

Royal Decree No. (M/19) Dated 23/4/1429H (corresponding to 29/4/2008)
Concerning the Approval of the Anti-Commercial Fraud Law

WITH THE HELP OF ALMIGHTY ALLAH,

WE, ABDULLAH BIN ABDULAZIZ AL-SAUD, KING OF THE KINGDOM OF SAUDI ARABIA,

Upon the Article (70) of the Basic Law of Saudi Arabia, issued upon the Royal Decree no. (A/90) dated 27/8/1412H (corresponding to 2/3/1992AD),

Upon the Article (20) of the Law of the Council of Ministers of Saudi Arabia, issued upon the Royal Decree no. (A/13) dated 3/3/1414H (corresponding to 21/8/1993AD),

Upon the Article (18) of the Law of Majlis Ash Shura “Consultative Assembly of Saudi Arabia” issued upon the Royal Decree no. (A/91) dated 27/6/1428H (corresponding to 12/7/2007AD),

And after reviewing the Council of Minister's Resolution no. (119) dated 22/4/1429H (corresponding to 28/4/2008),

DO HEREBY DECREE THE FOLLOWING:

First: The approval of the Anti-Commercial Fraud Law with the attached form.

Second: His Royal Highness the Deputy Prime Minister and Ministers shall bring this Decree into force, each within the scope of his jurisdiction.

Abdullah bin Abdulaziz

Anti-Commercial Fraud Law

Chapter One

Definitions

Article 1

The following words and phrases, wherever mentioned in this Law, shall have the meanings expressed next to them, unless the context requires otherwise:

Law: Anti-Commercial Fraud Law.

Regulations: Implementing Regulations of the Anti-Commercial Fraud Law.

Fraudulent Product:

- a. Any product that has been altered or tampered with in any way, causing it to lose some of its material or moral value, by means of discount, manufacturing or any other means; whether in its substance, nature, kind, type, shape, components, features, requirements, characteristics, origin or quantity in terms of weight, measure, measurement, number, capacity or caliber.
- b. Any product not conforming to the approved standard specifications.
- c. Defective product: Any product no longer fit for utilization, use or consumption as specified by the Regulations.

Approved Standard Specifications:

Specifications issued by the Saudi Arabian Standards Organization or by any other local or international body and adopted by said Organization.

Ministry: Ministry of Commerce and Industry.

Minister: Minister of Commerce and Industry.

Chapter Two

Violations

Article 2

A person shall be considered a violator of the provisions of this law if he:

1. Deceives or attempts to deceive by any means in any of the following:

- a. Product's essence, nature, kind, type, components or essential characteristics.
 - b. Product's origin.
 - c. Product's quantity, whether in terms of weight, measure, size, number, capacity or caliber.
2. Commits or attempts to commit fraud.
 3. Sells or offers a fraudulent product for sale.
 4. Seizes a fraudulent product with the intent to trade in.
 5. Manufactures, produces, sizes, sells or offers products not conforming to applicable standard specifications for sale.
 6. Uses canisters, vessels, packages, containers or stickers not conforming to applicable standard specifications, in preparing products for sale.
 7. Fills, packs, ties, distributes, stores or transports products not conforming to applicable standard specifications.
 8. Imports, manufactures, prints, seizes, sells or offers containers, packages or labels used in fraud for sale.
 9. Imports a fraudulent product.

Article 3

If a fraudulent product is distributed, the producer, importer and distributor shall commit to provide the Ministry with information regarding the quantity of such product as well as the names and addresses of retailers to whom the product is distributed, immediately upon being aware of, notified or informed of the violation at the address shown in the commercial register or provided to the Chamber of Commerce and Industry, or when the violation is recorded.

Article 4

It shall not be allowed to offer discounts in products prices or launch commercial contests by any means without obtaining a license from the Ministry.

Chapter Three

Recording, Investigation and Trial

Article 5

Officials from the Ministry, the Ministry of Municipalities and Rural Affairs, and the Saudi Food and Drug Authority, appointed pursuant to a decision by the Minister after obtaining the approval of their relevant authorities, shall be liable, jointly or severally, for recording and establishing violations of the provisions of this Law and shall be considered judicial recording officers. The mentioned officials shall be under the liability and supervision of the Ministry.

Article 6

If the judicial recording officer has compelling grounds to believe that the provisions of this Law are being violated, he may collect samples of the suspected product for analysis and file a report on the incident. Said report shall include all data necessary to verify the samples and the product in accordance with the Regulations.

Article 7

A retailer shall be prohibited from disposing of a suspected product prior to it is passed by the test.

Article 8

In case of food products, the competent authority shall test the product and release the result within a period not exceeding 15 days. The Regulations shall specify the periods required for the other products.

Article 9

It shall be prohibited to prevent the judicial recording officers from performing their duties in inspecting and recording violations, accessing factories, stores, shops or others, or obtaining samples of the suspected products. The judicial recording officers shall provide proof of their identity as recording officers. They may close down a shop until the retailer informs the owner of the shop and grants them access to the shop.

Article 10

Pursuant to a resolution by the Council of Ministers, upon the recommendation of the Minister in coordination with the Minister of Municipalities and Rural Affairs and the Head of the Saudi Food and Drug Authority, rules shall be issued for granting financial rewards to the officials referred to in Article (5) of this Law.

Article 11

A reward of not more than (25%) from the collected fine shall be granted to any person, other than the officials referred to in Article (5) of this Law, who assists in exposing incidents of commercial fraud resulting in the arrest and conviction of violators in accordance with the Regulations.

Article 12

The Bureau of Investigation and Public Prosecution shall have jurisdiction to investigate and prosecute violations set forth in this Law.

Article 13

The Board of Grievances shall have jurisdiction to decide all violations, disputes and claims for damages arising from the application of the provisions of this Law.

Article 14

The seller, whomever the product is distributed on his behalf, managers of companies, cooperatives and establishments as well as shops shall be liable for all violations of the provisions of this Law, and each shall be subject to the penalties prescribed for violators. If any of them proves that the violation is due to reasons beyond his control, the penalty shall be inflicted solely on the violator.

Chapter Four

Penalties

Article 16

A person committing a violation provided for in Article (2) of this Law shall be subject to a fine not exceeding SR 500 thousand, imprisonment for a period of not more than 2 years or to both penalties.

Article 17

A person committing a violation provided for in Article (4) of this Law shall be subject to a fine not exceeding SR 50 thousand, imprisonment for a period of not more than 6 months or to both penalties.

Article 18

A fine not exceeding SR 1 million, imprisonment for a period of not more than 3 years or to both penalties shall be imposed in the following two cases:

1. If the fraud or attempted fraud is combined with the use of false or nonstandard weights, measurements, measures, stamps or other testing devices; the use of means that would affect badly on the process of weighing, measuring or testing a product, or if the fraudulent product or the materials are harmful to the health of humans or animals.
2. If any of the violations provided for in Articles (3), (7) and (9) of this Law is committed.

Article 19

Without prejudice to the penalties provided for in Article (18) of this Law, any person disposing of impounded products shall be subject to a fine equal to their value.

Article 20

Without prejudice to the penalties provided for in this Law, a judgment may be rendered to close the shop in violation for a period not exceeding one year for violations provided for in Article (2) of this Law.

Article 21

In all cases where fraud is established, the fraudulent product must be destroyed or disposed of in any appropriate manner, and the tools used in fraud or deceit shall be confiscated. The Regulations shall specify the way of disposing of them.

Article 22

Without prejudice to the aggrieved party's right to claim for damages arising from one of the violations provided for in this Law, a violator shall commit to withdraw the fraudulent product and repay the value thereof to the buyer in accordance with terms and procedures stipulated in the Regulations.

Article 23

The Bureau of Investigation and Public Prosecution may request the imposition of a travel ban on any person proven by the investigation to be in violation of the provisions of this Law until a final judgment is rendered. In case of conviction, the competent authority shall order the deportation of the expatriate from the Kingdom after enforcing the judgment. Said expatriate may not be allowed to return to the Kingdom for work.

Article 24

If a violator repeats a violation set forth in this Law within 5 years from the date of the final judgment, he shall be subject to a penalty not exceeding the double of the maximum penalty prescribed for the violation. If the violator further repeats the violation, he shall, in addition to the prescribed penalties, be banned from engaging in commercial activities for a period not exceeding 5 years.

Article 25

A summary of the final judgment of conviction for a violation provided for in the previous articles shall be published in two daily newspapers at the convicted person's expense, provided that one of the newspapers is published in the area where the violation occurred or the nearest area thereto.

Article 26

Penalties provided for in this Law shall be imposed on any person participating in or instigating a violation.

Article 27

In case of necessity or urgency, the Minister may order a provisional attachment of a product and withdraw it from the markets in case of suspected fraud, provided that

the attachment order is referred to the Board of Grievances within a period not exceeding 72 hours, as stipulated in the Regulations, to confirm or annul the attachment.

Chapter Five

Concluding Provisions

Article 28

The Minister shall issue the Implementing Regulations of this Law. Said Regulations shall be published in the Official Gazette within 90 days from the date of issuance.

Article 29

This Law shall supersede the Anti-Commercial Fraud Law issued upon the Royal Decree no. (M/11), dated 29/5/1404H (corresponding to 2/3/1984).

Article 30

This Law shall be published in the Official Gazette and shall come into effect after 90 days from the date of publication.