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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 896 Gift Card Scams Prevention Act of 2024

Testimony by Delegate Vaughn Stewart
February 27th, 2024 | Economic Matters Committee

What the Bill Does

This bill will prevent our neighbors and constituents from being victims of scammers and fraudsters. One in four cases of fraud relate to gift cards, costing victims about \$250M annually.

First, HB896 requires that gift card sellers register with the Division of the Consumer Protection of the Office of the Attorney General. Second, it requires retailers to both train their employees to recognize scams and display scam warnings in their stores. Finally, the bill promotes the use of secure packaging that doesn't display security codes or bar codes that can be easily tampered with. If a gift card does not meet these packaging requirements, it can be sold, but only in a location that's only accessed by employees.

Why the Bill is Important

A growing number of our constituents are victims of gift card scams. For example, Ginny Hanson from Baltimore County bought \$5,000 worth of Marriott gift cards when they were on sale.¹ She used half of the funds for a trip immediately and left the other half for the future. When she checked the balance on these cards three years later, they were completely spent. She had no recourse to recover these funds, even

¹ Sofastaii, Mallory. "Thousands in Marriott gift certificates used before traveler could redeem them." *WMAR*, 28 March 2023, <https://www.wmar2news.com/matterformallory/thousands-in-marriott-gift-certificates-used-before-traveler-could-redeem-them>. Accessed 20 February 2024.

though Marriott identified users in New York and Thailand that used them. Other seniors have lost more than \$50,000 to gift card scams.²

Ginny's story is all too common and one of the many ways that Marylanders become victims of these scams. Another emerging tactic--called "draining"--involves scammers taking unloaded gift cards from stores in large quantities. They copy the information from the card, repackage them, and bring them back to the store.

Why the Committee Should Vote Favorably

HB896 will help prevent gift card fraud in Maryland. **I urge a favorable report.**

² Pineda, Nina. "Expensive lessons after senior loses \$68K in gift card scam." *ABC7 New York*, 10 March 2023, <https://abc7ny.com/scam-gift-card-fraud-senior/12938716/>. Accessed 20 February 2024.