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February 28, 2024

VIA ELECTRONIC MAIL

Chair Pamela G. Beidle
Senate Finance Committee
Miller Senate Office Building, 2 East
Annapolis, Maryland 21401

Re: **Favorable with Amendments on behalf of InComm
Payments – Senate Bill 760 – Consumer Protection -
Retail Sales of Gift Cards**

Chair Beidle:

InComm Payments (“InComm”) has been a leader in the prepaid and gift card industry for over 30 years. InComm’s products and programs are used by tens of millions of consumers each year and their gift cards continue to expand in consumer popularity. In recent years, criminals have greatly increased their efforts targeting the gift card industry – and InComm has not been immune. Although fraud only impacts an extremely small percentage of all prepaid cards sold, InComm is fully committed to supporting those consumers who are affected. InComm has been, and remains, at the forefront of innovation designed to combat fraudsters, leveraging new technologies, monitoring systems, and other security practices.

InComm supports a number of the fraud prevention measures in Senate Bill 760 and appreciates the Sponsor’s willingness to share draft amendments with us pertaining to the regulation of third-party marketplaces, in-store signage, and employee training. **However, InComm respectfully requests amendments to the open loop packaging requirements set forth in §14-4603(A)(3) of the bill.** It is imperative that the gift card industry maintains packaging flexibility to be able to continually innovate to combat rapidly evolving fraud techniques.

InComm is concerned with the statutory packaging constructs set forth in the bill. As proposed, the language in §14-4603(A)(3) will bind gift card issuers to packaging rules that simply will not permit the ability to adapt and evolve without legislative changes. For instance, while it may be logical to restrict the visibility of *card redemption data* (such as card or PIN number, CVV, expiration date (if any), or any other data utilized when redeeming a card), InComm feels strongly

there are no consumer benefits to restricting the visibility of *card activation data*. In fact, there are trusted anti-fraud techniques which leverage the visibility of activation data.

Furthermore, there is no reason to restrict any other non-redemption data that may be placed in a visible manner on the outside of the packaging – that data can also be of significant value in supporting both anti-fraud techniques as well as improved customer service functionality.

InComm’s proposed amendment to the Sponsor’s open loop packaging requirement is set forth below:

Senate Bill 760

(First Reading File Bill, as amended by proposed sponsor amendments)

Amendment No. 1:

On page 3, in line 22:

(3) FOR AN IN-PERSON SALE, ~~THE AN~~ OPEN-LOOP GIFT CARD; IS ENCLOSED IN SECURE PACKAGING THAT:

(I) IS SEALED IN A MANNER TO PROTECT A GIFT CARD’S REDEMPTION DATA THAT IS NOT EASILY OPENED WITHOUT SIGNS OF TAMPERING; ~~AND CONCEALS ALL NUMERIC CODES SPECIFIC TO ACTIVATION OR REDEMPTION OF THE GIFT CARD, INCLUDING ANY BAR CODE, CVV NUMBER, PIN NUMBER, OR ACTIVATION CODE; AND~~

(II) INCLUDES A WARNING THAT STATES (OR IS SUBSTANTIVELY SIMILAR TO) THE FOLLOWING:

“DO NOT SELL IF PACKAGING HAS BEEN BROKEN OR INDICATES TAMPERING”.

We respectfully request amendments to §14-4603(A)(3) of the bill to address our packaging concerns, and with those amendments, urge a favorable report on Senate Bill 760.

Sincerely,

/s/

Jason F. Weintraub