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**GENERAL NOTICE**

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NOTICE 202 OF 2006

DEPARTMENT OF TRADE AND INDUSTRY

**CONSUMER AFFAIRS (UNFAIR BUSINESS PRACTICES) ACT,  
1988**

I, **Mandisi Mpahiwa**, MP, Minister of Trade and Industry, do **hereby**, in terms of **section 10(3)** of the **Consumer Affairs (Unfair Business Practices) Act, 1988** (Act No. **77** of 1988, the Act), **publish** the arrangement dated **19 October** 2005 entered into between the **Consumer Affairs Committee** and **Silver Lake Trading 79 (Pty) Ltd t/a Basadi Emang Poverty Project** and **its** Director.



**M B M MPAHLWA**

**MINISTER OF TRADE AND INDUSTRY**

## AGREEMENT

### Background

Silver Lake Trading 19 (Pty) Ltd t/a Basadi Emang Poverty Project 2003/029755/07 (the company) and its Director Makgake Venolia Moswa (the director) are involved in a skills development project in rural areas. This project involves providing unemployed women with sewing machines and training them to make bedding sets, duvet sets and curtains (the products). These products are sold to the public at a profit. The parties have also been involved in a business selling empowerment certificates (the scheme) to consumers at a cost of R15.00. Having paid the R15 consumers earn the right to recruit other consumers to join the scheme. They then move to another level in the scheme and receive commission for recruiting.

The Company and the director acknowledge that the Consumer Affairs Committee (the Committee), after undertaking a section 4(1)(c) investigations in terms of the Consumer Affairs (Unfair Business Practices) Act, 71 of 1988 (the Act), found that the scheme probably constituted a prohibited pyramid scheme. Such schemes were prohibited in Notice 1134 published in June 1999. In addition, the scheme is probably an unfair business practice as defined in the Act because consumers will be prejudiced and/or deceived and/or affected when it becomes impossible to find further consumers in the community to join the scheme and those who purchase certificates in the hope of recruiting others may find it difficult to recoup the money they have spent. We therefore also acknowledge that in the opinion of the Committee, we have been involved in an unfair business practices as defined in the Act.

In view of the above, we have decided to discontinue the scheme.

We have been informed that in terms of section 9 of the Act, the Committee may, at any time, negotiate with any person with the view to making an arrangement which, *in the opinion of the Committee*, will ensure discontinuance of an unfair business practice which exists or may come into existence and which is the subject of an investigation. We are therefore prepared to negotiate with the representatives of the Committee and to make an arrangement regarding our future conduct.

**Undertaking:** In view of the above I, Makgake Venolia Moswa, undertake in my personal capacity and as a representative of the company:

- (1) to discontinue with the practice of selling empowerment certificates to consumers.
- (2) to ensure that all consumers who were members of the scheme will be eligible to join the skills development program and may sell products produced by the company at a profit.
- (3) to provide **all** interested members of the scheme with the products to **sell** to the community. Once a person has successfully sold the products, such a person will be then receive commission from the sale of products only from the company.
- (4) to ensure that commission ~~is~~ determined **by** the *number* of products sold by an individual.
- (5) to ensure that we do not engage in an illegal pyramid scheme in the future.
- (6) to refund the joining fee of R15.00 to all consumers who are not interested in becoming agents and selling the products.

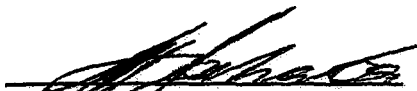
I further **understand** that any contravention of this undertaking may **lead to an** investigation in terms of section 8(1)(a) of the Act.



MAKGAKE VENOLIA MOSWA

19 October 2005

DATE



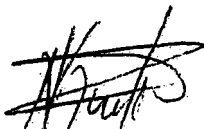
Signature

Witness (1)

Name & Surname in **block** letters

Address

MALOPE  
ABEL



Signature

Witness (2)

Name & Surname in **block** letters

Address

N. KULJEETA  
DTI - PRETORIA