONAL SCHEME

§47-15-1. Definitions.

1 (a) "Pyramid promotional scheme" shall mean the
2 organization of any chain letter club, pyramid club, or
3 other group organized or brought together under any
4 plan or device whereby fees or dues or anything of
5 material value to be paid or given by members thereof
6 are to be paid or given to any other member thereof,
7 which plan or device includes any provision for the in-
8 crease in such membership through a chain process of
9 any members securing other new members and thereby
10 advancing themselves in the group to a position where
11 such members in turn receive fees, dues or things of
12 material value from other members.

13 (b) "Promote" or "promotion", shall mean the initia-
14 tion, preparation, operation, advertisement, or the re-
15 cruitment of any person or persons in the furtherance of
16 any pyramid promotional scheme as defined in subsection
17 (a) of this article.

§47-15-2. Unlawful act.

1 No person shall promote any pyramid promotional

2 scheme, either personally or through an agent or agents.

§47-15-3. Contracts void and unenforceable.

1 All contracts and agreements entered into after the
2 effective date of this article wherein the whole or any
3 part of the consideration of such contract or agreement
4 is given in exchange for the right to participate in any
5 pyramid promotional scheme are hereby declared to be
6 against public policy and are hereby declared to be void
7 and unenforceable.

§47-15-4. Restraining prohibited acts.

1 The prosecuting attorney of any county or the attorney
2 general, or any person, may petition the circuit court
3 to enjoin the continued operation of any pyramid pro-
4 motional scheme as defined in this article. The procedure
5 in any such suit shall be the same as the procedure in
6 other suits for equitable relief, except that no bond shall
7 be required upon the granting of either a temporary or
8 permanent injunction therein, when such proceedings
9 are initiated by a prosecuting attorney of any county or
10 the attorney general.

§47-15-5. Criminal penalties.

1 Any person who shall violate the provisions of this
2 article shall be guilty of a misdemeanor, and, upon con-
3 viction thereof, shall be fined not less than three hundred
4 nor more than one thousand dollars, or confined in jail
5 for a period not to exceed six months, or both.

§47-15-6. Severability.

1 If any provision of this article is declared unconstitu-
2 tional or the application thereof to any person or circum-
3 stance is held invalid, the constitutionality of the re-
4 mainder of the article and the applicability thereof to
5 other persons and circumstances shall not be affected
6 thereby.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Russell G. Brall
Chairman Senate Committee

Phyllis R. Rutledge
Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

Howard Meyer
Clerk of the Senate

C. Blankenship
Clerk of the House of Delegates

Chickout
President of the Senate

Lewis N. McManus
Speaker House of Delegates

The within *approved* this the *31st*
day of *March*, 1971.

Arch A. Moore Jr.
Governor

PRESENTED TO THE
GOVERNOR

Date 3/16/71

Time 1:25 p.m.