

**The Executive Regulations for the Combat of Commercial Fraud  
Law  
Ministerial Resolution No. 1327/3/1 dated 01.06.1405H.**

**General Provisions**

**Article (1):**

The adulterated good according to paragraph (d) of article (1) of the law are those goods that are promoted contrary to their essence in any of the modes of advertisement modes, such as: distribution of bulletins, or placing posters, or advertising them in one of the mass media like the newspapers, radio, and television.

**Article (2):**

The expression “prescribed specifications” set forth in article (3) of the Combat of Commercial Fraud law means the following:

- 1st. The specifications issued by the Saudi Specifications and Standards Organization or those issued by other local or international bodies and approved by the said Corporation.
- 2nd. The specifications issued by administrative bodies mandated by their laws to issue such specifications or conditions. Cases in which goods that are not in conformity with the prescribed specifications are considered adulterated or spoiled (rotten).

**Article (3):**

Goods that are not in conformity with the prescribed specifications are considered adulterated or spoiled in the following cases:

- 1st. Lack of any of the requirements to be satisfied in the goods or the violation of such requirements in any form, or modifying them by deleting or adding to them contrary to the specifications.
- 2nd. If the goods are legally prohibited or prevented or contain anything of this kind.
- 3rd. Violation of the specifications concerning the commodity and this excludes the violations that cause health or material damage to the consumer; provided that such violations should be removed by the prescribed means.
- 4th. Violation of the health conditions for the food factories and those working in them, which are set forth in the standard specifications.
- 5th. Violation of the packing conditions or transport or storage or display conditions.

Regulations for removing fraud of the exported good and the appropriate period thereof. And how they are disposed of.

**Article (4):**

Fraud shall be removed from the exported goods by eliminating the reasons of the violation in accordance with the provisions set forth in the following articles. These provisions shall not apply to the spoiled or bad exported goods.

**Article (5):**

The cause of violation shall be removed by correcting the wrong data related to the goods, whether such data is set out in its card or in its description or modes of advertisement in case the concerned undersecretary or his deputy considers that this is possible. Such data should be corrected clearly in a way that does not allow such data to be changed or manipulated.

**Article (6):**

The measures for removing the cause of the violation shall be taken by the exporter immediately upon his official notification thereof, and he should terminate such measures within a period not exceeding the third of the remaining validity period prescribed for the commodity at a maximum period not exceeding sixty days in all cases. In case the correction cannot be made within the said period, the concerned Ministry's undersecretary or his deputy may, based on the reasons to be submitted by the exporter, issue the appropriate extension decision.

**Article (7):**

The exporter may, before termination of the term or terms specified for removing the cause of the violation, apply for re-exporting the commodity due to the impossibility of carrying out the measures for removing the fraud from such commodity.

**Article (8):**

Notwithstanding the Customs Law and its executive regulations, and the imposition of the legally prescribed penalties, the Ministry's undersecretary shall permit the exporter to dispose of the commodity if it is proved by an examination by the competent administrative authority at the Ministry of Commerce that the required correction has been satisfied within the specified term of terms.

**Article (9):**

If the exporter did not remove the cause of the violation from the commodity or did not apply for re-export within the specified term of

terms, the commodity shall be confiscated administratively without consideration by virtue of record and confiscation minutes. Such commodity shall be disposed of either by disbursement free of charge to charitable organizations, or by selling it by auction after taking measures for removing the cause of the violation therefrom; provided that the expenses consequential on the proceeds of the sale are deducted, or disposing of it in any other way that may realize the public interest.

The means of disposition in shall be determined in each case by decision of the competent undersecretary of the Ministry or his deputy.

Regulations for removing fraud or re-manufacturing or preparing the manufactured commodity or locally prepared commodity and the necessary period and how it shall be disposed of.

**Article (10):**

Fraud shall be removed from the manufactured commodity or locally prepared commodity in accordance with the provisions concerning the exported goods to the extent that it is not contrary to its nature, and such provisions shall not apply to the manufactured or locally prepared goods or those not suitable for consumption.

**Article (11):**

The competent undersecretary of the Ministry or his deputy may, if he considers it possible based on request of the manufacturer or supplier or on his own motion, approve the re-manufacture or preparation of the adulterated commodity in a way that renders it suitable for use for the purpose for which it was manufactured or prepared and conforming to the prescribed specifications thereof (if any) or for use in any other purpose. Provided that he should specify the term during which the re-manufacture or preparation shall be made for the reasons to be tendered by the manufacturer or supplier and assessed by the competent undersecretary of the Ministry or his deputy.

**Article (12):**

It is a condition for approval of the re-manufacture or preparation of any commodity that it should be established that the manufacturer or supplier has preserved it in the manufacturing or supplying it and withdrawing it from being circulated in the market if it had been displayed in the market. He should undertake to refrain from disposing in it wholly or partially, except after re-manufacturing or supplying it in accordance with the conditions contained in the decision approving it after its examination by the competent

administrative authority, and the issuance of the approval of the decision of the competent undersecretary to launch it for circulation and consumption.

**Article (13):**

It is possible to approve the re-manufacturing and supply and disposition of the big quantities in batches in observance of the rules and procedures specified in the preceding article.

**Article (14):**

If the manufacturer or supplier does not take measures to remove the fraud or re-manufacture or supply the violating commodity as the case may be within the term and terms specified for it and in accordance with the rules and proceedings aforementioned, the commodity shall be confiscated administratively without consideration, and it shall be disposed of as set forth in article (9) of this regulations, unless it is proved that it is not suitable for consumption in any legal way, in which case it shall be destroyed, and a record prepared therefor.

**Mode of disposition in the adulterated or rotten goods or those not suitable for use which are confiscated**

**Article (15):**

The adulterated or rotten goods or those not suitable for use which are sold or launched for sale shall be administratively confiscated without consideration, and they shall be disposed of as follows:

- 1st. Goods that in whose requirements fraud is proved or are proved to be false or not suitable for use for any purpose whatsoever shall be destroyed in the way to be assessed by the competent administrative body that detected after writing minutes of such detection and confiscation.
- 2nd. With the exception of the goods referred to in the preceding paragraph, the confiscated goods shall be disposed of in the manner set forth in article (9) of these regulations.

**Mode of disposition of items, or packages or publications meant to adulterate any commodity**

**Article (16):**

Items, or packages or publications meant to adulterate any commodity shall be confiscated administratively without consideration in accordance with the provision of article (8) of the law by virtue of the minutes of a detection and confiscation. They shall be disposed of by the administrative authority that detected them in the manner set forth

in article (9) of these regulations if it is proved that it is suitable for use for any of the legitimate purposes. With the exception of this, they shall be destroyed by the means to be assessed by the competent administrative authority that detected them after writing a record for such destruction.

**Detecting Violations and Taking of Specimen of the goods the subject of Violation:**

**Article (17):**

The officials referred to in article (14) of the law shall undertake jointly and severally detect whatever violations to the Combat of Commercial Fraud Law and its Executive Regulations are committed, whether as a result of a complaint lodged by one of the persons, or as a result of their passage in the markets and commercial centers. A detection of the fact record shall be written and signed by the person who wrote it, and by the owner of the place or anyone acting in his place at the time of such detecting.

**Article (18):**

Any one of the officials referred to in the preceding article may, in the cause of performing the tasks assigned to them, carry out the following:

- 1st. enter the places in which the goods subject to the provisions of the Combat of Commercial Fraud Law are found and any passages, warehouses, and places for storing and preserving goods attached thereto, whether such places are allocated for such purpose or are used as part thereto for any other purpose, such as accommodation, etc.
- 2nd. Preserving the goods whose validity is suspected or which violate the prescribed specifications, and documents related thereto whenever necessary. And so too with the copy of the commercial register and copy of a contract of ownership or lease of the place. A record of attachment shall be written and signed by the official and by the owner of the place of any one acting in his place, provided that the official shall should record in the minutes the place in which such goods were preserve, whether it is the trader's warehouse, or a corner of his place or warehouse allocated for that purpose by the municipality, after verifying that such goods are not attached by any other official body and after the owner of the goods duly makes an undertaking to that effect. If he informs that they are attached,

he should provide documents evidencing this. Goods shall be preserved in all cases; provided that coordination shall be made with the attaching body, and cause a representative to participate on his behalf if it is decided that such goods be confiscated or destroyed in accordance with the provisions of the Combat of Commercial Fraud Law.

3rd. The conduct of an immediate investigate with the violator if this is considered expedient after confronting such violator with the violation ascribed to him, and in all cases the violator should be permitted to provide his remarks in writing and record them in a minutes of detection after recording his name, nationality and description on the trading place, and his residence address and address of the trading center. The violator may also verify the character of the official who detected the fraud.

**Article (19):**

Specimens shall be taken for examination and analysis whenever there is a strong suspicion as to fraud or decay or unsuitability for use under supervision of the competent officials in accordance with provision of article (14) of the law and in accordance with the following rules and procedures:

1st. The fact of taking specimens shall be recorded in a minutes of detection, and the owner of the goods shall not be entitled to any consideration. Nevertheless, he shall be entitled to it in respect of non-nutritional goods of substantial material value, which should be returned to the trader if it is proved from the examination and analysis that they are suitable for use.

2nd. Specimens shall be taken in a random manner, and quantities thereof shall be determined in light of the detected quantity and type of the packages, provided that it should be observed as far as possible that three similar specimens are taken, and if this is not possible due to the lack of quantity, one specimen shall suffice.

3rd. In respect of large packages, the use of means of drawing suitable specimen and preservation utensils and means of transport, which do not lead to pollution of the specimens or changing their characteristics shall be observed.

4th. Each specimen shall be entered in custody and signed and stamped with the stamp of the writer of the

record, and a card with a flap containing the following particulars:

1. Name of specimen.
2. Name of the owner of the specimen and his place of residence.
3. Date of taking the specimen.
4. Name of the person taking the specimen, his title and signature on the card with a flap showing the date of the specimen, its name and secret code.

**E.** The particulars set forth in the card concerning the specimen shall be recorded in a book with consecutive figures per each year. The number of the register shall be designated and then one of the specimens is sent to the laboratory after stripping the card without the flap, and receipt of the second specimen, stamped to the person concerned or his representative. The third specimen shall be kept with the competent administrative authority till the findings of the laboratory examination and analysis.

**F.** The examination and analysis shall be the responsibility of quality control laboratories belonging to the Ministry of Commerce or any laboratory to be approved by decision of the Ministry of Commerce.

**G.** The examination and analysis shall be completed within a period not exceeding (15) fifteen days from the date of taking the specimen.

**H.** If it is proved from the examination or analysis that the commodity is not in conformity in its requirements with the specifications, the trader shall be notified of this, and he shall be caused to undertake not to dispose of the attached quantities. The competent official shall refer this directly to his official reference to complete the regulatory procedures.

**I.** If the trader is not notified of the finding of the examination and analysis at a maximum date of one month from the date of taking the specimen, the attachment procedures shall be considered as of no effect, unless the trader is notified of the reason of the delay before the end of this period.

**J.** The goods from which specimens cannot be taken. In accordance with the proceedings set out in the previous articles, the relevant proceedings shall be issued in the form of circulars by the General administration for the Consumer protection. Until such circulars are issued, the rules and procedures currently applicable in this regard shall continue in effect.

**Mode of Establishing Decay of the Commodity and How It Is Disposed Of**

**Article (20):**

**The decay of the commodity shall proved by any of the following:**

1. By termination of the period of validity legally prescribed, or provided for on the classification card.
2. By declaration of the owner of the commodity.
3. By findings of the examination or laboratory analysis.
4. In relation to the fast perishable foodstuffs, in accordance with a decision to be taken by His Excellency, the Minister of Municipal & Rural Affairs

**Article (21):**

The commodities proved to be rotten in accordance with the provisions of the previous article shall be confiscated administratively without consideration and shall be disposed of in the manner set forth in article (9) if it transpires that it is valid for use for any purpose in a legitimate way, otherwise it shall be destroyed in the way determined by the competent administrative authority that detected such commodity after writing a record for this.

**Article (22):**

The municipalities and village groups shall refer records of the violations detected by its inspectors and its enclosures to the General administrative for the consumer protection at the Ministry of Commerce or the competent branch of the Ministry of Commerce, as the case may be, in accordance with the circular of the Deputy of the Minister of Municipalities and Rural Affairs under No. 1401/3 S dated 02.11.1404H.

**Article (23):**

The General Administration for the consumer protection at the Ministry of Commerce or the competent branch manager, as the case may, shall undertake to refer the commercial fraud violations and what has been done regarding them, and all the relevant papers and documents to the competent committee for the settlement of the commercial fraud violations.

**The Trial Proceedings and Passing of Decisions and their notification to the Violators**

**Article (24):**

The committees of settlement of violations of the commercial fraud shall practice their jurisdictions specified in the law, in observance of the rules and procedures provided for in the following articles:

**Article (25):**

The chairman of the Committee, who shall be specified by the decision issued to form it, shall undertake the supervision of its technical and administrations and fix the dates of the sessions, and distribute the work between him and the members of the Committee, and refer its decisions to the Ministry.

**Article (26):**

The concerned parties shall be notified of the date of the session fixed for consideration of the violation at least one week ahead of the said session; provided that this notice should contain a statement of the charge attributed to the violator, and a summons served on him to attend the hearing of his statements, as well as his right to present whatever documents he may wish to submit. The Committee may, if it sees it fit, summon the official who detected the violation to explain any issue related thereto.

**Article (27):** the Committee shall satisfy the investigations, which he sees, fit, and shall also conduct the necessary examinations on the place of detection if it considers such step to be necessary. It shall conduct in this case the examination by the whole of its membership and by deputing one of its members to this assignment; provided that he should submit to the Committee a report of the findings of the examination.

**Article (28):** the Committee shall consider the transactions referred to it as quickly as possible. Nevertheless, if the circumstances require consideration of the violation in more than one session, it shall be observed that the parties concerned who are absent from attending either of the meetings shall be notified of the date of the following session.

**Article (29):** the meeting of the Committee shall not be valid except in the presence of all its members, and its decisions shall be passed by majority, and each member shall undertake to prepare the decisions that are assigned to him to prepare.

**Article (30):**

1st. The concerned parties shall be notified of the copy of the decision issued in relation to them by the Secretary of the Committee, which issued the decision. Such decision shall provide for their right to appeal within thirty days before the Board of Grievances if the decision involved punishment with imprisonment. But if the decision contains no punishment with

imprisonment, it shall be deemed final after its approval by the Minister of Commerce.

- 2nd. A committee shall be formed at the Ministry to examine and consider the decisions of the committees that do not contain any punishment with imprisonment. The Assistant Undersecretary of the Ministry for Legal Affairs shall undertake forward such decisions, together with the finding of the study and his opinion therein to the Minister of Commerce. The Minister may approve the decision or object against it, and return it to the Committee, which passed if it is contrary to the law, or if the punishment is unsuitable to the violation. The committee shall undertake the settlement of the decisions returned to them, avoiding any defects that may have characterized the decision. The concerned parties shall be notified of the copy of these decisions after their approval by the Minister.
- 3rd. If the concerned parties did not appeal against the decisions containing a punishment with imprisonment within the period specified by the law for such appeal, the provision of paragraph (B) of the section (secondly) of this decision shall be applied to such decisions.
- 4th. The original copy of the decision shall be sent, with the entire file of the case, to the General administration for the Combat of Commercial Fraud to complete whatever is legally necessary regarding this case.

**Article (31):** The concerned parties shall be notified of the dates of the sessions and the decisions issued by the Committee by delivering to them personally or to those serving under them or those duly acting on their behalf through branches or offices of the Ministry (if any) or through the town principality (Emirate), each within its own jurisdiction.