
By: **Senator Boozer**
Introduced and read first time: January 23, 1998
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Restaurant Gift Certificates - Escrow Account**

3 FOR the purpose of requiring certain persons that operate a restaurant that issues
4 gift certificates for redemption at the restaurant to maintain a certain amount
5 of money in an escrow account; establishing certain requirements for the escrow
6 account; requiring that money in the escrow account be used to reimburse
7 holders of outstanding gift certificates issued by the restaurant under certain
8 circumstances; requiring certain persons to publish a certain notice in a certain
9 manner; requiring gift certificates issued by a restaurant to contain a certain
10 notice; defining a certain term; and generally relating to gift certificates issued
11 by restaurants.

12 BY adding to
13 Article - Commercial Law
14 Section 14-1315
15 Annotated Code of Maryland
16 (1990 Replacement Volume and 1997 Supplement)

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

19 **Article - Commercial Law**

20 14-1315.

21 (A) IN THIS SECTION, "RESTAURANT LICENSEE" MEANS A PERSON THAT HAS
22 BEEN ISSUED A LICENSE TO OPERATE A RESTAURANT UNDER TITLE 17, SUBTITLE 16
23 OF THE BUSINESS REGULATION ARTICLE.

24 (B) (1) IF A RESTAURANT LICENSEE OPERATES A RESTAURANT THAT
25 ISSUES GIFT CERTIFICATES FOR REDEMPTION AT THE RESTAURANT, THE
26 RESTAURANT LICENSEE SHALL MAINTAIN IN AN ESCROW ACCOUNT AN AMOUNT OF
27 MONEY THAT IS EQUAL TO THE VALUE OF THE OUTSTANDING GIFT CERTIFICATES
28 ISSUED FOR REDEMPTION AT THE RESTAURANT.

1 (2) THE ESCROW ACCOUNT SHALL BE ESTABLISHED IN THE NAME OF
2 THE RESTAURANT THAT ISSUED THE GIFT CERTIFICATES AND SHALL BE SEPARATE
3 AND APART FROM THE REGULAR FUNDS OF THE RESTAURANT.

4 (C) (1) MONEY IN THE ESCROW ACCOUNT SHALL BE USED TO REIMBURSE
5 THE HOLDERS OF OUTSTANDING GIFT CERTIFICATES ISSUED BY THE RESTAURANT
6 FOR THE VALUE OF THE GIFT CERTIFICATES IN THE EVENT THE RESTAURANT
7 CEASES DOING BUSINESS OR IS OTHERWISE UNABLE TO HONOR THE GIFT
8 CERTIFICATES IT HAS ISSUED.

9 (2) ANY MONEY REMAINING IN THE ESCROW ACCOUNT AFTER
10 REIMBURSEMENT OF ALL HOLDERS OF GIFT CERTIFICATES WHO ARE ENTITLED TO
11 REIMBURSEMENT UNDER THIS SECTION MAY BE TREATED AS REGULAR FUNDS OF
12 THE RESTAURANT.

13 (D) WITHIN 10 DAYS AFTER DETERMINING THAT A RESTAURANT OPERATED
14 BY A RESTAURANT LICENSEE IS UNABLE TO HONOR THE GIFT CERTIFICATES ISSUED
15 BY THE RESTAURANT, THE RESTAURANT LICENSEE SHALL PUBLISH, IN ONE OR
16 MORE NEWSPAPERS OF GENERAL CIRCULATION IN THE COUNTY IN WHICH THE
17 RESTAURANT IS LOCATED, NOTICE OF:

18 (1) THE RIGHT OF HOLDERS OF GIFT CERTIFICATES TO
19 REIMBURSEMENT FOR THE VALUE OF THEIR OUTSTANDING GIFT CERTIFICATES;

20 (2) THE PROCEDURES TO FOLLOW TO RECEIVE REIMBURSEMENT,
21 INCLUDING THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE PERSON TO
22 CONTACT TO REQUEST REIMBURSEMENT; AND

23 (3) THE DATE BY WHICH REIMBURSEMENT MUST BE REQUESTED,
24 WHICH MAY NOT BE LESS THAN 3 WEEKS FROM THE DATE OF THE NOTICE.

25 (E) EACH GIFT CERTIFICATE ISSUED BY A RESTAURANT SHALL CONTAIN A
26 NOTICE OF THE RIGHT TO REIMBURSEMENT ESTABLISHED UNDER THIS SECTION.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 1998.