



**OFFICE OF
STATE TREASURER
DENISE L. NAPIER**

NEWS

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HOLIDAY SHOPPING ALERT:

***No expiration date, no hidden fees on Connecticut retail gift cards;
Bank or mall-issued cards may be different story***

With gift card sales expected to be the highest ever this holiday season, State Treasurer Denise L. Nappier reminds shoppers that retail gift cards and gift certificates sold in Connecticut cannot include expiration dates or inactivity fees.

Connecticut's law, advocated by Treasurer Nappier and approved by the state legislature in 2003, is among the nation's strongest pro-consumer laws in the rapidly growing gift card segment of the retail industry.



Following Connecticut's lead, many states have established gift card laws, but the level of protection they offer varies. Connecticut remains one of only a handful of states that prohibits both expiration dates and what are known as "inactivity fees" -- fees deducted from the face value of the card if it is not used promptly by the recipient.

"It's your money, so know your rights," Nappier said. "Gift cards purchased in Connecticut cannot include an expiration date, and businesses cannot deduct fees for non-use. Any balance that remains on a gift card stays with the retail business until the consumer uses it."

Gift cards remain the fastest growing segment of the retail industry, with approximately six out of 10 (59%) American adults, an estimated 131 million people, either purchasing or receiving a gift card last year, up 23 percent from 2001.

According to a recent holiday spending survey from the National Retail Federation (NRF), gift cards ranked as the third most desirable category on consumers' wish list after CDs/DVDs and clothing. It is anticipated that holiday shoppers will spend \$18.5 billion on gift cards, up about 6 percent from last year.

CONSUMERS SHOULD BEWARE OF FEES CHARGED ON BANK, CREDIT COMPANY CARDS

Nappier noted that consumer should be aware that gift cards issued by banks or credit card companies, which are frequently distributed by malls, often continue to be accompanied by fees, as those businesses often take the position that as federally-chartered institutions they are not subject to the consumer protections of the Connecticut law.

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Nappier's office is working closely with the office of Attorney General Richard Blumenthal in litigation opposing Simon Inc, owners of the Crystal Mall in Waterford and other shopping centers in Connecticut and nationwide, regarding Simon's claim that its cards are outside the jurisdiction of Connecticut law. Simon continues to charge a variety of fees for its mall gift cards, and Simon gift cards expire after 18 months.

"Consumers purchasing a mall gift card, or a card issued by a financial institution, would be well advised to ask whether there are any fees or other charges associated with the card," Nappier said. "Shoppers can then decide which card they'd like to purchase, knowing whether the protections of Connecticut's gift card law are being applied or not."

"My office, with the State Treasurer, will continue to vigorously pursue our test case lawsuit to force Simon Properties to comply with Connecticut law," Blumenthal said. "We will fight retailers who flout state law prohibiting gift card expiration dates and non-usage penalties. Simon must stop of picking its customers' pockets with these illegal gift card policies."



Gift cards have increasingly become a planned holiday purchase, rather than a last-minute impulse item. A recent survey indicated that the percentage of purchasers for whom a gift card is a planned purchase jumped to 84 percent in 2005 from 69 percent the previous year. Additionally, a Stored Value Systems (SVS) telephone survey in July, 2005 indicated that consumers plan to spend an average of \$248 on gift cards during the coming holiday season, up 11 percent from last year and 36 percent from 2003.

A recent Accenture survey found that when redeeming gift cards, 56 percent of respondents said they treat themselves to something they would not normally buy, and 38 percent said they buy something for which they were saving. When shopping with a gift card, almost half (45 percent) of respondents said they spend more than the face value of the card.

The survey also found that three-quarters (75 percent) of respondents said they spend the same amount when giving a gift card as they would on a gift, while nearly one in five (17 percent) said they spend more on a gift card than they would on a gift.

"Scrooge-like scrutiny for gift cards should be the watchword as consumers shop this Holiday Season," Blumenthal said. "Beware of expiration dates, so-called 'inactivity fees' and other non-usage penalties that reduce the card's value over time – practices that are illegal, as well as unconscionable. Card purchasers intend to give a gift to friends or loved ones, not to an already-wealthy mall owner. I will work with the Treasurer to apply state law – as well as logic and fairness – and demand that gift cards retain their value just like dollars in a drawer."

The Connecticut law applies to gift cards and certificates sold in Connecticut on or after August 16, 2003, the date it was passed by the General Assembly. Consumers concerned about possible violations of the Connecticut law should contact the state Department of Consumer Protection.



**"Connecticut's law...
one of the strongest in the nation"**

- MSNBC.com consumer reporter Bob Sullivan, 11/29/05

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