SUBSTITUTE FOR HOUSE BILL NO. 5727

A bill to amend 1974 PA 269, entitled "Franchise investment law," by amending section 28 (MCL 445.1528).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 28. (1) A person may not offer or sell any form of 1 2 participation in a pyramid or chain promotion. A pyramid or chain promotion is any plan or scheme or device by which (a) a 3 participant gives a valuable consideration for the opportunity to 4 receive compensation or things of value in return for inducing 5 other persons to become participants in the program or (b) a 6 7 participant is to receive compensation when a person introduced by 8 the participant introduces one or more additional persons into participation in the plan, each of whom receives the same or 9 similar right, privilege, license, chance, or opportunity. 10

- 1 (2) A pyramid or chain promotion is declared to be illegal and
- 2 against the public policy of the state. Any contract made in
- 3 violation of this section is voidable at the sole option of the
- 4 purchaser.
- 5 (3) The department shall not accept for filing a franchise
- 6 which involves a pyramid or chain distribution contrary to the laws
- 7 of this state. THAT INVOLVES A PYRAMID PROMOTIONAL SCHEME THAT
- 8 VIOLATES THE PYRAMID PROMOTIONAL SCHEME ACT, MCL 445.2581 TO
- 9 445.2586.
- 10 Enacting section 1. This amendatory act takes effect 90 days
- 11 after the date it is enacted into law.
- 12 Enacting section 2. This amendatory act does not take effect
- 13 unless House Bill No. 5726 of the 99th Legislature is enacted into
- **14** law.