

**CRITICAL REVIEW OF MULTI-LEVEL MARKETING IN THE PHILIPPINES:  
IMPLICATION TO SEC REGULATION  
ON PYRAMIDING**

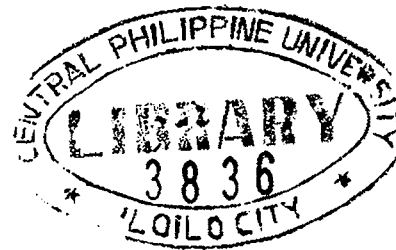
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Bernadette S. Toralde

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**BERNADETTE S. TORALDE, JD**

**ABSTRACT**

This study was conducted to determine the legitimate operations of Multi-level Marketing in the Philippines based on the products or services, investment opportunities, recruitment process, compensation, income sustainability, training programs and product movements.

With the increase in the number of pyramidizing scams in the Philippines, the government tasked agencies was unable to clarify the seemingly conflicting and disjointed provisions of law on the issue whether a business is operating a Multi-level Marketing or a Pyramidizing scam. Whereas, legitimate multilevel marketing schemes employ the multilevel structure wherein distributors at different levels are given the right to recruit other distributors who earn commissions based on the sale of consumer products or services, in pyramid sales scheme, the multilevel marketing structure focuses on the program of distributor's recruitment in order to earn commissions primarily from the recruitment activities. There lies the fine line distinction between legitimate multilevel marketing system from an illegal pyramidizing scheme which were not properly addressed by the current legislation. Hence, an amendatory legislation is highly recommended.