



March 15, 2018

Michigan House of Representatives
Commerce and Trade Committee
Capitol Building
Lansing, MI 48909-7514

Re: Support of HB 5726-5729: Anti- Pyramid Promotional Scheme Act

Dear Commerce and Trade Committee Members:

Team National, a Direct Selling company based in Davie, FL, would like to express support for HB 5726-5729 regarding Pyramid Promotional Schemes. The bill would clearly define and establish criminal penalties for operating or participating in a pyramid promotional scheme.

In 2016, over 381,000 Michiganders were involved in direct selling and the industry contributed over \$702 million in sales to the state. Over 20 million Americans are involved in direct selling in every state, Congressional district and community in the United States.

This bill does two simple things—clearly defines a pyramid scheme as any plan or operation in which compensation is provided primarily for the recruitment of others and makes such participation in a pyramid scheme illegal under state law. This legislation is needed to protect consumers because pyramid schemes are illegal businesses that masquerade as legitimate direct selling companies to defraud consumers. It would give law enforcement in Michigan more guidance on identifying and prosecuting pyramid schemes and guides legitimate direct selling companies on what constitutes acceptable business practices.

The bill would clearly differentiate the legal income earning opportunities offered by legitimate direct selling companies from the scams perpetrated by fly-by-night promoters of pyramid schemes. It also encourages adoption of a right of return for inventory purchased by individual direct sellers to ensure additional levels of consumer protection for direct sellers.

This language is largely derived from model legislation endorsed by the bipartisan Council of State Governments (CSG) in 2004. Specific legislation based on the CSG model or highly similar to it has been subsequently enacted into law in 21 states including Idaho, Washington, Georgia, Utah, Nebraska, Virginia, and Tennessee as those states moved to update their laws. In 2017, similar language passed through the Indiana, New Jersey, and South Carolina legislatures unanimously and were signed into law. The legislation protects consumers by providing guidance on identifying illegal businesses and provides clarity for legitimate direct selling companies on ethical business practices.

Nobody wins when pyramids schemes prevail. Not consumers or legitimate direct selling companies. Team National urges you to support HB 5726-5729 protect consumers and provide guidance to legitimate direct selling companies and Michigan's independent direct sellers. Thank you.

Sincerely,

Phil Chrysler
Executive Vice President

MARY KAY

Re: Please Support HB 5726-5729 Anti-Pyramid Legislation

Dear House Commerce and Trade Committee,

We are contacting you on behalf of Mary Kay Inc. and its more than 13,500 Mary Kay Independent Beauty Consultants in Michigan to respectfully urge you to support HB 5726-5729. The bill would clearly define and establish criminal penalties for operating or participating in a pyramid promotional scheme. Additionally it clarifies what is an illegal pyramid scheme and what is legitimate direct selling. It is an excellent consumer protection measure with some 21 states having passed similar legislation.

Mary Kay is a 55 year old direct selling company which manufactures skin care and color cosmetics, sold by Mary Kay Independent Beauty Consultants. Women enjoy the opportunity to earn supplemental income through Mary Kay product sales and learning business and professional skills.

We believe that no one wins when pyramid schemes prevail. Updating the current law would not only protect consumers, but also help preserve the opportunity and the reputation of legitimate direct selling companies.

Thank you for your time and consideration,

Sincerely,

Kary Ingwers



Hacienda Campus
4747 Willow Road
Pleasanton, CA 94588-2740
Telephone 925/924-2586
Fax 925/924-2155

Marjorie L. Fine, Esq.
Director, Shaklee Corporation

e-Mail: Mfine@shaklee.com

VIA EMAIL

March 15, 2018

Michigan House of Representatives
Commerce and Trade Committee
Capitol Building
Lansing, MI 48909-7514

Re: HB 5726-5729: Anti-Pyramid Promotional Scheme Act - Support

Dear Commerce and Trade Committee Members:

I am writing on behalf of Shaklee Corporation ("Shaklee") to voice its strong support for HB 5726-5729 respecting pyramid promotional schemes. The bill would clearly define and establish criminal penalties for operating or participating in a pyramid promotional scheme.

Shaklee is a direct selling company founded in 1956 which sells all of its products via independent contractor distributors. Thousands of such distributors reside in the State of Michigan. Nearly ninety percent (90%) of such distributors are women working from home to supplement the family income. They rely upon the flexibility that direct selling affords in allowing them to choose when to work, how many hours to devote to their business, and all the decisions that accompany owning their own businesses. They operate their businesses with integrity and do not wish to be confused with operators of illegal pyramid schemes.

This bill accomplishes two important objectives: it clearly defines a pyramid scheme as any plan or operation in which compensation is provided primarily for the recruitment of others and makes participation in such a pyramid scheme illegal under state law. This legislation would protect consumers from pyramid schemes that masquerade as direct selling companies; provide law enforcement with more guidance on identifying and prosecuting pyramid schemes; and guide legitimate direct selling companies concerning acceptable business practices.

HB 5726-5729 is based upon the Council of State Governments model anti-pyramid law (2004 Suggested State Legislation, Vol 63). This model or similar

Shaklee Corporation

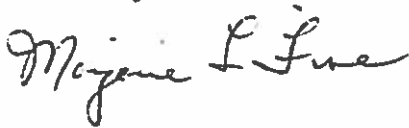
Michigan House of Representatives
Commerce and Trade Committee
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ones have been adopted in 21 states, most recently in Indiana, New Jersey, and South Carolina, where the bills passed the legislatures unanimously.

For all the above reasons, Shaklee urges you to support HB 5726-5729.

Thank you for your attention to this matter.

Sincerely,



Marjorie L. Fine, Esq.

MLF/lt

Cc: Direct Selling Association

Sondra Gordon

From: Trey Campbell <tcampbell@southwestern.com>
Sent: Friday, March 16, 2018 11:32 AM
Subject: Support for HB 5726-5729 - Anti-Pyramid Promotional Scheme Act



March 16, 2018

Michigan House of Representatives
Commerce and Trade Committee
Capitol Building
Lansing, MI 48909-7514

Re: Support for HB 5726-5729: Anti-Pyramid Promotional Scheme Act

Dear Commerce and Trade Committee Members,

Southwestern Advantage would like to ask for your support for HB 5726-5729 regarding Pyramid Promotional Schemes. The bill is intended to clearly define and establish criminal penalties for operating or participating in an illegal pyramid promotional scheme.

Our national trade organization, the Direct Selling Association, has statistics on the industry. Did you know in 2016, over 381,000 residents of Michigan were involved in direct selling and the industry contributed over \$702 million in sales to the state? Over 20 million Americans are involved in direct selling nationwide. These number includes thousands, if not tens of thousands in your own districts.

This bill does two simple things. It clearly defines a pyramid scheme as any plan or operation in which compensation is provided primarily for the recruitment of others and makes such participation in a pyramid scheme illegal under state law. This legislation is needed to protect consumers because pyramid schemes are illegal businesses that masquerade as legitimate direct selling companies to defraud consumers. It would give law enforcement in Michigan additional guidance on identifying and prosecuting pyramid schemes; and equally, it guides legitimate direct selling companies on what constitutes acceptable business practices.

As a company who has been in business in Michigan for the better part of 150 years, we would appreciate your consideration and support for HB 5726-5729, a bill that protects consumers and clearly defines illegal operations from those that are legal.

Thank you for your service to Michigan,
Sincerely,

A handwritten signature in blue ink that reads 'Dan Moore'.

Dan Moore, President
Southwestern Advantage

Trey Campbell, APR / Director of Communications

Southwestern Advantage

2451 Atrium Way / Nashville, TN / 37214

Phone: 615.391.2801 / 888.602.7867

E-mail: tcampbell@southwestern.com

Website: www.southwesternadvantage.com

Have you checked out my new book, *12 Jars: Making the Most of the Rest of Your Life?*

<https://www.southwesternconsulting.com/treycampbell/12jars/>

Sondra Gordon

From: Bryan Harrison <Bryan_Harrison@Amway.com>
Sent: Monday, March 19, 2018 10:56 AM
To: Rep. Eric Leutheuser (District 58); Rep. Daniela Garcia (District 90); Rep. Holly Hughes (District 91); Rep. Klint Kesto (District 39); Rep. Mike McCready (District 40); Rep. Brandt Iden (District 61); Rep. Ben Frederick (District 85); Rep. Pamela Hornberger (District 32); Rep. Daire Rendon (District 103); Rep. Darrin Camilleri (District 23); Rep. Tim Greimel (District 29); Rep. Wendell Byrd (District 3); Rep. Erika Geiss (District 12); Rep. Sheldon Neeley (District 34); Rep. Bettie Scott (District 2); Sondra Gordon
Cc: Brian Bennett; "John Webb" <jwebb@dsa.org>; Adrian Casal; Holcomb, James; Amy Drumm
Subject: SUPPORT: HBs 5726-5729: Anti-Pyramid Legislation



RE: SUPPORT: HB 4271 - Anti-Pyramid Legislation

On behalf of Amway and our thousands of Michigan Independent Business Owners, I would like to voice support for HBs 5726-5729 which would define and establish penalties for operating or participating in a pyramid promotional scheme.

By way of brief background, Amway Corporation is a direct selling company based in Ada, Michigan that has thousands of independent distributors not only in Michigan but also in the other 49 states and the U.S. territories. In fact, Amway distributors do business in countries all around the globe.

Fundamentally, this legislation does two simple things—clearly defines a pyramid scheme as any plan or operation in which compensation is provided primarily for the recruitment of others and makes such participation in a pyramid scheme illegal under state law. This legislation is needed to protect consumers because pyramid schemes often masquerade as legitimate direct selling companies to defraud consumers.

This legislation would give law enforcement in Michigan an effective tool for identifying and prosecuting pyramid schemes and guides legitimate direct selling companies on what constitutes acceptable business practices.

This language is largely derived from model legislation endorsed by the Council of State Governments. This model or similar models have been adopted in 21 states. The legislation protects consumers by providing guidance on identifying illegal businesses and provides clarity for legitimate direct selling companies on ethical business practices.

As a Michigan-based business selling products around the globe, we urge your support and assistance to bring these bills into law to protect consumers and support legitimate small business owners in Michigan.

Please support HBs 5726-5729.

Sincerely,

Bryan Harrison
Corporate Government Affairs
Amway
7575 Fulton St. East
Ada, MI 49355
O) 616.787.5633
C) 616.318.8216

NATURE'S SUNSHINE

March 15, 2018

Michigan House of Representatives
Commerce and Trade Committee
Capitol Building
Lansing, MI 48909-7514

Re: Support of HB 5726-5729: Anti- Pyramid Promotional Scheme Act

Dear Commerce and Trade Committee Members:

Nature's Sunshine Products, Inc. ("NSP") would like to express support for HB 5726-5729 regarding Pyramid Promotional Schemes. The bill would clearly define and establish criminal penalties for operating or participating in a pyramid promotional scheme.

NSP is a member of the Direct Selling Association (DSA). The DSA is the national trade association for companies that sell their products and services directly to consumers through an independent, entrepreneurial salesforce. In 2016, over 381,000 Michiganders were involved in direct selling and the industry contributed over \$702 million in sales to the state. Over 20 million Americans are involved in direct selling in every state, congressional district and community in the United States.

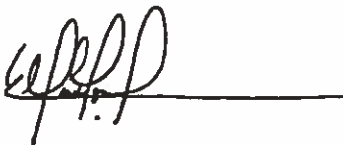
This bill does two simple things—clearly defines a pyramid scheme as any plan or operation in which compensation is provided primarily for the recruitment of others and makes such participation in a pyramid scheme illegal under state law. This legislation is needed to protect consumers because pyramid schemes are illegal businesses that masquerade as legitimate direct selling companies to defraud consumers. It would give law enforcement in Michigan more guidance on identifying and prosecuting pyramid schemes and guides legitimate direct selling companies on what constitutes acceptable business practices.

The bill would clearly differentiate the legal income earning opportunities offered by legitimate direct selling companies from the scams perpetrated by fly-by-night promoters of pyramid schemes. It also encourages adoption of a right of return for inventory purchased by individual direct sellers to ensure additional levels of consumer protection for direct sellers.

This language is largely derived from model legislation endorsed by the bipartisan Council of State Governments (CSG) in 2004. Specific legislation based on the CSG model or highly similar to it has been subsequently enacted into law in 21 states including Idaho, Washington, Georgia, Utah, Nebraska, Virginia, and Tennessee as those states moved to update their laws. In 2017, similar language passed through the Indiana, New Jersey, and South Carolina legislatures unanimously and were signed into law. The legislation protects consumers by providing guidance on identifying illegal businesses and provides clarity for legitimate direct selling companies on ethical business practices.

Nobody wins when pyramids schemes prevail. Not consumers or legitimate direct selling companies. NSP urges you to support HB 5726-5729 protect consumers and provide guidance to legitimate direct selling companies and Michigan's independent direct sellers. Thank you.

Sincerely,



Adriana Mendizabal
Chief Marketing Officer and President, Americas

SHARING WELLNESS. TRANSFORMING LIVES.