

Act on Prevention of Pyramid Schemes

(Act No. 101 of November 11, 1978)

(Purpose)

Article 1 The purpose of this Act is to prohibit acts of becoming involved in a Pyramid Scheme in light of the fact that a Pyramid Scheme results in a considerable portion of its members, whose gambling spirit is unduly instigated thereby despite its nature of being destined to collapse, sustaining financial losses in the end, and to provide for investigation and educational activities for the prevention of Pyramid Schemes, thereby preventing social harm caused by Pyramid Schemes.

(Definitions)

Article 2 The term "Pyramid Scheme" as used in this Act means an organization for distributing money and goods (including securities and instruments that represent property rights; hereinafter the same applies in this Article) wherein, on the premise that the number of members who pay or contribute money and goods will increase indefinitely, those who have become members earlier are ranked as senior members and those who subsequently become members following them are ranked as junior members, with the number of junior members increasing exponentially by stages, and senior members receive from junior members money and goods paid or contributed by the junior members that are of greater value or in greater volume than the value or volume of money and goods paid or contributed by the senior members.

(Prohibition of Pyramid Schemes)

Article 3 It is prohibited for any person to create or operate a Pyramid Scheme, become a member or solicit another to become a member of a Pyramid Scheme, or perform any act that facilitates these acts.

(Duties of National Government and Local Public Entities)

Article 4 The national government and local public entities must endeavor to carry out investigation and educational activities for the prevention of Pyramid Schemes.

(Penal Provisions)

Article 5 A person who has created or operates a Pyramid Scheme is punished by imprisonment for not more than three years or a fine of not more than three million yen, or both.

Article 6 A person who has solicited another to become a member of a Pyramid Scheme in the course of trade is punished by imprisonment for not more than one year or a fine of not more than 300,000 yen.

Article 7 A person who has solicited another to become a member of a Pyramid Scheme is punished by a fine of not more than 200,000 yen.

Supplementary Provisions

This Act comes into effect as of the day on which six months have elapsed from the date of promulgation.

Supplementary Provisions [Act No. 24 of May 2, 1988]

This Act comes into effect as of the day on which three months have elapsed from the date of promulgation.