

1974 WL 27570 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

January 2, 1974

*1 Mrs. Alice C. Bangert
Director
Business-Consumer Affairs Division
Greater Greenville Chamber of Commerce
24 Cleveland Street
Box 10048
Greenville, S. C. 29603

Dear Mrs. Bangert:
Mr. McLeod has referred your recent letter to my attention.

South Carolina in 1971 adopted a 'Little FTC Act' entitled the Unfair Trade Practices Act which many states have adapted after Section 5 of the Federal Trade Commission Act.

Section 66-71. of the Unfair Trade Practices Act is our pyramiding statute. I am enclosing a copy of this Act for your file. As you can see the statute describes and defines pyramiding, which is designated an unfair trade practice. Our office has looked into the activities of Marks, Inc., and are presently making a determination as to whether or not this company's marketing plan is in violation of the pyramiding section.

A problem that has arisen on several occasions is the marketing plan that does not by statutory definition constitute a pyramid plan but is a very similar multilevel sales distributorship. It is my understanding that some of the states have adopted multilevel sales statutes which are broader than our pyramid statute. Perhaps a legislative modification of our present statute to include registration of all multilevel sales companies would be one solution to this problem.

I would like to discuss the problem of pyramid sales with you as most persons report such schemes to your offices. I would be able to meet with you in Greenville at your convenience after the first of the year if such is agreeable.

Very truly yours,

Patricia O. Brehmer
Assistant Attorney General

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