

GIFT CARD FRAUD

A Guide for Consumers and Retailers

consumeralert

WHAT IS GIFT CARD FRAUD?

Gift card fraud typically involves impersonators contacting consumers and urgently demanding payment in the form of gift cards. Scammers may demand payment over the phone or via emails or texts, which may be “spoofed” to look legitimate. “Spoofing” is a practice that allows scammers to fake caller ID information and email addresses, hiding their true identity. While some scammers may ask for physical gift cards to be sent, others may ask for certain information on the gift card (such as the card number and security code), which allows the scammer to spend the gift card without physically possessing it.

Be wary of any requests for payment via gift cards – no legitimate business or government agency will ever ask for payment exclusively in the form of gift cards.

HOW COMMON IS GIFT CARD FRAUD?

Gift card fraud has become increasingly common in recent years. According to the Federal Trade Commission (FTC), gift cards were the most commonly reported method of payment in fraud schemes from 2018 to September 2021. From January 2021 through September 2021, the FTC received 39,000 reports of gift card fraud. These reports suggest the gift card fraud may have cost consumers as much as \$148 million.

COMMON GIFT CARD SCHEMES

- **Government Agency** - Someone calls claiming to be from a government agency like the Internal Revenue Service (IRS) or Social Security Administration (SSA). They claim that you will be arrested if you don't make the payment demanded; that you owe back taxes; or that you must pay a fine to stop your social security number from being frozen.

- **Utility** – You receive a call from your electric or gas provider saying that your service will be cut off if you don't pay right away.
- **Business and Tech Support** – A caller offers you a refund, credits money in excess of the refund, and asks you to return that additional money in gift cards. Alternatively, someone calls from “tech support” saying that there is an issue with your account or a security breach and that you must pay them in gift cards to fix the problem.
- **Employer** – A scammer pretending to be your boss sends a text or an email asking you to pick up gift cards for a work event or as a present for another employee. They tell you to take pictures of the backs of the gift cards, and they promise that you will be reimbursed later.
- **Family Emergency** – You receive an urgent call from a friend or family member asking you to send money for bail or to help with an emergency.
- **Romance** – Someone you have met on a dating website or app needs your help and asks you to send gift cards.
- **Freebies and Sweepstakes** – You've won a prize! But you need to pay a processing fee or taxes with a gift card to receive it. Some scammers may ask for your personal information and a credit card number too.

Contact the Consumer Protection Division at:

1-888-743-0023
toll free

or **410-528-8662**

410-528-8662 ▶ Maryland Consumer Protection Division

www.marylandattorneygeneral.gov/Pages/CPD/



REQUIRED TRAINING FOR RETAIL EMPLOYEES

Retailers that display gift cards for sale are required by law to train employees on how to identify and respond to gift card fraud. This training shall be conducted in accordance with the following guidelines.

- Employees should be aware of signs that someone is the victim of gift card fraud. Examples include:
 - Customers who are buying multiple gift cards, especially with high dollar values.
 - Customers purchasing gift cards when they seem distressed.
 - Customers who say they are purchasing gift cards to help a family member in need or to pay their bills.
 - Customers who, immediately after purchasing a gift card, take pictures of the serial numbers and/or PIN numbers on the back of the gift cards
- Employees should use the “If you see something, say something” approach. If an employee sees signs of potential gift card fraud, the employee should engage the customer and ask questions, including why they are making such purchases.
- Employees should understand how to report suspected fraud to their employer and to appropriate government agencies, pursuant to the employer’s policies and procedures.

BEST PRACTICES FOR RETAILERS

In addition to training their employees on how to identify and respond to gift card fraud, retailers should consider adopting the following best practices to deter fraud.

- Prominently post and maintain signs near cash registers and/or gift card stands to warn customers about gift card fraud.
- With limited exceptions, Maryland’s law requires that gift cards be sold in secure packaging that can’t be opened without showing signs of tampering and that conceals codes that can be used to activate or redeem the card.
- Encourage payments for gift cards via credit card, which can be more easily tracked and cancelled in the event a fraud is subsequently discovered.
- Limit purchases and activation of gift cards to cash registers staffed by an employee

BEST PRACTICES FOR CONSUMERS

- **DO NOT** give gift card information – including via phone, text, email, or photo – to pay bills or fees, or to fix any other problems. Gift cards are not for transferring money.
- If you receive an urgent call, text, or email from a co-worker, family member, or friend, reach out to the person directly to confirm that they need your help.
- If a caller tells you to lie to a store clerk about why you are purchasing gift cards, hang up.
- If you receive an unexpected “tech support call,” do not give the caller remote access to your computer.
- **DO NOT** give your personal or credit card information to callers in exchange for gift cards.
- Before buying a gift card, check to see if the packaging has been tampered with or the PIN on the back of the card is visible; these may be signs that the gift card is compromised.
- Keep the receipt or the gift card ID number to file a report if you lose the gift card or suspect fraud.

REPORT FRAUD

If you were a victim of a gift card scam or suspect gift card fraud, report it to:

- **The Federal Trade Commission** at <http://reportfraud.ftc.gov/>
- **The Federal Bureau of Investigation’s Internet Crime Complaint Center** at <https://www.ic3.gov>
- **Maryland Attorney General’s Consumer Protection Division** at www.marylandattorneygeneral.gov/Pages/CPD
- Local law enforcement, who can issue a police report that may help you work with the card issuer to get a refund.

RESOURCES

FTC – Gift Card Scams; 2021 Data Spotlight; Stop Gift Card Scams; and What To Do If You Were Scammed
CFPB – Resources to Help You Avoid Scams
FBI – Business Email Compromise: Gift Cards
CPD – Gift Cards and Gift Certificates
AARP – Gift Card Scams

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