Fair Trading Act 1973

1973 CHAPTER 41

PART XI

PYRAMID SELLING AND SIMILAR TRADING SCHEMES

120 Offences under Part XI.

(1) Subject to the next following section, any person who issues, circulates or distributes, or causes another person to issue, circulate or distribute, an **[**[F1]advertisement, prospectus, circular or notice**]**in contravention of any regulations made under subsection (1) of section 119 of this Act shall be guilty of an offence.

(2) Any person who contravenes any regulations made under subsection (2) of that section shall be guilty of an offence.

(3) If any person who is a participant in a trading scheme to which this Part of this Act applies, or has applied or been invited to become a participant in such a trading scheme, —

(a) makes any payment to or for the benefit of the promoter or (if there is more than one) any of the promoters, or to or for the benefit of a participant in the trading scheme, and

(b) is induced to make that payment by reason that the prospect is held out to him of receiving payments or other benefits in respect of the introduction of other persons who become participants in the trading scheme,

any person to whom or for whose benefit that payment is made shall be guilty of an offence.

(4) If the promoter or any of the promoters of a trading scheme to which this Part of this Act applies, or any other person acting in accordance with such a trading scheme, by holding out to any person such a prospect as is mentioned in subsection (3)(b) of this section, attempts to induce him—

(a) if he is already a participant in the trading scheme, to make any payment to or for the benefit of the promoter or any of the promoters or to or for the benefit of a participant in the trading scheme, or

(b) if he is not already a participant in the trading scheme, to become such a participant and to make any such payment as is mentioned in the preceding paragraph,

the person attempting to induce him to make that payment shall be guilty of an offence.

(5) In determining, for the purposes of subsection (3) or subsection (4) of this section, whether an inducement or attempt to induce is made by holding out such a prospect as is therein mentioned, it shall be sufficient if such a prospect constitutes or would constitute a substantial part of the inducement.

(6) Where the person by whom an offence is committed under subsection (3) or subsection (4) of this section is not the sole promoter of the trading scheme in question, any other person who is the promoter or (as the case may be) one of the promoters of the trading scheme shall, subject to the next following section, also be guilty of that offence.

(7) Nothing in subsections (3) to (6) of this section shall be construed as limiting the circumstances in which the commission of any act may constitute an offence under subsection (1) or subsection (2) of this section.

(8) In this section any reference to the making of a payment to or for the benefit of a person shall be construed as including the making of a payment partly to or for the benefit of that person and partly to or for the benefit of one or more other persons.

Textual Amendments

F1 Words in s. 120(1) substituted (6.2.1997) by 1996 c. 32, **s. 2(2)**; S.I. 1997/29, **art. 2**

Changes to legislation:
There are currently no known outstanding effects for the Fair Trading Act 1973, Section 120.