



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

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NAPIER REMINDS MALLS THAT NEW CONNECTICUT GIFT CARD LAW APPLIES TO MALL-ISSUED GIFT CARDS; URGES RETAILERS TO INFORM EMPLOYEES ABOUT CONSUMER PROTECTIONS IN NEW LAW

Treasurer calls for action at Simon Property Group-managed shopping centers in Waterford, Manchester after consumer complaints

Connecticut Treasurer Denise L. Nappier today issued a reminder to Connecticut malls that the state's new gift card law applies not only to retail-issued gift cards, but to mall-issued cards as well – even if those cards are issued by out-of-state vendors.

Nappier said that she has sent letters to the managers of malls throughout Connecticut reminding them that the new gift card law – which prohibits expiration dates and inactivity fees on gift cards sold in Connecticut after August 15, 2003 – applies to mall-issued gift cards. Previously, letters were sent to retail businesses statewide and a new web address, www.giftcardlaw.com, was established.



The Treasurer said her office has received some complaints from consumers shopping at the Crystal Mall in Waterford, expressing concern that mall personnel insisted that fees could still legally be deducted from mall gift cards.

“We’ve heard from consumers that some mall staff members have wrongly told them that the gift card law doesn’t apply to mall cards. It does. The days of expiration dates and inactivity fees on gift cards sold in Connecticut are over,” Nappier said.

At Nappier’s direction, Treasury staff directly contacted Simon Property Group, Inc., owner of Waterford’s Crystal Mall, to reiterate that the law applies to mall-issued cards. Simon owns more than 200 shopping properties nationwide, including two in Connecticut.

“Regardless of what Simon says, the protections of Connecticut’s new gift card law apply to mall-issued cards,” Nappier said. “Employees at malls and retail businesses should be instructed that when consumers tell them Connecticut’s law prohibits expirations dates and inactivity fees on cards sold now, the consumers are absolutely correct,” Nappier said.

Nappier noted that policies regarding gift cards vary between malls, with some charging additional fees for the purchase of the cards or certificates while others do not, and some

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selling gift certificates rather than gift cards. Many of Connecticut's major malls are owned or operated by national or international companies, including Simon Property Group, Taubman Centers Inc., General Growth Properties, and Westfield Shoppingtown.

Nappier noted that the terms and conditions on the web site for Simon Property Group, which owns and manages shopping centers in Waterford and Manchester (Plaza at Buckland Hills), state that \$2.50 per month will be deducted from gift cards after six months from the date of purchase. The Simon site also says that after cards have expired, existing balances could be placed on new cards, but with a \$7.50 re-issue fee deducted from the remaining balance. That policy is null and void for gift cards issued after August 15, 2003 in Connecticut, but could still apply to cards purchased previously.

"That's why it is so important for consumers to use their old gift cards first, before their value is diminished or eliminated completely by inactivity fees and other charges," Nappier said.

The Treasurer also alerted consumers to be aware of other fees that may still be attached to gift cards, such as service charges for cards issued by mail, and fees for checking the balance of cards by phone. The state's Consumer Protection Department has also been alerted if consumer complaints are received regarding compliance with the new law.

Nappier noted that the law benefits both consumers and retailers, by encouraging purchases of gift cards in Connecticut as a result of strengthened consumer confidence because of the protections in the new law. She said that some retailers are advertising the 'no expiration date-no inactivity fees' law as an incentive to shoppers.

"No matter what the fine print says, the message to consumers is clear. It's your money, so know your rights," Nappier said.

Nappier said the challenge facing her office is to ensure that the public understands its rights under the new law. That effort is made more difficult by the continued use by some retailers of language on the back of gift cards that refers to expiration dates and inactivity fees that are permitted in many other states, but not Connecticut.

The elimination of expiration dates and inactivity fees adds additional consumer protections to the state's pre-existing unclaimed property statutes. Under those pre-existing laws, businesses are required to turn over to the Treasurer's Office any unused value of a gift certificate or gift card sold in Connecticut three years from purchase or the last customer-initiated transaction date.

In recent years, Nappier's office has set state records for returning unclaimed property to consumers. Unclaimed property include assets such as savings and checking accounts, stocks, bonds, mutual fund shares, safe deposit box contents, and un-cashed checks, such as insurance benefits or wages. More than 13,000 claims worth \$9.4 million were paid during the fiscal year ending June 30, 2003.

Before the new law took effect, many Connecticut stores, restaurants and other businesses, particularly national chains -- like their counterparts across the country -- imposed inactivity fees and expirations dates that depleted over time the value of gifts cards and gift certificates. Laws in most states continue to permit fees or expiration dates or both. Among our bordering states, only Connecticut's law prohibits both expiration dates and the deduction of monthly fees for non-use of a gift card.

"For Connecticut residents thinking about purchasing gift cards at locations just beyond our borders, they should know that their gift card purchases will be better protected if they buy the cards here in Connecticut," Nappier said.

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