



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

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# **NEWS**

**FOR IMMEDIATE RELEASE**

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**Attorney General, Treasurer Say Federal Court Ruling Upholds State Ban on Gift Card Dormancy Fees**

(Hartford) - Attorney General Richard Blumenthal and Treasurer Denise L. Nappier today announced that the U.S. Court of Appeals for the Second Circuit has upheld Connecticut's ban against dormancy fees on gift cards.

Blumenthal and Nappier said the federal court ruling vindicates Connecticut's vital right to prevent businesses from unconscionably devaluing gift card balances - ensuring that consumers get the full product that they bought.

Blumenthal, representing Nappier and the Department of Consumer Protection, sued Simon Property Group, LP, owner of the Crystal Mall in Waterford, in state court for illegally imposing expiration dates on gift cards and charging dormancy fees on unused balances.

The federal ruling announced today involves a separate case in which Simon is challenging Connecticut's ban on gift card fees and expiration dates.

The federal ruling also provides for the U.S. District Court to consider the merits of Simon's challenge to Connecticut's law prohibiting expiration dates on gift cards. Blumenthal and Nappier said they will continue to vigorously defend the state ban on expiration dates on gift cards.

"Common sense and law support this ruling that a gift card belongs to a gift recipient - not a mall owner," Blumenthal said. "Simon cannot devalue gift cards. This ruling protects our legal prohibition against businesses devaluing gift cards and imposing dormancy fees on gift card balances. When consumers pay in full for a product, they deserve the full value.

"Simon's gift card policies are illegal and completely nonsensical, turning off consumers, and wasting colossal amounts of money and time on litigation. Simon should spare consumers this unconscionable battle and abandon its court fight."

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Nappier said, "I am pleased to learn that the Second Circuit Court of Appeals has upheld the soundness of Connecticut's Gift Card Law by calling the bluff of the Simon Property Group. The Court affirmed that Connecticut has every right to protect consumers from the egregious dormancy fees that Simon Property Group has been charging consumers in our state. And the Court pulled the mask off of Simon's argument that federal law preempts the protections of Connecticut's Gift Card Law. The Court declared that Simon has to abide by the same law that most Connecticut retailers have been following since 2003 - that dormancy charges on gift cards cannot rob consumers of the value they fairly bought. Today's announcement of the Court's ruling ensures that Simon can no longer hide in sheep's clothing."

Meanwhile, Blumenthal continues to pursue the state action against Simon for illegally devaluing and expiring gift cards.

Simon Property has subtracted \$2.50 a month from Crystal Mall gift cards if an unused balance remains after six months. The company also has levied fees of \$7.50 to reactivate an expired card.