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HB 1074 – Criminal Law – Gift Card Crimes
FAVORABLE
House Judiciary Committee
February 18, 2025

Good afternoon, Chairman Clippinger and Members of the House Judiciary 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 Delegate Toles 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.

HB 1074: 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.

HB 1074 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.

According to the Federal Trade Commission, in 2023 alone:

- 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.

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 HB 1074—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. HB 1074 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 HB 1074

Older Marylanders should not have to live in fear of being scammed out of their savings. HB 1074 provides a crucial legal tool to combat gift card fraud and protect our most vulnerable residents.

AARP Maryland strongly supports HB 1074 and respectfully requests the House Judiciary Committee to issue a favorable report. For questions or more information, please contact: Tammy Bresnahan at tbresnahan@aarp.org 410-302-8451.