

STATE OF NEW YORK

704--A

Cal. No. 1407

2025-2026 Regular Sessions

IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sen. KRUEGER -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the general business law, in relation to enacting the "New York gift certificate scam prevention act"

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York gift certificate scam prevention act".
3 § 2. Paragraph (a) of subdivision 1 of section 396-i of the general
4 business law, as amended by chapter 668 of the laws of 2021, is amended
5 to read as follows:
6 (a) For the purposes of this section, the following terms shall have
7 the following meanings:
8 (1) "gift certificate" shall mean a certificate, electronic card, or
9 other pre-funded record that: (i) is usable at a single merchant or an
10 affiliated group of merchants that share the same name, mark, or logo,
11 or is usable at multiple, unaffiliated merchants or service providers;
12 and (ii) is issued in a specified amount; and (iii) may or may not be
13 increased in value or reloaded; and (iv) is purchased and/or loaded on a
14 prepaid basis for the future purchase or delivery of any goods or
15 services; and (v) is honored upon presentation;
16 (2) "open loop gift certificate" shall mean a gift certificate redeem-
17 able at multiple, unaffiliated merchants or service providers; [~~and~~]
18 (3) "promotional gift certificate" shall mean a gift certificate
19 issued for no consideration which includes on the front of the gift
20 certificate (i) a statement indicating that the card is issued for

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [~~-~~] is old law to be omitted.

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1 promotional purposes and (ii) the expiration date for the underlying
2 funds; and

3 (4) "third-party gift certificate reseller" shall mean a merchant who,
4 without authorization from or affiliation with the business entity issu-
5 ing an open loop gift certificate, is engaged in the business of buying
6 open loop gift certificates or reselling open loop gift certificates to
7 consumers.

8 § 3. Subdivisions 4, 5, 5-a, 5-b and 6 of section 396-i of the general
9 business law are renumbered subdivisions 5, 6, 7, 8 and 9, and a new
10 subdivision 4 is added to read as follows:

11 4. (a) For an in-person sale of a gift certificate, such gift certif-
12 icate shall:

13 (i) conceal all visible numbers, such as a card number, CVV numbers,
14 or PIN numbers, that can be used for balance inquiries or manual entry
15 redemption; or

16 (ii) display such information only if the gift certificate incorpo-
17 rates technology that is designed to prevent activation if that gift
18 certificate has been subject to tampering or incorporates technology
19 that is designed to detect and prevent unauthorized redemption.

20 (b) A merchant may sell a gift certificate that does not conceal all
21 visible numbers used for balance inquiries or manual entry redemption,
22 as required under paragraph (a) of this subdivision if such gift certif-
23 icate is:

24 (i) a chip-enabled, numberless card that is activated by a consumer
25 after registering such gift certificate on the issuer's website;

26 (ii) such gift certificate is sold exclusively by such merchant or a
27 group of affiliated merchants for use only at the retail establishments
28 of such merchant or affiliated merchants and is secured in a physical
29 location within such merchant's retail establishment that is visible at
30 all times to an employee of such merchant or accessible only by an
31 employee of such merchant;

32 (iii) incorporates technology that is designed to prevent activation
33 if that gift certificate has been subjected to tampering; or

34 (iv) incorporates technology that is designed to detect and prevent
35 unauthorized redemption.

36 (c) A merchant that displays a gift certificate for sale at a retail
37 establishment shall provide training to all employees of such merchant
38 whose duties regularly include the sale of gift certificates and/or open
39 loop gift certificates to consumers on how to identify and respond to
40 gift certificate scams.

41 (d) (i) Subject to the provisions of subparagraph (ii) of this para-
42 graph, when a third-party gift certificate reseller sells an open loop
43 gift certificate as part of a transaction occurring in this state, such
44 third-party gift certificate reseller shall record and maintain for a
45 minimum of three years, a copy of the following:

46 (1) The name of the person who conducted the transaction;

47 (2) The name, age, and address of the seller of the open loop gift
48 certificate;

49 (3) The seller's and consumer's driver's license or other identifica-
50 tion card number;

51 (4) A description of the purchased open loop gift certificate includ-
52 ing the retailer for which such open loop gift certificate is intended
53 for use and such open loop gift certificate's identification number;

54 (5) The specific amount issued on the open loop gift certificate;

55 (6) The prices paid to conduct the transaction; and

56 (7) The signature of the consumer.

1 (ii) (1) The information recorded and maintained under this paragraph
2 shall be recorded chronologically in ink writing or logged into a secure
3 database, software system, or other similar technology platform. Except
4 as provided in clause two of this subparagraph, recorded information
5 made in ink writing shall not be destroyed, altered, or erased within
6 the time frame such recorded information is required to be kept under
7 subparagraph (i) of this paragraph.

8 (2) A handwritten correction may be made to an entry of information by
9 drawing a line of ink through such entry in a manner that retains legi-
10 bility. Information recorded under this section shall be open to
11 inspection by any duly authorized law enforcement officer: (A) during
12 the ordinary business hours of the third-party gift certificate resell-
13 er; or (B) at any reasonable time.

14 (3) A third-party gift certificate reseller, including an agent or
15 employee of such third-party gift certificate reseller, shall not: (A)
16 fail to make an entry of or falsify, destroy, or remove any information
17 required to be recorded and maintained under this section; (B) refuse to
18 allow any duly authorized law enforcement officer to inspect a record of
19 information or open loop gift certificate in such third-party gift
20 certificate reseller's possession during the ordinary business hours of
21 such reseller or at any reasonable time; or (C) fail to maintain a
22 record of each open loop gift certificate and transaction for at least
23 three years as required under subparagraph (i) of this paragraph.

24 § 4. This act shall take effect September 1, 2026.