

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City



SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1415

Introduced by Representative Harlin Cast. Abayon

EXPLANATORY NOTE

This bill seeks to curb the growing threat of pyramid schemes as a way of defrauding individuals and groups of their hard earned money. This measure was previously filed by Senator Manny Villar in the 15th Congress. Passage of this Bill is earnestly sought now in the 16th Congress.

HARLIN CAST. ABAYON
Representative
First District of Northern Samar

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AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT 7394, OTHERWISE KNOWN AS THE CONSUMER ACT OF THE PHILIPPINES, DEFINING FOR THE PURPOSE THE CRIME OF PSEUDO-INVESTMENTS, PROVIDING PENALTIES THEREFORE AND FOR OTHER PURPOSES.

Be it enacted by the Senate and the House of Representatives in Congress assembled:

SECTION 1. The following provisions of the Consumer Act are hereby amended to read as follows;

Title Article 4(k) **Pseudo-Investments** refer to but are not limited to;

(1) "PYRAMID SALES SCHEME OR "CHAIN DISTRIBUTION PLAN", REFERS TO SALES DEVICES WHEREBY A PERSON. UPON CONDITION THAT HE MAKES AN INVESTMENT BY WAY OF PURCHASING GOODS OR PAYING A FEE, IS PANTED BY THE MANUFACTURER OR MS REPRESENTATIVE A RIGHT TO SELL PRODUCTS AND SERVICES AS WELL AS RECRUIT ONE OR MORE ADDITIONAL PERSONS WHO WILL AFRO BE GRANTED SUCH RIGHT TO RECRUIT UPON CONDITION OF MAKING SIMILAR INVESTMENTS;

(2) PONZI SCHEMES" REFERS TO A BUSINESS STRUCTURE SIMILAR TO THE PYRAMID SCHEME OPERATED BY A PERSON OR GROUP, NATURAL OR JURIDICA4 WHERE THERE IS NO TRUE PRODUCT OR SERVICE BEING OFFERED IN EXCHANGE FOR THE INVESTMENT AND WHERE THE MONEY TENDERED BY NEW INVESTORS ARE PAID TO EARLIER INVESTORS;

(3) "TELEMARKETING FRAUD" REFERS TO A SCHEME WHERE HIGH PRESSURE TACTICS

ARE MADE OVER THE PHONE WITH THE INTENT TO MAKE THE INVESTOR BUY INTO A FRAUDULENT OR NON-EXISTENT INVESTMENT OFFERING;

(4) "TECHNOLOGY FRAUD" REFERS TO A SCHEME WHEREIN INVESTORS ARE LULLED INTO MAKING PURCHASES OR INVESTMENTS OF NON-EXISTENT PRODUCTS THROUGH THE INTERNET HOME OR CYBER SHOPPING .

Title III Chapter 1 Article 53. PSEUDO-IN VESTMENT SCHEMES.

PSEUDO-INVESTMENT SCHEMES AS DEFINED IN TITLE I ARTICLE 4(K) OF THIS ACT SHALL NOT BE EMPLOYED IN THE SALE OF CONSUMER PRODUCTS AND SERVICES.

Article 60. Penalties. Any person who shall violate the provisions of Title III Chapter 1, shall upon conviction, be subject to a fine not less than **ONE HUNDRED THOUSAND PESOS (P 100,000.00)** [Five Hundred Pesos (P 500.00)] but not more than **FIVE HUNDRED THOUSAND PESOS (P500,000.00)** [Ten Thousand Pesos (P 10,000.00)] And [or] Imprisonment of not less than **TWO (2) YEARS** [five (5) months] but not more than **FOUR (4) YEARS** [one (1) year] [or both] upon the discretion of the court.

SECTION 2. Repealing Clause — All laws, decrees, executive orders, rules and regulations or parts thereof contrary to, or inconsistent with this act are hereby modified or repealed accordingly.

SECTION 3. Effectivity — This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,