

HCS HB 1990 -- THE OFFENSE OF GIFT CARD FRAUD

SPONSOR: Hinman

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Crime and Public Safety by a vote of 14 to 0.

The following is a summary of the House Committee Substitute for HB 1990.

This bill creates the offense of gift card fraud, which a person commits if he or she alters or tampers with a gift card or its packaging; devises a scheme to obtain a gift card or gift card redemption information from a gift card holder, issuer, or seller by means of deceit; or uses a gift card or gift card redemption information that has been obtained in violation of this section for the purpose of obtaining money, goods, services, or anything else of value. The offense is a class C felony if the value of the gift card, gift card redemption information, or money, goods, services or other thing of value is \$25,000 or more. The offense is a class D felony if the value is at least \$750 but less than \$25,000. If the value is less than \$750, the offense is a class A misdemeanor. The bill defines "value" for the purpose of determining the value of a gift card under this provision.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that the year 2025 saw a \$447 billion gift card market. Along with the market growth, gift card schemes have increased significantly. Criminals today exploit legal loopholes because they are not clearly defined in criminal statutes. It's often unclear what statutes and charges apply. It is time for Missouri to put something in state statutes. Tampering scams and victim fraud are rampant, and they often stem from international crime networks. These networks are draining funds before a recipient even gets the card, undermining trust in retailers. At least 12 states have passed similar legislation. Schnucks was the target of a money laundering group and 800 gift cards were stolen. Schnucks paid out over \$13,000 to victims who have had their gift cards stolen. This bill adds definitions and penalties for when someone commits this type of fraud. There is a code on the cards that fraudsters are able to sweep and they are able to obtain the funds when the codes are scanned at the point of sale to activate the cards. It's a very sophisticated operation and it's growing.

Testifying in person for the bill were Representative Hinman; Missouri Retailers Association; Missouri Grocers Association; Missouri Bankers Association; MPCA - Mo Petroleum & Convenience Assoc.; and Arnie C. Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.