

Gift card tampering .pdf

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Position: FAV



Gift Card Crimes: HB1074



MRA

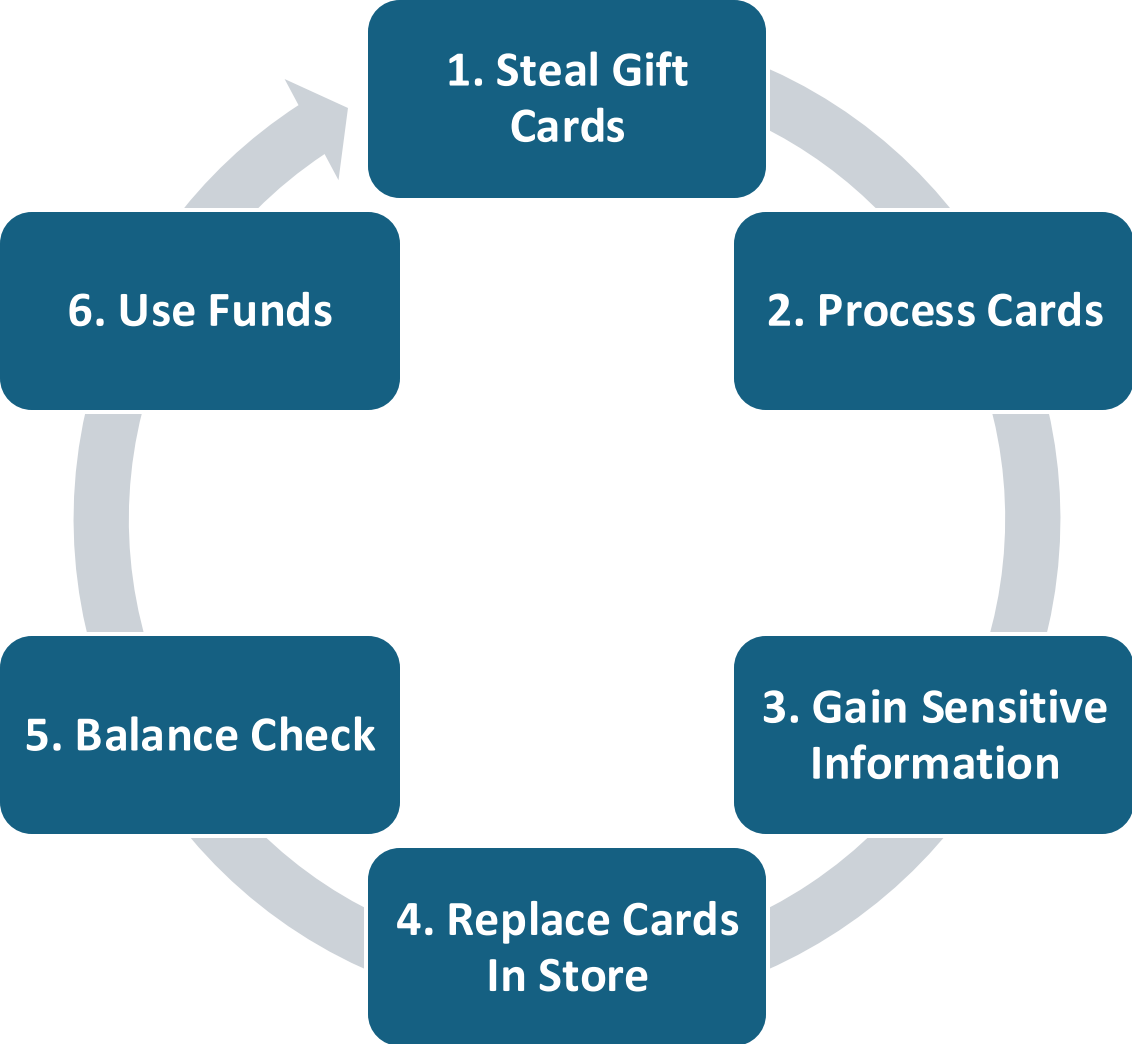
Maryland Retailers Alliance

OVERVIEW: Gift Card Tampering

- Consumers purchase prepaid financial instrument cards from retailers which are stored on an open sales floor, and which contain various security features to protect the cards unique, specific and private financial information like the card number and pin.
- Perpetrators of theft commonly work together with others to act in specific roles, and sometimes perform multiple roles individually, to steal funds after a consumer makes the purchase of a gift card.
- Bad actors are focusing on brands that can be exchanged for hardware or other goods that can be sold on online marketplaces.
- Major retailers with numerous outlets are the main targets. Cards are usually stolen from smaller stores and moved to high-traffic areas where inventory sells quickly.
- There is a noticeable concentration in certain states, particularly those along major highways like Interstate 95.
- Retailers that are implementing preventive measures are experiencing significant decreases in tampering incidents.

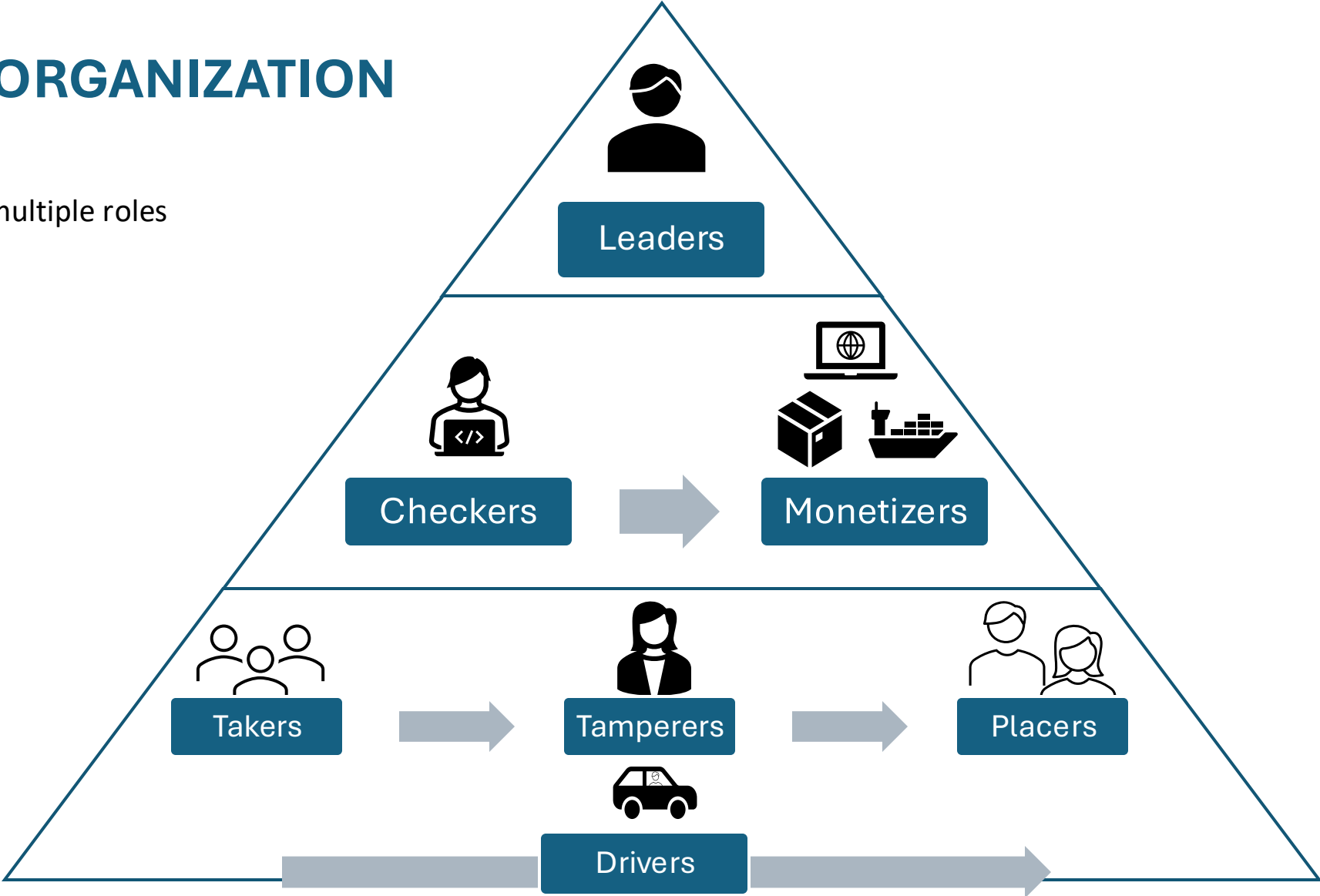


Method of Operation



ROLES OF THE ORGANIZATION

*Subjects may play single or multiple roles



1. STEAL THE GIFT CARDS

Subject (“takers”) obtains prepaid financial instrument cards (gift cards) from a retail establishment’s sales floor fixtures and remove the cards from the store without payment.

Subjects will act as or have a vehicle “driver” and may have a, or multiple, “lookouts” within the store.

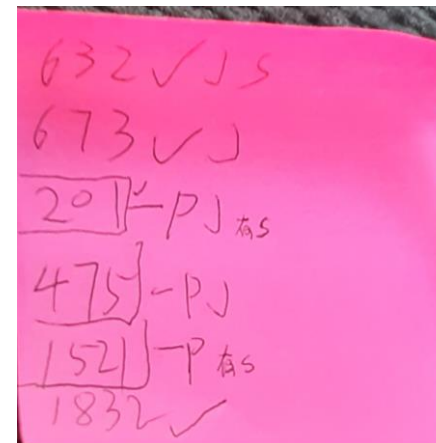


2. PROCESS THE CARDS

Subjects then take said cards offsite where the “tamperers” carefully and skillfully remove the cards’ security features (security stickers and/or packaging).

They then re-package the cards in a way that makes it difficult to tell that the packaging has been compromised.

**Subjects often track where cards are taken from, so they may replace the cards after they’re taken at the same store, to circumvent retailers’ technological fraud prevention systems*



Sample of tracking, based on addresses



3. GAIN CARD'S SENSITIVE INFORMATION

Subjects will obtain the cards' unique and private financial information (card numbers and pins) making them “compromised cards.”

Subjects then have the compromised cards' **security features either replaced or recreated**, to make the compromised cards/packaging appear *untampered*, to preserve the confidence of the consumer and concealing the fact the compromised cards' private information was compromised.



4. REPLACE THE CARDS BACK AT THE STORE

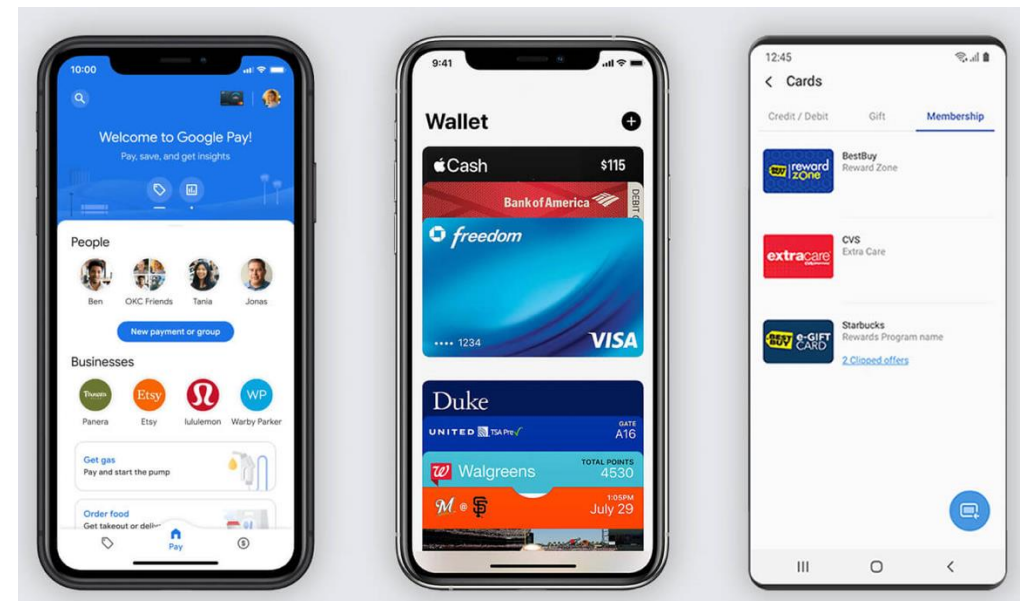
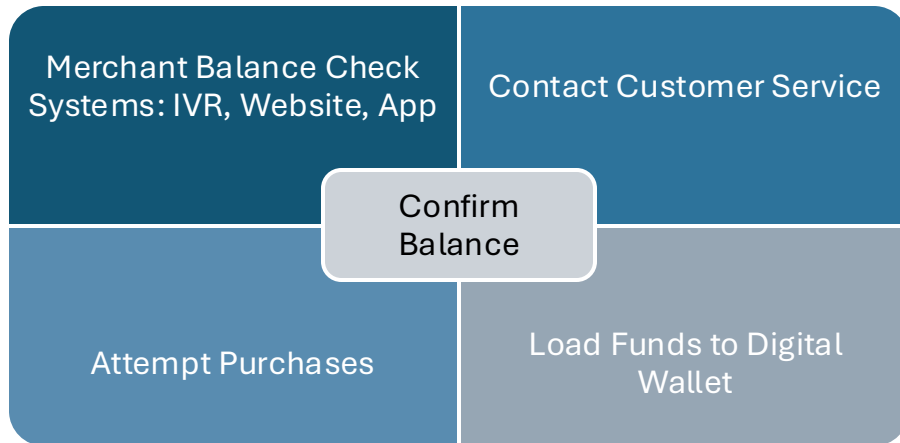
Subjects then **replace** the compromised cards **on store's fixture**, being either the same or different store, to pose the cards as uncompromised and available for **purchase by a consumer**.



5. BALANCE CHECK

The numbers and pins previously obtained from the card are then “**balance checked**” frequently so the subjects’, or those within their organization, are made aware when funds are placed on the compromised cards’ by a consumer.

Said balance checks may be in manual form (like via the phone) or via advanced electronic programs designed to provide easier and more frequent balance checks.



6. USE THE FUNDS FROM THE CARD

Upon the balance check of the compromised cards showing a balance, **subjects use the balance** removing it from the card without the cards' purchaser or owner being aware.

Fraudsters frequently utilize gift cards to purchase electronics, luxury items, tools, and more, often in tax-free states. These products are then shipped internationally to countries such as China, Russia, and select nations in the Middle East, where they are resold.





<https://www.dhs.gov/hsi/insider/recognize-respond-gift-card-fraud-retail>

WHAT IS PROJECT RED HOOK?

Project Red Hook was spearheaded under the auspices of Operation Boiling Point:

– This initiative was created to take a 30,000 ft view of the gift card fraud that is occurring transnationally and associated with international Organized Retail Crime (ORC) rings.

Immediate Goals and Priorities:

- Collect data at: GCFraud@hsi.dhs.gov or HSI Tip Line at 1-866-347-2423.
- Coordinate nationwide & eventually transnational investigative efforts to disrupt and dismantle these ORCs.



WORKING TOGETHER TO PROSECUTE GIFT CARD TAMPERING CRIMINALS

One of the challenges we are currently facing is a consistent and clear path to the prosecution of Card Tampering criminals, largely due to two key factors:

- Not having a strong partnership with law enforcement to educate regarding Card Tampering and potential tie to broader Organized Retail Crime rings.
- Because cards have no value throughout most of the “act of card tampering,” there has been a lack of clarity on what criminals could and should be charged with when they are caught in the act.

The Plan:

- HSI is urgently trying to increase national awareness regarding card tampering fraud across all Law Enforcement agencies at the Federal, State, and Local levels.
- HSI has documented a set of U.S. statutes immediately applicable to card tampering cases.
- Brands are updating their Terms & Conditions on both gift card products and card holder sites (i.e. balance inquiry) that will facilitate successful prosecution.
- HSI is engaging and educating brands regarding how to work with law enforcement to ensure arrests take place.



The following federal statutes are typically being used to prosecute gift card fraud:

Fraud and related activity in connection with access devices

- [18 U.S.C. § 1029\(a\)\(6\)](#) prohibits anyone, when acting “knowingly and with intent to defraud,” from soliciting a person for the purpose of “offering an access device,” or “selling information regarding . . . an access device,” “without the authorization of the issuer.”
- [18 U.S.C. § 1029\(a\)\(3\)](#) prohibits anyone, when acting “knowingly and with intent to defraud,” from “possess[ing] fifteen or more devices which are counterfeit or unauthorized access devices.” 18 U.S.C. § 1029(e)(3) defines the term “counterfeit access device” to mean “any access device that is lost, stolen, expired, revoked, canceled, or obtained with intent to defraud.”

Fraud and related activity in connection with computers

- [18 U.S.C. § 1030\(a\)](#) prohibits a wide variety of computer-related fraud. Section 1030(a)(2)(C), for instance, prohibits anyone from accessing a “protected computer . . . without authorization or exceeding authorized access,” and “obtaining information.” Section 1030(a)(4) prohibits accessing a “protective computer . . . knowingly and with intent to defraud” and obtaining “anything of value.”

Mail fraud and other fraud offenses

- [18 U.S.C. § 1341](#) – Elements of Mail Fraud



HSI Contacts:

- GCFraud@hsi.dhs.gov
- 1-866-347-2423

- **Project Red Hook**
- Adam Parks, Assistant Special Agent in Charge
- Adam.K.Parks@hsi.dhs.gov



What can Maryland do?

- HB1074 is a much needed statutory tool for law enforcement, prosecutors and retailers.
- At this time, gift card crimes cannot be adequately prosecuted.
- We urge the committee to address this ever-growing criminal enterprise.



HB1074 Gift card written Senate.pdf

Uploaded by: cailey locklair

Position: FAV

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



SB874 Criminal Law - Gift Card Crimes **House Judiciary Committee** **February 26, 2025**

Position: Favorable

Summary: Prohibiting a person from taking a certain gift card from another or receiving a gift card with the intent to use, sell, or transfer the gift card in a certain manner; prohibiting a person from receiving a gift card that the person knows was lost, mislaid, or delivered under a mistake and retaining possession in a certain manner; prohibiting a person from selling and buying a gift card under certain circumstances; etc.

Written Comments: The Maryland Retailers Alliance writes in strong support of **HB1074 Criminal Law – Gift Card Crimes**. Though the Gift Scams Prevention Act of 2024 has established a new packaging regime to help tackle the ever-growing issue of gift card fraud, it does not address the remaining issue that retailers face in situations of gift card theft: retailers struggle to pursue cases against perpetrators of gift card theft under current law because gift cards have no monetary value before they are activated. HB1074 would explicitly prohibit theft of gift cards with the intent to commit fraud, and would categorize such theft as a misdemeanor crime. This would allow retailers, law enforcement, and prosecution teams to further address the issue of gift card scams with the ability to pursue perpetrators of theft.

Gift card fraud can fall into several categories of theft schemes:

1. The perpetrator uses one of several fraud techniques to directly acquire a card, such as using a stolen credit card to buy a gift card.
2. The perpetrator adds an innocent shell to the scheme who is tricked into buying the card with the shell's money.
3. The focus of the fraud switches to stealing an existing card, or the funds thereon, out from under an innocent cardholder.
4. The fraudster attacks the card balance limit by scamming below the limit at retailers who elect not to authorize cards or by fraudulently beating the limit on large purchases.
5. The perpetrator goes straight to the heart of the matter and uses of counterfeit codes or instruments.
6. The card is purchased as a part of illicit or money laundering activities.

7. The fraud's focus is switched from the gift card to identity theft with the perpetrator seeking personal identifiable information on cardholders for later illicit purposes.

Because at this time there is very little retailers, law enforcement and prosecutors can do to address these types of crimes, we urge the legislature to take action by supporting this important piece of legislation before you.

SB 874_JPR_Morgan_FAV-.pdf

Uploaded by: Karen Morgan

Position: FAV



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**SB 874 – Criminal Law – Gift Card Crimes
FAVORABLE
Senate Judicial Proceedings Committee
February 26, 2025**

Good afternoon, Chairman Smith and Members of the Senate Judicial Proceedings Committee. My name is Karen Morgan, and I serve on the Executive Council for AARP Maryland, which represents nearly 850,000 members across the state. We thank Senator Folden for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit organization dedicated to advocating for the well-being of older adults, ensuring financial security, consumer protections, and safeguards against fraud and financial abuse.

SB 874: Strengthening Protections Against Gift Card Fraud

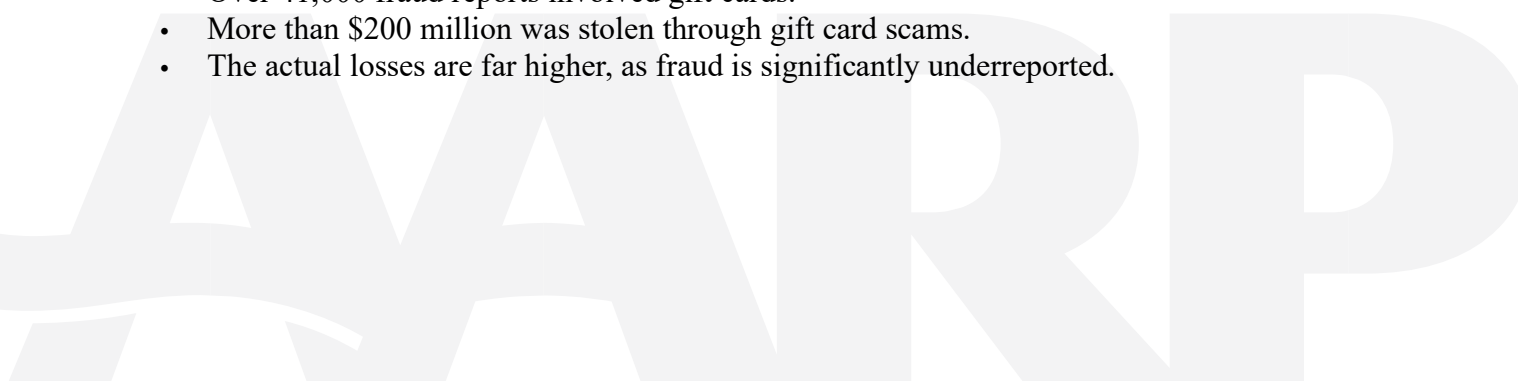
Gift card fraud is a growing crisis, particularly affecting older Marylanders, who are often the primary targets of these scams. Criminals use gift cards, not just as a tool for theft, but as a vehicle for financial exploitation, identity theft, and even money laundering.

SB 874 addresses this evolving threat by creating a new class of crimes specifically targeting gift card fraud. It imposes fines ranging from \$500 to \$1,000 and/or imprisonment of up to one year for repeat offenses, providing law enforcement with a stronger legal framework to investigate and prosecute these criminals.

The Evolution of Gift Card Fraud: A Clear and Present Danger

Gift cards were originally created for convenience and loyalty programs, but over time, they have become one of the most common tools for financial scams. Fraudsters tamper with gift cards displayed in retail stores, drain funds instantly once activated, or use social engineering tactics to trick victims—particularly older adults—into making payments under false pretenses.

- Over 41,000 fraud reports involved gift cards.
- More than \$200 million was stolen through gift card scams.
- The actual losses are far higher, as fraud is significantly underreported.



According to the Federal Trade Commission, in 2023 alone:

Older Marylanders are disproportionately impacted by these scams. Criminals often impersonate family members, utility companies, or law enforcement to pressure seniors into making immediate payments via gift cards, convincing them they must pay a fake "bail fee," utility bill, or IRS fine.

AARP's Role in Combating Gift Card Scams

AARP has been at the forefront of national efforts to fight gift card fraud. Since 2021, we have led a national campaign reinforcing a simple but critical message:

"Gift cards are for gifts—never for payments."

While public awareness is crucial, education alone is not enough. Stronger laws—like SB 874—are needed to give law enforcement the authority and incentives to pursue these crimes aggressively.

Building on Maryland's Leadership in Gift Card Fraud Prevention

In 2024, AARP Maryland proudly supported SB 760, the Gift Card Scam Prevention Act, which became Chapter 463, Laws of 2024. This groundbreaking law:

- Requires retailers to actively monitor for signs of gift card fraud.
- Mandates consumer warnings about the dangers of gift card scams.
- Makes Maryland the first state to require tamper-resistant packaging for gift cards—prompting Target Corporation to adopt the change nationwide.

These measures were a major step forward, but they must be reinforced with strong criminal penalties. SB 874 ensures that perpetrators face real consequences. By adding gift card fraud as a chargeable offense, this bill strengthens law enforcement's ability to hold criminals accountable.

AARP Maryland Urges a Favorable Report on SB 874

Older Marylanders should not have to live in fear of being scammed out of their savings. SB 874 provides a crucial legal tool to combat gift card fraud and protect our most vulnerable residents.

AARP Maryland strongly supports SB 874 and respectfully requests the Senate Judicial Proceedings Committee to issue a favorable report. For questions or more information, please contact: Tammy Bresnahan at tbresnahan@aarp.org 410-302-8451.

SB 874 - MSAA Favorable.pdf

Uploaded by: Patrick Gilbert

Position: FAV



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Rich Gibson
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DATE: February 24, 2025

BILL NUMBER: SB 874

POSITION: Favorable

The Maryland State's Attorneys' Association (MSAA) supports Senate Bill 874 and urges this Committee to issue a favorable report.

Offenses relating to the theft of gift cards can present a challenge for prosecutors under Maryland's current laws – the value of a gift card is the balance that is stored on an account the card is associated with, but a gift card is fundamentally different from a credit or debit card. SB 874 creates provisions in MD. CODE ANN., CRIM. LAW ("CL") § 8-204 that relate specifically to the theft of gift cards, streamlining the prosecution of these offenses and removing any ambiguity that currently exists in Maryland law about the value of these items.

The penalties provided for in SB 874 mirror the penalties in the consolidated theft statute, CL § 7-104, to an extent – the bill separates offenses based on the value stored on the card or associated account, with values less than \$100 carrying 90 days of incarceration, and values of \$100 or over carrying six months of incarceration for a first offense, and one year of incarceration for subsequent offenses. While this may preclude more serious criminal liability for the theft of gift cards with a very high value (CL § 7-104 provides increased penalties for thefts of property with value greater than \$1,500, \$25,000, and \$100,000), gift cards rarely store this level of value. Because SB 874 provides needed clarity for this type of offense, MSAA urges this Committee to issue a favorable report.

2025 26 2 OPD Opposition to Gift Card Crimes sb 87

Uploaded by: Krystal Williams

Position: UNF



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BILL: SB 874 Criminal Law - Gift Card Crimes
FROM: Maryland Office of the Public Defender
POSITION: Unfavorable
DATE: February 26, 2025

The Maryland Office of the Public Defender respectfully requests that the Judicial Proceedings Committee issue an unfavorable report on Senate Bill 874. Our opposition is generally rooted in the following reasons:

1. Current Maryland law already criminalizes theft in various capacities. Indeed, Section 7-104 of the Criminal Law Section of the Maryland Code provides graduated penalties for thefts based upon the value of the goods or services stolen. The below chart illustrates how the application of Section 7-104 works in a typical theft case; and
2. Enhanced and new criminal penalties typically do not work to deter criminal behavior and instead ends up harming an individual’s ability to access educational, employment, and housing opportunities in the future.

First, the current theft penalties are numerous with graduated penalties:

Graduated Penalties Under MD Code, Criminal Law, § 7-104 (General Theft Provisions)			
Subsection	Value Lost	Misdemeanor/Felony	Statutory Max. Penalty
(g)(1)(i)	More than \$1,500 but less than or equal to \$25,000	Felony	5 years imprisonment and/or a fine not more than \$10,000 (plus restitution)
(g)(1)(ii)	More than \$25,000 but less than \$100,000	Felony	10 years imprisonment and/or a fine not more than \$15,000 (plus restitution)
(g)(1)(iii)	More than or equal to \$100,000	Felony	20 years imprisonment and/or a fine of not more than \$25, 000 (plus restitution)
(g)(2)(i)(1)	at least \$100 but less than \$1,500	Misdemeanor	upon first conviction, 6 months imprisonment and/or a fine of not more than \$500 (plus restitution)
(g)(2)(i)(2)	at least \$100 but less than \$1,500	Misdemeanor	upon second conviction, 1 year imprisonment and/or a fine of up to \$500 (plus restitution)
(g)(3)(i)	less than \$100	Misdemeanor	imprisonment up to 90 days and/or a fine of \$500 (plus restitution)

Senate Bill 874 seeks to prohibit the use, sale, transfer or possession of stolen gift cards, in addition to adding new offenses for making or signing stolen or fraudulent gift cards.

However, to put the unnecessary duplicativeness of such a policy into perspective, it bears noting that OPD currently defends thousands of theft cases every year. The charts below illustrate the number of cases OPD defended for the indicated fiscal and calendar years:

THEFT \$100-1,500 Annual Breakdown

FY Year

Fiscal Year

FY - # Matters with Charge - Theft \$100 - \$1,500				
Charge Description	sectionCode	section Name	sectionNumber	# Cases Per Client Adjusted*
THEFT \$100 TO UNDER \$1,500	CR 7-104	1 1137	3569	46,702
THEFT \$100 TO UNDER \$1,500	CR 7-104	1F1137	3572	300
Total				46,957

FY - # Matters with Charge - Theft \$100 - \$1,500							
sectionNumber	FY20	FY21	FY22	FY23	FY24	FY25	Total
3569	533	9,573	8,898	9,450	11,508	6,740	46,702
3572	11	83	40	53	76	37	300
Total	544	9,646	8,929	9,494	11,571	6,773	46,957

Calendar Year

CY - # Matters with Charge - Theft \$100 - \$1,500				
Charge Description	sectionCode	section Name	sectionNumber	# Cases Per Client Adjusted*
THEFT \$100 TO UNDER \$1,500	CR 7-104	1 1137	3569	46,602
THEFT \$100 TO UNDER \$1,500	CR 7-104	1F1137	3572	299
Total				46,856

CY - # Matters with Charge - Theft \$100 - \$1,500							
sectionNumber	2020	2021	2022	2023	2024	2025	Total
3569	5,481	8,992	9,065	10,177	12,581	306	46,602
3572	65	44	47	65	75	3	299
Total	5,541	9,026	9,105	10,231	12,644	309	46,856

*Adjusted to remove ineligible matters and matters where client retained private counsel

As illustrated in the charts above, OPD defends an average of 10,251.5 theft-over \$100, but less than \$1,500, charges per calendar year. Maryland State prosecutors are already charging thousands of people with theft annually. It should be noted that a gift card also appears to already fall within the definition of property under the current definition of a credit card under Criminal Law Sec. 8-201(c)(2). Adding new theft and property crimes to the Code will not solve the problem. Leading to the second fact that necessitates our opposition.

Additional criminal penalties generally do not serve as a deterrent to crime and does not work to make Maryland any safer. Certainty and swiftness of a conviction are the primary ways that the criminalization of behavior works to deter that behavior. Research shows clearly that the chance of being caught is a vastly more effective deterrent than even draconian punishment. Thus, enforcement of existing statutes with celerity and certainty should be the focus, not further legislation.

For these reasons, the Maryland Office of the Public Defender urges this Committee to issue an unfavorable report on Senate Bill 874.

Submitted by: Maryland Office of the Public Defender, Government Relations Division.