



COMING
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Comprehensive Measures to Combat Gift Card Fraud:

Maryland's Gift Card Scams Prevention Act of 2024

HERE'S WHAT YOU NEED TO KNOW:

Maryland's 2024 legislative session has introduced Senate Bill 760, officially titled the **Gift Card Scams Prevention Act**. This forward-thinking law is designed to combat the growing issue of gift card fraud, a common tactic in various scams. The Act imposes stringent new requirements on merchants and third-party resellers, ensuring increased protection for consumers and making it more difficult for fraudsters to exploit gift card transactions.

Key Provisions of the Act:



1. Mandatory Registration for Online Sellers:

- Any merchant conducting **online sales of gift cards** must register with the **Division of Consumer Protection** under the Maryland Office of the Attorney General.
- This step is critical in monitoring the marketplace and deterring potential fraud among online sellers.

2. Merchant Responsibilities and Gift Card Packaging Requirements:

- In-store and online merchants** are subject to new responsibilities when selling both open-loop and closed-loop gift cards. These merchants must:
 - Prominently display warnings** about potential gift card scams.
 - Secure packaging** is required for all open-loop gift cards sold in person. The packaging must be sealed in a way that makes tampering obvious and must conceal sensitive information such as the activation codes or CVV numbers.
 - A clear **warning label** must be included on the packaging, advising consumers: "Do not sell or purchase if packaging has been broken or indicates tampering."
 - Closed-loop gift cards** must also be presented in tamper-evident packaging or secured in a physical location within the store that is accessible only to employees.

3. Training for Employees:

- Merchants that display or sell gift cards are required to provide training for employees whose job duties include handling gift card sales.
- The guidelines for this training will be established by the Division of Consumer Protection and aim to raise awareness about common scam tactics.

4. Third-Party Gift Card Reseller Requirements:

- For third-party resellers—businesses that buy or resell open-loop or closed-loop gift cards without being directly affiliated with the issuing merchant—strict **record-keeping requirements** are in place.
- Resellers must record detailed information for each gift card transaction, including the:
 - Date of the transaction
 - Name, age, and address of the seller
 - Identification numbers (such as driver's licenses) for both the seller and consumer
 - Details of the gift card, including the retailer and the gift card number
 - The specific amount on the card and prices paid for the transaction.



5. Collaboration with Law Enforcement:

- Law enforcement agencies are given greater authority under the Act. If a consumer files an official report claiming the theft of gift cards with a combined value exceeding \$500, law enforcement can request the gift card issuer or their agent to **preserve and provide evidence** related to the stolen cards.
- This cooperation is intended to assist in building cases against individuals committing gift card fraud, enhancing the investigative process and enabling more effective criminal prosecution.

6. Enforcement and Penalties:

- Violations of the Act are classified as **unfair, abusive, or deceptive trade practices** under the Maryland Consumer Protection Act, making violators subject to penalties. Repeated violations or failure to address the warning could lead to further enforcement actions, including fines and penalties.

7. Public Awareness Campaign:

- The Division of Consumer Protection is tasked with creating a **model notice** to inform consumers about gift card fraud and how to protect themselves.
- The Division will also issue and periodically update **guidelines** for merchants, detailing best practices for detecting and preventing gift card fraud.

IMPLEMENTATION TIMELINE:



6

June 1, 2025:

Most provisions of the law, including merchant registration, training, and packaging requirements, will take effect.

10

Oct. 1, 2025:

The sections related to transaction record-keeping for third-party resellers will be enforced starting on this date, giving resellers time to adapt to the new requirements.

Conclusion:

The **Gift Card Scams Prevention Act of 2024** represents a significant step forward in consumer protection in Maryland. By holding merchants accountable, ensuring the secure sale of gift cards, and increasing public awareness of scams, this law aims to drastically reduce the misuse of gift cards in fraudulent schemes. The collaboration between merchants, consumers, and law enforcement, as outlined in the Act, will be key to its success in combating the growing problem of gift card fraud.

[Click here to learn more details of the Gift Card Scams Prevention Act](#)

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