

HCS HB 1841 -- PYRAMID SALES SCHEMES (Jones, 117)

COMMITTEE OF ORIGIN: Committee on Small Business

This substitute revises the definition of "franchise" as it applies to pyramid sales schemes to include a commercial arrangement between a wholesaler and a supplier with or without the grant of a license to use a trade name, trademark, service mark, or related characteristic, and whether or not there is a community of interest in the marketing of goods or services.

The substitute specifies that Section 407.400, RSMo, as amended, must be interpreted as set forth by the court in *High Life Sales Co. V. Brown-Forman Corp.*, 823 S.W.2d 194 (Mo. banc 1992) and *Brown-Forman Distillers Corp. v. McHenry*, 566 S.W.2d 194 (Mo. banc 1978) rather than *Missouri Beverage Co., Inc. v. Shelton Brothers, Inc.* 796 F. Supp. 2d 988 (W.D. Mo. 2011), *aff'd*, 11-2456 (8th Cir. February 28, 2012) and the legislature declares that the federal court's interpretation of the subdivision as set forth in the Missouri Beverage case must be abrogated in favor of the preceding cases and any amendments to this subdivision are to clarify and specify the law existing prior to August 28, 2012.

FISCAL NOTE: No impact on state funds in FY 2013, FY 2014, and FY 2015.