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House Financial Institutions, Housing, and Urban Development Committee
House Bill 329 – Sponsor Testimony
State Representative Dorothy Pelanda
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Thank you Chairman Dever, Vice-Chair Sprague, Ranking Member Smith, and members of the Financial Institutions, Housing, and Urban Development Committee for the opportunity to present Sponsor Testimony on House Bill 329 this morning.

HB 329 is legislation designed to strengthen consumer protection and protect the public from pyramid schemes. The bill will enhance Ohio's existing laws by drawing a clear line of delineation between direct selling companies and pyramid schemes.

The lack of a clear pyramid scheme law in statute may create confusion among the public, particularly when considering that some masquerade as legitimate direct selling companies to defraud consumers. Not only will this legislation protect the public from these schemes - it will guide legitimate direct selling companies as to what constitutes acceptable business practices.

The Council of State Governments (CSG) adopted similar language into its 2004 Volume of Suggested State Legislation, based on a 2003 South Dakota law. Since then, eleven other states including Indiana, Tennessee, and Virginia have moved to update their laws.

Specifically, HB 329 will provide clarity and eliminate confusion in the marketplace by:

- Clarifying enforcement while enacting a law that will protect legitimate Ohio sellers.
- Clearly differentiating the legal income earning opportunities offered by legitimate direct selling companies from the frauds perpetrated by promoters of pyramid schemes.
- Establishing it as a legitimate business practice, not evidence of a pyramid scheme, when participants purchase reasonable amounts of product for their own use.

As HB 329 moves its way through the process, I look forward to working with members of this committee and all interested parties. I would be happy to answer any questions that you may have at this time.

Thank you, Mr. Chairman.