



CHAPTER 14
ARTICLE 37 - LOTTERIES, GAMING, BINGO AND RAFFLES

N.C.G.S. § 14-291.2.

Pyramid and chain schemes prohibited.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 1998-215, s. 96 — seventh act in the lineage	RETRIEVED 21 September 2026, 01:26 UTC	SOURCE FINGERPRINT f4203ad3f41ddaecb439a77f - 2f9026e211b934b86d9110a8 - b605a2ba76be5b75
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§ 14-291.2(a)
CLASS H FELONY

No person shall establish, operate, participate in, or otherwise promote any pyramid distribution plan, program, device or scheme whereby a participant pays a valuable consideration for the opportunity or chance to receive a fee or compensation upon the introduction of other participants into the program, whether or not such opportunity or chance is received in conjunction with the purchase of merchandise. A person who establishes or operates a pyramid distribution plan is guilty of a Class H felony. A person who participates in or otherwise promotes a pyramid distribution plan is deemed to participate in a lottery and is guilty of a Class 2 misdemeanor.

§ 14-291.2(b)

"Pyramid distribution plan" means any program utilizing a pyramid or chain process by which a participant gives a valuable consideration for the opportunity to receive compensation or things of value in return for inducing other persons to become participants in the program; and

"Compensation" does not mean payment based on sales of goods or services to persons who are not participants in the scheme, and who are not purchasing in order to participate in the scheme.

§ 14-291.2(c)

Any judge of the superior court shall have jurisdiction, upon petition by the Attorney General of North Carolina or district attorney of the superior court, to enjoin, as an unfair or deceptive trade practice, the continuation of the scheme described in subsection (a); in such proceeding the court may assess civil penalties and attorneys' fees to the Attorney General or the District Attorney pursuant to G.S. 75-15.2 and 75-16.1; and the court may appoint a receiver to secure and distribute assets obtained by any defendant through participation in any such scheme. The clear proceeds of

civil penalties provided for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

§ 14-291.2(d)

Any contract hereafter created for which a part of the consideration consisted of the opportunity or chance to participate in a program described in subsection (a) is hereby declared to be contrary to public policy and therefore void and unenforceable.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
7 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

1971	1985		1998
TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT			
Nº	YEAR	ACT	CHARACTER
01	1971	c. 875, s. 1	ENACTED
02	1973	c. 47, s. 2	AMENDED
03	1983	c. 721, s. 2	AMENDED
04	1993	c. 539, s. 203	AMENDED
05	1994	Ex. Sess., c. 24, s. 14(c)	AMENDED
06	1997	S.L. 1997-443, s. 19.25(x)	AMENDED
07	1998	S.L. 1998-215, s. 96	AMENDED

APPARATUS II
2 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 75-15.2	(c)	<i>"or the District Attorney pursuant to"</i>
G.S. 115C-457.2	(c)	<i>"and Forfeiture Fund in accordance with"</i>

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 14-291.2 (1998).

PINPOINT

N.C. Gen. Stat. § 14-291.2(a) (1998).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

This document reproduces the text of one section of the General Statutes of North Carolina from a source file whose SHA-256 digest is printed on every page. The digest fixes the bytes this export was made from; if the State's file changes, the digest will not match.

The text of the section is unaltered. Subsection designators have been moved from the run of text into the margin. The amendment history and the table of authorities are derived from the section by mechanical extraction — they add no characterization of the law.

This is not the official text. The official text is published by the General Assembly of North Carolina.

HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1971, c. 875, s. 1; 1973, c. 47, s. 2; 1983, c. 721, s. 2; 1993, c. 539, s. 203; 1994, Ex. Sess., c. 24, s. 14(c); 1997-443, s. 19.25(x); 1998-215, s. 96.)

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