

Loopholes in Direct Selling Act to be plugged

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A small image showing a pyramid scheme diagram with the text "pyramid scheme" below it.

KUALA LUMPUR: The Direct Selling Act will be amended to fix loopholes.

Domestic Trade, Co-operative and Consumerism Minister Datuk Seri Ismail Sabri Yaakob said the amendments sought to clarify several vague definitions such as a pyramid scheme.

◆ There is a very thin line between what makes a company a pyramid scheme company or a multi-level company, ◆ he told a press conference after launching the Malaysian Direct Distribution Association website yesterday.

He said the ministry had also implemented a ruling whereby direct selling companies had to renew their licences on a yearly basis compared with every five years previously.

◆ With a shorter renewal period, the companies are more responsible in their business dealings and we can monitor their performance, ◆ he added. Ismail also said the ministry would in a month ◆s time come up with a hotline and advertisements in newspapers to reach out to rural people on the legitimacy of direct selling companies.

This will enable people to check whether direct selling companies are registered with the ministry in a move to prevent them from falling victim to fraudulent companies.

To view the list of registered direct selling companies, visit www.mdda.org.my/ or www.kpdnkk.gov.my/.

Source: <http://thestar.com.my/news/story.asp?file=/2009/10/22/nation/4951479&sec=nation>