

HOUSE BILL 896

I3

4lr2023
CF SB 760

By: **Delegate Stewart**

Introduced and read first time: February 2, 2024

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Retail Sales of Gift Cards**
3 **(Gift Card Scams Prevention Act of 2024)**

4 FOR the purpose of requiring a merchant that conducts an online sale of a certain gift card
5 to register with the Division of Consumer Protection in the Office of the Attorney
6 General in a certain manner; authorizing the Division to charge a fee for the
7 registration; prohibiting a merchant from selling a gift card to a consumer unless the
8 merchant meets certain requirements; requiring a merchant that displays a gift card
9 for sale at a retail establishment to provide certain training to the employees of the
10 merchant regarding gift card fraud; requiring the Division to create a certain model
11 notice and issue certain guidelines regarding gift card fraud; making a violation of
12 this Act an unfair, abusive, or deceptive trade practice that is subject to enforcement
13 and penalties under the Maryland Consumer Protection Act; and generally relating
14 to the sale of gift cards and preventing gift card fraud.

15 BY repealing and reenacting, with amendments,
16 Article – Commercial Law
17 Section 13–301(14)(xl)
18 Annotated Code of Maryland
19 (2013 Replacement Volume and 2023 Supplement)

20 BY repealing and reenacting, without amendments,
21 Article – Commercial Law
22 Section 13–301(14)(xli)
23 Annotated Code of Maryland
24 (2013 Replacement Volume and 2023 Supplement)

25 BY adding to
26 Article – Commercial Law
27 Section 13–301(14)(xlii); and 14–4601 through 14–4606 to be under the new subtitle
28 “Subtitle 46. Gift Card Fraud”

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2013 Replacement Volume and 2023 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
4 That the Laws of Maryland read as follows:

5 **Article – Commercial Law**

6 13–301.

7 Unfair, abusive, or deceptive trade practices include any:

8 (14) Violation of a provision of:

9 (xl) Title 14, Subtitle 13 of the Public Safety Article; [or]

10 (xli) Title 14, Subtitle 45 of this article; or

11 **(XLII) TITLE 14, SUBTITLE 46 OF THIS ARTICLE; OR**

12 **SUBTITLE 46. GIFT CARD FRAUD.**

13 **14–4601.**

14 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
15 **INDICATED.**

16 **(B) “DIVISION” HAS THE MEANING STATED IN § 13–101 OF THIS ARTICLE.**

17 **(C) “GIFT CARD” MEANS A CARD, CODE, OR DEVICE THAT IS:**

18 **(1) ISSUED TO A CONSUMER ON A PREPAID BASIS PRIMARILY FOR**
19 **PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES IN A SPECIFIED AMOUNT,**
20 **REGARDLESS OF WHETHER THAT AMOUNT MAY BE INCREASED OR RELOADED IN**
21 **EXCHANGE FOR PAYMENT; AND**

22 **(2) REDEEMABLE ON PRESENTATION BY A CONSUMER AT A SINGLE**
23 **MERCHANT OR A GROUP OF AFFILIATED MERCHANTS.**

24 **(D) “MERCHANT” HAS THE MEANING STATED IN § 13–101 OF THIS ARTICLE.**

25 **14–4602.**

26 **(A) A MERCHANT THAT CONDUCTS ONLINE SALES OF GIFT CARDS TO**
27 **CONSUMERS SHALL REGISTER WITH THE DIVISION AS AN ONLINE SELLER OF GIFT**

1 CARDS.

2 (B) TO ENFORCE THE PROVISIONS OF THIS SUBTITLE, THE DIVISION MAY
3 CHARGE A MERCHANT AN ANNUAL FEE TO BE REGISTERED AS REQUIRED UNDER
4 THIS SECTION.

5 (C) THE DIVISION SHALL ESTABLISH A REGISTRATION PROCESS TO CARRY
6 OUT THIS SECTION.

7 14-4603.

8 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A
9 MERCHANT MAY NOT SELL A GIFT CARD TO A CONSUMER UNLESS:

10 (1) FOR AN ONLINE SALE, THE MERCHANT IS REGISTERED AS
11 REQUIRED UNDER § 14-4602 OF THIS SUBTITLE;

12 (2) THE MERCHANT CONSPICUOUSLY DISPLAYS A NOTICE IN
13 SUBSTANTIALLY THE SAME FORM AS THE MODEL NOTICE CREATED UNDER §
14 14-4605(1) OF THIS SUBTITLE:

15 (I) FOR AN IN-PERSON SALE:

16 1. AT OR NEAR THE PHYSICAL LOCATION WHERE THE
17 GIFT CARD IS DISPLAYED FOR SALE; OR

18 2. AT OR NEAR THE PHYSICAL LOCATION WHERE THE
19 SALE OCCURS; OR

20 (II) FOR AN ONLINE SALE, ON THE WEBPAGE THAT DISPLAYS
21 IMMEDIATELY BEFORE THE SALE IS FINALIZED; AND

22 (3) FOR AN IN-PERSON SALE, THE GIFT CARD IS ENCLOSED IN
23 SECURE PACKAGING THAT:

24 (I) IS SEALED IN A MANNER THAT IS NOT EASILY OPENED
25 WITHOUT SIGNS OF TAMPERING AND CONCEALS ALL NUMERIC CODES SPECIFIC TO
26 THE GIFT CARD, INCLUDING ANY BAR CODE, CVV NUMBER, PIN NUMBER, OR
27 ACTIVATION CODE; AND

28 (II) INCLUDES A WARNING THAT STATES THE FOLLOWING:

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

1 **(B) A MERCHANT MAY SELL A GIFT CARD THAT IS NOT ENCLOSED IN SECURE**
2 **PACKAGING AS REQUIRED UNDER SUBSECTION (A)(3) OF THIS SECTION IF:**

3 **(1) THE GIFT CARD IS A CHIP-ENABLED, NUMBERLESS CARD THAT IS**
4 **ACTIVATED BY A CONSUMER AFTER REGISTERING THE CARD ON THE CARD ISSUER'S**
5 **WEBSITE; OR**

6 **(2) THE GIFT CARD:**

7 **(I) IS SOLD EXCLUSIVELY BY:**

8 **1. A MERCHANT FOR USE ONLY AT THE RETAIL**
9 **ESTABLISHMENT OF THE MERCHANT; OR**

10 **2. A GROUP OF AFFILIATED MERCHANTS FOR USE ONLY**
11 **AT THE RETAIL ESTABLISHMENTS OF THE AFFILIATED MERCHANTS; AND**

12 **(II) IS SECURED IN A PHYSICAL LOCATION WITHIN THE**
13 **MERCHANT'S RETAIL ESTABLISHMENT THAT IS ACCESSIBLE ONLY BY AN EMPLOYEE**
14 **OF THE MERCHANT.**

15 **14-4604.**

16 **A MERCHANT THAT DISPLAYS A GIFT CARD FOR SALE AT A RETAIL**
17 **ESTABLISHMENT SHALL PROVIDE TRAINING TO THE EMPLOYEES OF THE MERCHANT**
18 **ON HOW TO IDENTIFY AND RESPOND TO GIFT CARD FRAUD IN ACCORDANCE WITH**
19 **THE GUIDELINES ESTABLISHED UNDER § 14-4605(2) OF THIS SUBTITLE.**

20 **14-4605.**

21 **THE DIVISION SHALL:**

22 **(1) CREATE A MODEL NOTICE FOR USE BY MERCHANTS THAT:**

23 **(I) CAUTIONS A CONSUMER ABOUT GIFT CARD SCAMS;**

24 **(II) INSTRUCTS A CONSUMER ON WHAT TO DO IF THE**
25 **CONSUMER SUSPECTS THE CONSUMER MAY BE A VICTIM OF A GIFT CARD SCAM; AND**

26 **(III) INDICATES A GIFT CARD MAY NOT BE USED TO PAY DEBT;**

27 **(2) ISSUE GUIDELINES REGARDING THE DETECTION AND**

1 PREVENTION OF GIFT CARD FRAUD THAT INCLUDE:

2 (I) INFORMATION THAT RAISES PUBLIC AWARENESS ABOUT
3 GIFT CARD FRAUD;

4 (II) INFORMATION ABOUT HOW COMMON GIFT CARD FRAUD
5 SCHEMES WORK; AND

6 (III) BEST PRACTICES FOR A MERCHANT TO PREVENT GIFT CARD
7 FRAUD; AND

8 (3) MAKE AVAILABLE ONLINE AND PERIODICALLY UPDATE THE
9 MODEL NOTICE AND GUIDELINES REQUIRED UNDER THIS SECTION.

10 14-4606.

11 A VIOLATION OF THIS SUBTITLE IS:

12 (1) AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE WITHIN
13 THE MEANING OF TITLE 13 OF THIS ARTICLE; AND

14 (2) SUBJECT TO THE PENALTY AND ENFORCEMENT PROVISIONS
15 CONTAINED IN TITLE 13 OF THIS ARTICLE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2024.