

Effective 5/7/2025

Part 3

Offenses Concerning Pyramid Schemes

76-17-301 Definitions.

As used in this part:

- (1)
 - (a) "Compensation" means money, money bonuses, overrides, prizes, or other real or personal property, tangible or intangible.
 - (b) "Compensation" does not include payment based on the sale of goods or services to anyone purchasing the goods or services for actual personal use or consumption.
- (2) "Consideration" does not include:
 - (a) payment for sales demonstration equipment or materials furnished at cost for use in making sales and not for resale; or
 - (b) time or effort spent in selling or recruiting activities.
- (3) "Person" includes a business trust, estate, trust, joint venture, or any other legal or commercial entity.
- (4) "Pyramid scheme" means a sales device or plan under which a person gives consideration to another person in exchange for compensation or the right to receive compensation that is derived primarily from the introduction of other persons into the sales device or plan rather than from the sale of goods, services, or other property.

Renumbered and Amended by Chapter 173, 2025 General Session

76-17-302 Rights of person giving consideration in pyramid scheme.

- (1) Terms defined in Sections 76-1-101.5, 76-17-101, and 76-17-301 apply to this section.
- (2)
 - (a) A person giving consideration in connection with a pyramid scheme may, notwithstanding any agreement to the contrary, declare the person's giving of consideration and the related sale or contract for sale void, and may bring a court action to recover the consideration.
 - (b) In an action brought under Subsection (2)(a), the court shall, in addition to any judgment awarded to the plaintiff, require the defendant to pay to the plaintiff interest as provided in Section 15-1-4, reasonable attorney fees, and the costs of the action reduced by any compensation paid by the defendant to the plaintiff in connection with the pyramid scheme.
- (3)
 - (a) The rights, remedies, and penalties provided in this part are independent of and supplemental to each other and to any other right, remedy or penalty available in law or equity.
 - (b) Nothing contained in this part shall be construed to diminish or abrogate any other right, remedy or penalty.

Renumbered and Amended by Chapter 173, 2025 General Session

76-17-303 Conducting a pyramid scheme.

- (1) Terms defined in Sections 76-1-101.5, 76-17-101, and 76-17-301 apply to this section.
- (2) An actor commits conducting a pyramid scheme if the actor knowingly organizes, establishes, promotes, or administers a pyramid scheme.
- (3) A violation of Subsection (2) is a third degree felony.

- (4) It is not a defense to an action brought under this section that:
 - (a) the sales device or plan limits the number of persons who may be introduced into the sales device or plan;
 - (b) the sales device or plan includes additional conditions affecting eligibility for introduction into the sales device or plan or when compensation may be received from the sales device or plan; or
 - (c) a person receives property or services in addition to the compensation or right to receive compensation in connection with a pyramid scheme.
- (5) The appropriate county attorney or district attorney has primary responsibility for investigating and prosecuting a criminal violation of this section.
- (6)
 - (a) A violation under this section constitutes a violation of Section 13-11-4.
 - (b) A criminal conviction under this section is prima facie evidence of a violation of Section 13-11-4.
 - (c) In addition to prosecution under this section, a violation of this section shall be civilly investigated and prosecuted as prescribed by Title 13, Chapter 11, Utah Consumer Sales Practices Act.

Renumbered and Amended by Chapter 173, 2025 General Session

76-17-304 Participating in a pyramid scheme.

- (1) Terms defined in Sections 76-1-101.5, 76-17-101, and 76-17-301 apply to this section.
- (2) An actor commits participating in a pyramid scheme if the actor participates in a pyramid scheme only by receiving compensation for the introduction of another person into the pyramid scheme rather than from the sale of goods, services, or other property.
- (3) A violation of Subsection (2) is a class B misdemeanor.
- (4) It is not a defense to an action brought under this section that:
 - (a) the sales device or plan limits the number of persons who may be introduced into the sales device or plan;
 - (b) the sales device or plan includes additional conditions affecting eligibility for introduction into the sales device or plan or when compensation may be received from the sales device or plan; or
 - (c) a person receives property or services in addition to the compensation or right to receive compensation in connection with a pyramid scheme.
- (5) The appropriate county attorney or district attorney has primary responsibility for investigating and prosecuting a criminal violation of this section.
- (6)
 - (a) A violation under this section constitutes a violation of Section 13-11-4.
 - (b) A criminal conviction under this section is prima facie evidence of a violation of Section 13-11-4.
 - (c) In addition to prosecution under this section, a violation of this section shall be civilly investigated and prosecuted as prescribed by Title 13, Chapter 11, Utah Consumer Sales Practices Act.

Renumbered and Amended by Chapter 173, 2025 General Session