

ACT 28

S. B. NO. 1168-70

A Bill for an Act Relating to Endless Chain Schemes.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 480, Hawaii Revised Statutes, is amended by adding a new section to be appropriately numbered and to read:

**“Sec. 480- . Endless chain schemes.** A person engages in an unfair method of competition and an unfair or deceptive act or practice within the meaning of section 480-2 when, in the conduct of any trade or commerce, he contrives, prepares, sets up, proposes, or operates any endless chain scheme. As used in this section, an endless chain scheme means any scheme for the disposal or distribution of property whereby a participant pays a valuable consideration for the chance to receive compensation for introducing one or more additional persons into participation in the scheme, or for the chance to receive compensation when a person introduced by the participant introduces a new participant. Compensation, as used in this section, does not mean or include payments based upon sales made to persons who are not participants in the scheme and who are not purchasing in order to participate in the scheme.”

SECTION 2. This Act shall take effect upon its approval.

(Approved May 28, 1970.)