

RCW 19.275.020 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Compensation" means payment, regardless of how it is characterized, of money, financial benefit, or thing of value. "Compensation" does not include payment based on the sale of goods or services to anyone who is purchasing the goods or services for actual use or consumption.

(2) "Consideration" means the payment, regardless of how it is characterized, of cash or the purchase of goods, services, or intangible property. "Consideration" does not include:

(a) The purchase of goods or services furnished at cost to be used in making sales and not for resale;

(b) The purchase of goods or services subject to a bona fide repurchase agreement as defined in subsection (5) of this section; or

(c) Time and effort spent in pursuit of sales or recruiting activities.

(3) "Person" means natural persons, corporations, trusts, partnerships, incorporated or unincorporated associations, or any other legal entity.

(4) "Pyramid schemes" means any plan or operation in which a person gives consideration for the right or opportunity to receive compensation that is derived primarily from the recruitment of other persons as participants in the plan or operation, rather than from the bona fide sale of goods, services, or intangible property to a person or by persons to others.

(5) (a) "Repurchase agreement" means an enforceable agreement by the seller to repurchase, at the buyer's written request, all currently marketable inventory within one year from its date of purchase; and the refund must not be less than ninety percent of the original net cost, less any consideration received by the buyer when he or she bought the products being returned.

(b) Products shall not be considered currently marketable if returned for repurchase after the products' commercially reasonable usable or shelf life has passed, or if it has been clearly disclosed to the buyer that the products are seasonal, discontinued, or special promotion products that are not subject to the repurchase obligation.
[2006 c 65 s 2.]