

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

**ENROLLED**  
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 H. Brall*  
Chairman Senate Committee

*Phyllis R. Riedge*  
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

*Edw. G. Galt*  
President of the Senate

*Lewis N. McManus*  
Speaker House of Delegates

The within *approved* this the *31<sup>st</sup>*  
day of *March*, 1971.

*Arch A. Shouse Jr.*  
Governor

PRESENTED TO THE  
GOVERNOR

Date 3/16/71  
Time 1:25 p.m.